



Appomattox Workshop Meeting Agenda

Appomattox Municipal Building, 210 Linden Street, Appomattox, Virginia 24522

Tuesday, June 24, 2025

6:30 PM – Workshop Meeting

(Location: Appomattox Municipal Building, 210 Linden Street, Appomattox, Virginia 24522)

Call to Order

Public Hearing

The purpose of this public hearing will be to receive public comments concerning the following:

Amendment to the FY 2025 Budget for the Town of Appomattox - In accordance with §15.2-2506 Code of Virginia, the following is a brief synopsis of the budget amendment by the Town of Appomattox for FY 2025:

General Fund Expenditure Amendments	\$ 181,000.00
Water Fund Expenditure Amendments	\$ 48,000.00
Sewer Fund Expenditure Amendments	\$ 9,200.00
ARPA Fund Expenditure Amendments	<u>\$ 750,000.00</u>
Total Expenditures Amendments	\$ 988,200.00

General Fund Revenue Amendments	\$ 181,000.00
Water Fund Revenue Amendments	\$ 48,000.00
Sewer Fund Revenue Amendments	\$ 9,200.00
ARPA Fund Revenue Amendments	<u>\$ 750,000.00</u>
Total Revenue Amendments	\$ 988,200.00

The following budget amendments are funded through the use of existing reserves, and do not represent new revenues; however, per state law, a balanced budget format is presented.

Scheduled Public Appearance

- [2.](#) Presentation of the Audit findings for FY 2024 by Brown Edwards- Hailey Fox

[3.](#) CHA to present I&I water infiltration study findings

Discussion Items

4. Consideration to adopt the Amendment to the FY 2025 Budget as presented

Council Comments

Staff Reports

Adjournment

File Attachments for Item:

2. Presentation of the Audit findings for FY 2024 by Brown Edwards- Hailey Fox



Financial Report

June 30, 2024

Town of Appomattox, Virginia

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Introductory Section

Town of Appomattox, Virginia

Directory of Principal Officials

June 30, 2024

Town Council

Richard C. Conner, Mayor
Timothy W. Garrett
Jane Allen
James Boyce, Sr.
Claudia G. Puckette
Nathan A. Simpson
Mary Lou Spiggle

Economic Development Authority Board

Dr. Jeffrey Garrett, Chairman
Mary Lou Spiggle
Ron Coleman
Kenneth Gobble
Donna Preston
Kelsey Moore

Appointed Officials

Rob Fowler Interim Town Manager
Frank Wright, Jr. Town Attorney
Kim Ray Treasurer
Christy Torrence..... Interim Town Clerk

Independent Auditors

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



Financial Section

Independent Auditor's Report

To the Honorable Members of the Town Council
Town of Appomattox, Virginia

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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'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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
June 13, 2025

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Basic Financial Statements

Town of Appomattox, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents (Note 2)	\$ 6,987,660	\$ 3,233,937	\$ 10,221,597	\$ 21,446
Receivables, net (Note 3)	209,413	192,375	401,788	-
Due from other governments (Note 5)	25,619	131,352	156,971	-
Inventories	-	158,481	158,481	-
Prepaid expenses	6,724	500	7,224	-
Capital assets (Note 7)				
Nondepreciable	118,749	10,034,323	10,153,072	-
Depreciable, net	2,002,897	7,523,721	9,526,618	-
Right-of-use assets, net	44,286	1,723	46,009	-
Lease receivable				
Receivable within one year (Note 9)	-	10,761	10,761	-
Receivable in more than one year (Note 9)	-	108,709	108,709	-
Total assets	<u>9,395,348</u>	<u>21,395,882</u>	<u>30,791,230</u>	<u>21,446</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows (Note 11)	182,698	41,260	223,958	-
Other postemployment benefits-related deferred outflows (Note 12)	22,030	3,669	25,699	-
Total deferred outflows of resources	<u>204,728</u>	<u>44,929</u>	<u>249,657</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	48,422	354,411	402,833	-
Accrued payroll and related liabilities	47,990	10,489	58,479	-
Accrued interest payable	-	6,407	6,407	-
Customer security deposits	-	33,845	33,845	-
Unearned revenue	1,280,911	-	1,280,911	-
Long-term liabilities				
Net pension liability (Note 11)	51,004	11,519	62,523	-
Net other post-employment benefits liability (Note 12)	39,923	8,889	48,812	-
Due within one year (Note 8)	39,858	167,035	206,893	-
Due in more than one year (Note 8)	54,530	5,011,778	5,066,308	-
Total liabilities	<u>1,562,638</u>	<u>5,604,373</u>	<u>7,167,011</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows (Note 11)	51,892	11,719	63,611	-
OPEB-related deferred inflows (Note 12)	5,590	1,244	6,834	-
Leases-related deferred inflows (Note 1 and 9)	-	103,355	103,355	-
Unearned revenue (Note 4)	-	812,000	812,000	-
Total deferred inflows of resources	<u>57,482</u>	<u>928,318</u>	<u>985,800</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,114,651	12,175,241	14,289,892	-
Unrestricted	5,865,305	2,732,879	8,598,184	21,446
Total net position	<u>\$ 7,979,956</u>	<u>\$ 14,908,120</u>	<u>\$ 22,888,076</u>	<u>\$ 21,446</u>

Town of Appomattox, Virginia

Exhibit 2

Statement of Activities Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit Economic Development Authority	
					Governmental Activities	Business-Type Activities		Total
Primary Government								
Governmental activities								
General government administration	\$ 424,669	\$ -	\$ 519,420	\$ -	\$ 94,751	\$ -	\$ 94,751	\$ -
Public safety	169,972	-	68,253	-	(101,719)	-	(101,719)	-
Public works	2,665,635	2,625	-	-	(2,663,010)	-	(2,663,010)	-
Community development	178,139	-	-	-	(178,139)	-	(178,139)	-
Interest on long-term debt	1,621	-	-	-	(1,621)	-	(1,621)	-
Total governmental activities	3,440,036	2,625	587,673	-	(2,849,738)	-	(2,849,738)	-
Business-type activities								
Water	799,834	543,125	-	424,560	-	167,851	167,851	-
Sewer	1,032,312	983,304	-	594,659	-	545,651	545,651	-
Total business-type activities	1,832,146	1,526,429	-	1,019,219	-	713,502	713,502	-
Total primary government	\$ 5,272,182	\$ 1,529,054	\$ 587,673	\$ 1,019,219	(2,849,738)	713,502	(2,136,236)	-
Component Unit								
Economic Development Authority	\$ 39,895	\$ -	\$ -	\$ -	-	-	-	(39,895)
General revenues:								
					283,399	-	283,399	-
					1,602,864	-	1,602,864	-
					125,077	-	125,077	-
					217,639	-	217,639	-
					248,286	-	248,286	-
					112,500	-	112,500	-
					158,849	-	158,849	-
					34,538	-	34,538	-
					53,840	39,472	93,312	19
					53,228	65,683	118,911	-
					(74,084)	74,084	-	-
					2,816,136	179,239	2,995,375	19
					(33,602)	892,741	859,139	(39,876)
					8,013,558	14,015,379	22,028,937	61,322
					\$ 7,979,956	\$ 14,908,120	\$ 22,888,076	\$ 21,446

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

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Town of Appomattox, Virginia
Balance Sheet – Governmental Fund
June 30, 2024

Exhibit 3

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,987,660
Receivables, net	209,413
Prepaid expenses	6,724
Due from other governments	25,619
Total assets	<u>\$ 7,229,416</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 48,422
Accrued payroll and related liabilities	47,990
Unearned revenue	1,280,911
Total liabilities	<u>1,377,323</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>37,934</u>
FUND BALANCE (Note 16)	
Nonspendable	6,724
Committed	360,758
Unassigned	5,446,677
Total fund balance	<u>5,814,159</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,229,416</u>

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Ending fund balance – governmental fund		\$ 5,814,159
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the fund.		
Governmental capital assets	\$ 3,726,208	
Less: accumulated depreciation and amortization	<u>(1,560,276)</u>	2,165,932
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the fund.		37,934
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the fund.		
Deferred outflows of resources		
Pensions	182,698	
Other postemployment benefits	22,030	
Deferred inflows of resources		
Pensions	(51,892)	
Other postemployment benefits	(5,590)	
Net pension liability	(51,004)	
Net other postemployment benefits liability	<u>(39,923)</u>	56,319
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.		
General obligation bond	(7,891)	
Compensated absences	(43,107)	
Leases	(39,524)	
Subscriptions	<u>(3,866)</u>	(94,388)
Total net position – governmental activities		<u>\$ 7,979,956</u>

Town of Appomattox, Virginia

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Year Ended June 30, 2024

	<u>General Fund</u>
REVENUES	
General property taxes (Note 13)	\$ 274,237
Other local taxes	2,465,215
Permits, privilege fees, and regulatory licenses	2,625
Revenue from use of money and property	53,840
Other	53,228
Intergovernmental	622,211
Total revenues	<u>3,471,356</u>
EXPENDITURES	
Current	
General government administration	874,018
Public safety	169,972
Public works	2,605,513
Community development	156,907
Debt service	
Principal retirement	19,536
Interest and other fiscal charges	1,621
Total expenditures	<u>3,827,567</u>
Deficiency of revenues over expenditures	<u>(356,211)</u>
OTHER FINANCING SOURCES (USES)	
Issuance of leases	51,970
Issuance of subscription	7,866
Transfers out (Note 6)	(74,084)
Total other financing sources (uses)	<u>(14,248)</u>
Net change in fund balance	(370,459)
FUND BALANCE AT JULY 1	<u>6,184,618</u>
FUND BALANCE AT JUNE 30	<u><u>\$ 5,814,159</u></u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
Year Ended June 30, 2024**

Net change in fund balance – governmental fund	\$ (370,459)
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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 and reported as depreciation expense.

Capital outlays	\$ 749,938	
Depreciation and amortization expense	(258,870)	
Loss on disposition of capital assets	<u>(53,029)</u>	
		438,039

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

Unavailable revenue		9,162
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Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	(49,534)	
Pension expense	<u>(12,991)</u>	
		(62,525)

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

Employer other postemployment benefits contributions	(5,552)	
Other postemployment benefits expense	<u>(163)</u>	
		(5,715)

The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has an effect on net position.

Principal repayments on general obligation bond, lease, and subscription liabilities	19,536	
Issuance of lease liabilities	(51,970)	
Issuance of subscription liabilities	<u>(7,866)</u>	
		(40,300)

Long-term compensated absences are reported in the statement of activities, but they do not require the use of current financial resources and, therefore are not recorded as expenditures in governmental funds.

(1,804)

Change in net position of governmental activities	<u>\$ (33,602)</u>
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Town of Appomattox, Virginia

Exhibit 7

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 263,000	\$ 263,000	\$ 274,237	\$ 11,237
Other local taxes	2,026,200	2,026,200	2,465,215	439,015
Permits, privilege fees, and regulatory licenses	1,000	1,000	2,625	1,625
Revenue from use of money and property	16,000	16,000	53,840	37,840
Other	7,500	8,189	53,228	45,039
Intergovernmental	476,399	1,998,487	622,211	(1,376,276)
Total revenues	<u>2,790,099</u>	<u>4,312,876</u>	<u>3,471,356</u>	<u>(841,520)</u>
EXPENDITURES				
Current				
General government administration	858,755	886,519	874,018	12,501
Public safety	172,985	172,985	169,972	3,013
Public works	1,948,113	4,399,891	2,605,513	1,794,378
Community development	165,650	171,050	156,907	14,143
Capital outlay	5,000	5,000	-	5,000
Debt service				
Principal retirement	2,891	2,891	19,536	(16,645)
Interest and other fiscal charges	-	-	1,621	(1,621)
Total expenditures	<u>3,153,394</u>	<u>5,638,336</u>	<u>3,827,567</u>	<u>1,810,769</u>
Excess (deficiency) of revenues over expenditures	<u>(363,295)</u>	<u>(1,325,460)</u>	<u>(356,211)</u>	<u>969,249</u>
OTHER FINANCING SOURCES (USES)				
Issuance of lease liabilities	-	-	51,970	51,970
Issuance of subscription liabilities	-	-	7,866	7,866
Transfers out	-	-	(74,084)	74,084
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,248)</u>	<u>133,920</u>
Net change in fund balance	<u>\$ (363,295)</u>	<u>\$ (1,325,460)</u>	<u>\$ (370,459)</u>	<u>\$ 1,103,169</u>

Statement of Net Position – Proprietary Funds
June 30, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,168,560	\$ 2,065,377	\$ 3,233,937
Receivable, net	60,344	132,031	192,375
Due from other governments	131,352	-	131,352
Inventories	141,827	16,654	158,481
Current portion of lease receivable	10,761	-	10,761
Prepaid expenses	250	250	500
Total current assets	1,513,094	2,214,312	3,727,406
NONCURRENT ASSETS			
Capital assets, net	3,723,893	13,835,874	17,559,767
Lease receivable	108,709	-	108,709
Total noncurrent assets	3,832,602	13,835,874	17,668,476
Total assets	5,345,696	16,050,186	21,395,882
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	21,392	19,868	41,260
Other postemployment benefits related deferred outflows	1,872	1,797	3,669
	23,264	21,665	44,929
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	257,934	96,477	354,411
Accrued payroll and related liabilities	5,646	4,843	10,489
Accrued interest payable	1,830	4,577	6,407
Customer security deposits	33,845	-	33,845
Current portion of long-term debt	53,106	111,691	164,797
Current portion of compensated absences	1,660	578	2,238
Total current liabilities	354,021	218,166	572,187
NONCURRENT LIABILITIES			
Net pension liability	5,972	5,547	11,519
Net other postemployment benefits liability	4,535	4,354	8,889
Long-term debt	1,403,703	3,604,291	5,007,994
Compensated absences	2,806	978	3,784
Total noncurrent liabilities	1,417,016	3,615,170	5,032,186
Total liabilities	1,771,037	3,833,336	5,604,373
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	6,076	5,643	11,719
Other postemployment benefits-related deferred outflows	635	609	1,244
Leases-related deferred inflows	103,355	-	103,355
Unearned revenue	812,000	-	812,000
Total deferred inflows of resources	922,066	6,252	928,318
NET POSITION			
Net investment in capital assets	2,124,937	10,050,304	12,175,241
Unrestricted	550,920	2,181,959	2,732,879
Total net position	\$ 2,675,857	\$ 12,232,263	\$ 14,908,120

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 543,125	\$ 983,304	\$ 1,526,429
Other	19,974	15,367	35,341
Total operating revenues	563,099	998,671	1,561,770
OPERATING EXPENSES			
Salaries	123,229	103,851	227,080
Fringe benefits	47,596	46,053	93,649
Maintenance	302,301	134,508	436,809
Utilities	-	70,177	70,177
Materials and supplies	22,404	193,778	216,182
Sample testing	4,051	19,233	23,284
Professional services	11,584	18,864	30,448
Other	138	18,713	18,851
Purchased water	183,480	-	183,480
Amortization	-	1,148	1,148
Depreciation	90,127	422,937	513,064
Total operating expenses	784,910	1,029,262	1,814,172
Operating loss	(221,811)	(30,591)	(252,402)
NONOPERATING REVENUES (EXPENSES)			
Federal revenues	424,560	594,659	1,019,219
Interest income	20,188	19,284	39,472
Interest expense	(14,924)	(3,050)	(17,974)
Rent income	28,995	-	28,995
Other income	1,347	-	1,347
Net nonoperating revenues	460,166	610,893	1,071,059
Transfers in	-	74,084	74,084
Total transfers, net	-	74,084	74,084
Change in net position	238,355	654,386	892,741
NET POSITION AT JULY 1	2,437,502	11,577,877	14,015,379
NET POSITION AT JUNE 30	<u>\$ 2,675,857</u>	<u>\$ 12,232,263</u>	<u>\$ 14,908,120</u>

Town of Appomattox, Virginia

Exhibit 10

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
OPERATING ACTIVITIES			
Receipts from customers	\$ 532,127	\$ 974,299	\$ 1,506,426
Payments to suppliers	(451,347)	(454,292)	(905,639)
Payments to and for employees	(159,016)	(140,477)	(299,493)
Other receipts	19,974	15,367	35,341
Net cash provided by (used in) operating activities	(58,262)	394,897	336,635
NON-CAPITAL FINANCING ACTIVITIES			
Federal grants	293,208	612,548	905,756
Transfers from other funds	-	74,084	74,084
Net cash provided by non-capital financing activities	293,208	686,632	979,840
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,797,174)	(682,640)	(2,479,814)
Proceeds from issuance of debt	1,451,766	-	1,451,766
Principal paid on debt	(56,446)	(109,470)	(165,916)
Interest paid on debt	(14,332)	(3,739)	(18,071)
Net cash used in capital and related financing activities	(416,186)	(795,849)	(1,212,035)
INVESTING ACTIVITIES			
Water tower rent	8,961	-	8,961
Other reimbursable water	1,347	-	1,347
Interest received	20,188	19,284	39,472
Net cash provided by investing activities	30,496	19,284	49,780
Net increase (decrease) in cash and cash equivalents	(150,744)	304,964	154,220
CASH AND CASH EQUIVALENTS			
Beginning of year	1,319,304	1,760,413	3,079,717
Ending of year	<u>\$ 1,168,560</u>	<u>\$ 2,065,377</u>	<u>\$ 3,233,937</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	\$ (221,811)	\$ (30,591)	\$ (252,402)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	90,127	424,085	514,212
Pension expense net of employer contribution	5,913	11,828	17,741
Other postemployment benefit expense net of employer contribution	782	(81)	701
Change in certain assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(7,243)	(9,005)	(16,248)
Inventory	(7,132)	(298)	(7,430)
Prepaid expenses	2,587	2,587	5,174

Town of Appomattox, Virginia

Exhibit 10

Statement of Cash Flows – Proprietary Funds Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
Increase (decrease) in:			
Accounts payable and accrued liabilities	78,966	(3,539)	75,427
Compensated absences	3,304	(2,413)	891
Customer security deposits	(3,755)	-	(3,755)
Lease	-	2,324	2,324
Net cash provided by (used in) operating activities	<u><u>\$ (58,262)</u></u>	<u><u>\$ 394,897</u></u>	<u><u>\$ 336,635</u></u>
NON-CASH TRANSACTIONS			
Capital asset construction financed by accounts payable	<u><u>\$ 142,147</u></u>	<u><u>\$ 69,588</u></u>	<u><u>\$ 211,735</u></u>

Town of Appomattox, Virginia

Exhibit 11

Statement of Fiduciary Net Position
June 30, 2024

	Custodial Funds		
	Tree Board	ROSE Project	Total
ASSETS			
Cash and cash equivalents	\$ 409	\$ 8,672	\$ 9,081
NET POSITION			
Restricted			
Amounts held for others	\$ 409	\$ 8,672	\$ 9,081

Town of Appomattox, Virginia

Exhibit 12

Statement of Changes in Fiduciary Net Position June 30, 2024

	Custodial Funds		
	Tree Board	ROSE Project	Total
ADDITIONS			
Interest income	\$ -	\$ 5	\$ 5
Total additions	-	5	5
DEDUCTIONS			
Payments to vendors	-	7,803	7,803
Total deductions	-	7,803	7,803
Net decrease in fiduciary net position	-	(7,798)	(7,798)
NET POSITION – AT JULY 1	409	16,470	16,879
NET POSITION – AT JUNE 30	<u>\$ 409</u>	<u>\$ 8,672</u>	<u>\$ 9,081</u>

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Appomattox, Virginia (the “Town”) was incorporated in 1925. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Town Council consists of a Mayor and six other Council Members. The Town is part of Appomattox County and has taxing powers subject to statewide restrictions and tax limits.

The Town provides a full range of municipal services including police, refuse collection, public improvements, planning and zoning, general administrative services, fire, recreation, and water and sewer services. Fire and first aid services are supplemented by volunteer departments. Police services are provided through an agreement with the County of Appomattox.

Discretely Presented Component Unit

A component unit is an entity that is legally separate from the government, but for which the government is financially accountable, or whose relationship with the government is such that exclusion would cause the government’s financial statements to be misleading or incomplete.

The Economic Development Authority of the Town of Appomattox, Virginia (the “EDA”) was created to promote industry and develop trade by encouraging enterprises to locate and remain in the Town. The EDA is governed by a seven member Board of Directors appointed by Town Council and the Town is financially accountable for the EDA. The Town provides personnel assistance for some administrative and operational functions to the EDA at no charge. The EDA does not prepare separate financial statements.

The Town has no related or jointly governed organizations.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. 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.

Property taxes, meals 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *water and sewer enterprise funds* account for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability, or other purposes. The water enterprise fund consists of the activities relating to providing water services to the Town's residents, businesses, and other organizations. The sewer enterprise fund consists of the activities relating to providing sewer services to the Town's residents, businesses, and other organizations.

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. These funds include custodial funds; custodial funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The Town's custodial funds include amounts held for others in a fiduciary capacity, which includes the Tree Board and the ROSE Project.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

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

1. Prior to June 1, the Town Manager submits to Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. This 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 Ordinance. Town Council may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by Town Council.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Appropriations lapse on June 30 for all Town departments.
8. All budget data presented in the accompanying financial statements includes the original and revised budgets as of June 30.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with an original maturity of three months or less when purchased.

Inventories

Inventories in the proprietary funds consist primarily of parts held for repairs or construction and are valued using the average cost method.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance is comprised of the following:

Real estate taxes	\$	1,689
Personal property taxes		10,081
Community Development Block Grant Program loans receivable		130,600
Water fund receivables		3,015
Sewer fund receivables		7,119
	\$	<u>152,504</u>

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Machinery and equipment	5-10 years
Utility plant in service	20-40 years

Compensated Absences

The Town allows for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when the leave is due and payable.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Town's Plans and the additions to/deductions from the Town's 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category:

- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or a deferred inflow as appropriate.
- Change in assumptions on pension and OPEB plans. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan.

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

- One item occurs only under the modified accrual basis of accounting. The item, unavailable revenue, is reported in the governmental fund balance sheet. The governmental funds report unavailable revenue from delinquent property taxes not collected within 45 days of year end.
- Differences between expected and actual experience for economic/demographic factors in measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Rent revenues in the water fund that will be earned in future periods and fund future years.
- Change in assumptions on pension and OPEB plans. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees with benefits. This may be reported as a deferred outflow or a deferred inflow as appropriate.
- Lease-related amounts are recognized at the inception of leases in which the Town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Net Position

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

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Net investment in capital assets represents capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

Right-of-Use Lease and Subscription-Based Information Technology Arrangements (SBITA) Assets and Related Lease and SBITA Liabilities

The Town is a lessee for noncancellable leases of equipment, motor vehicles, and software subscriptions. The Town recognizes an intangible right-to-use asset and a related liability on the financial statements. At the commencement of a lease or SBITA, the Town initially measures a liability at the present value of payments expected to be made during the lease or SBITA period. Subsequently, the liability is reduced by the principal portion of lease or SBITA payments made. The asset is initially measured as the initial amount of the liability, adjusted for lease or SBITA payments made at or before the commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the asset is amortized on a straight-line basis over its useful life.

Lease and SBITA assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt in the statement of net position.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected payments to present value, (2) term, and (3) payments.

- The Town uses an estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable periods. Payments are included in the measurement of the liability and are composed of fixed payments.
- The Town monitors changes in circumstances that would require a remeasurement of its leases or SBITA, and will remeasure if certain changes occur that are expected to significantly affect the amount of the liability.

Lease Receivable and Deferred Inflow of Resources

The Town is a lessor for a noncancellable lease of water towers. The Town recognizes a lease receivable and a deferred inflow of resources in the enterprise fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses an estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Fund Balances

Fund balances are divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds.

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body or by the Town Manager, who has been designated this authority.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Council establishes fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Restricted Amounts

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

Governmental funds of the Town do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by Council.

Estimates

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

Note 2 – Deposits and Investments

Deposits

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

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Investments

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

The Town had no investments at June 30, 2024.

At June 30, the deposit and investment balances are as follows:

	<u>Fair Value</u>
Deposits	
Demand deposits	\$ 7,746,825
Certificates of deposit	2,496,018
Cash on hand	200
Total deposits and investments	<u><u>\$ 10,243,043</u></u>

Deposits and investments are presented on the statement of net position as follows:

Cash and cash equivalents – primary government	\$ 10,221,597
Cash and cash equivalents – component unit	21,446
Total deposits and investments	<u><u>\$ 10,243,043</u></u>

Note 3 – Receivables

Receivables are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Receivables			
Taxes	\$ 220,074	\$ -	\$ 220,074
Accounts	131,709	202,509	334,218
Gross receivables	351,783	202,509	554,292
Less: allowance for uncollectibles	(142,370)	(10,134)	(152,504)
Net receivables	<u><u>\$ 209,413</u></u>	<u><u>\$ 192,375</u></u>	<u><u>\$ 401,788</u></u>

Note 4 – Sale of Future Rent Revenues

During the year ended June 30, 2014, the Town entered into an agreement with AP Wireless I, LLC, under which the Town assigned its rights and title to future rent revenues under existing lease agreements with four cell phone service providers for fifty years (ending June 30, 2064). The Town received total payments of \$1,015,000.

The total proceeds have been recorded as a deferred inflow of resources in the Town’s business-type activities and water fund, along with receivables for the amounts to be collected in future fiscal years. The proceeds will be recognized as revenues over the fifty year life of the agreement.

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

The Town assigned approximately \$1,421,000 of future rents based on the existing lease agreements with terms ending from 2025 to 2039. All four leases have increases tied to the consumer price index, which for purposes of this calculation has been assumed to increase 3% annually. These rent revenues assigned constitute all of the Town's rental revenues related to water tower sites. The estimated present value of the rent revenues under the existing leases, assuming a 4% interest rate and even collections over 25 years, is approximately \$812,000. No assumptions were made regarding future renewals.

Under the terms of the assignment agreement, AP Wireless can negotiate renewals with the existing companies. Renewals cannot be longer than the term of the assignment agreement. Should AP Wireless negotiate a renewal rate that is higher than the current inflationary rates built into the existing leases, the Town would be eligible to receive excess rents under a formula detailed in the assignment agreement. However, absent excess rents as described, the Town is not entitled to additional funds when existing leases are renewed. Additionally, under the terms of the agreement, the Town can obtain new customers/tenants on the properties and would be entitled to all of the revenues from those leases.

Note 5 – Due from Other Governments

Amounts due from other governmental units in governmental activities totals \$25,619, which consists of amounts due from County of Appomattox for sales tax and amounts due from the State for mobile home, communications, and railroad rolling stock taxes.

Amounts due from other governmental units in the business-type activities are related to the Community Development Block Grant for the Church Street waterline project. The Town expects to receive reimbursement for their expenditures related to this project from both awarded grants and loans. Current year outstanding reimbursement totaled \$131,352, for which the Town expects full reimbursement.

Note 6 – Transfers

Interfund transfers consist of the following:

	Transfers In	Transfers Out	Net Transfers
Governmental Fund			
General Fund	\$ -	\$ (74,084)	\$ (74,084)
	<u>\$ -</u>	<u>\$ (74,084)</u>	<u>\$ (74,084)</u>
Enterprise Funds			
Sewer Fund	\$ 74,084	\$ -	\$ 74,084
	<u>\$ 74,084</u>	<u>\$ -</u>	<u>\$ 74,084</u>

Transfers are used to move revenues from the fund where statute or budget requires collection to the fund that statute or budget requires expenditure. The net transfers of the governmental fund are equivalent to the net transfers of the enterprise funds. Transfers are made to reimburse funds for costs paid by the fund being reimbursed or to move funds belonging to the recipient fund.

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Note 7 – Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not depreciated				
Land	\$ 118,749	\$ -	\$ -	\$ 118,749
Construction in progress	439,061	315,000	754,061	-
Total capital assets, not depreciated	557,810	315,000	754,061	118,749
Capital assets, depreciated				
Buildings and improvements	1,528,067	701,032	-	2,229,099
Machinery and equipment	943,422	360,853	-	1,304,275
Total capital assets, depreciated	2,471,489	1,061,885	-	3,533,374
Less accumulated depreciation for				
Buildings and improvements	715,281	72,299	-	787,580
Machinery and equipment	586,628	156,269	-	742,897
Total accumulated, depreciation	1,301,909	228,568	-	1,530,477
Total capital assets, depreciated, net	1,169,580	833,317	-	2,002,897
Lease assets				
Equipment	12,874	64,219	12,874	64,219
Less accumulated amortization	12,371	26,191	12,874	25,688
Total lease assets being amortized, net	503	38,028	-	38,531
Subscription asset				
Software	-	9,866	-	9,866
Less accumulated amortization	-	4,111	-	4,111
Total subscription asset being amortized, net	-	5,755	-	5,755
Governmental activities capital assets, net	\$ 1,727,893	\$ 1,192,100	\$ 754,061	\$ 2,165,932

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Business-Type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not depreciated				
Land	\$ 64,710	\$ -	\$ -	\$ 64,710
Construction in progress	7,331,838	2,637,775	-	9,969,613
Total capital assets, not depreciated	7,396,548	2,637,775	-	10,034,323
Capital assets, depreciated				
Utility plant in service	18,199,251	-	-	18,199,251
Machinery and equipment	599,548	50,903	-	650,451
Total capital assets, depreciated	18,798,799	50,903	-	18,849,702
Less accumulated depreciation for				
Utility plant in service	10,454,043	444,629	-	10,898,672
Machinery and equipment	358,874	68,435	-	427,309
Total accumulated, depreciation	10,812,917	513,064	-	11,325,981
Total capital assets, depreciated, net	7,985,882	(462,161)	-	7,523,721
Lease assets				
Equipment	-	2,871	-	2,871
Less accumulated amortization	-	1,148	-	1,148
Total lease assets being amortized, net	-	1,723	-	1,723
Business-type activities capital assets, net	\$ 15,382,430	\$ 2,177,337	\$ -	\$ 17,559,767

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 205,741
Public works	31,898
Community development	21,231
Total depreciation and amortization expense – governmental activities	\$ 258,870
Business-type activities:	
Water	\$ 90,127
Sewer	424,085
Total depreciation and amortization expense – business-type activities	\$ 514,212

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Note 8 – Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bond	\$ 10,474	\$ -	\$ 2,583	\$ 7,891	\$ 2,681
Compensated absences	41,303	1,804	-	43,107	20,508
Subscriptions	-	7,866	4,000	3,866	3,866
Leases	507	51,970	12,953	39,524	12,803
	<u>\$ 52,284</u>	<u>\$ 61,640</u>	<u>\$ 19,536</u>	<u>\$ 94,388</u>	<u>\$ 39,858</u>
Business-type activities:					
General obligation bond	\$ 3,884,617	\$ 1,451,766	\$ 165,359	\$ 5,171,024	\$ 164,225
Compensated absences	5,131	891	-	6,022	2,238
Leases	-	2,324	557	1,767	572
	<u>\$ 3,889,748</u>	<u>\$ 1,454,981</u>	<u>\$ 165,916</u>	<u>\$ 5,178,813</u>	<u>\$ 167,035</u>

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

Fiscal Year	Governmental Activities					
	General Obligation Bond		Subscriptions		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,681	\$ 226	\$ 3,866	\$ 134	\$ 12,803	\$ 955
2026	5,210	116	-	-	13,171	588
2027	-	-	-	-	13,550	209
	<u>\$ 7,891</u>	<u>\$ 342</u>	<u>\$ 3,866</u>	<u>\$ 134</u>	<u>\$ 39,524</u>	<u>\$ 1,752</u>

Fiscal Year	Business-Type Activities			
	General Obligation Bond		Leases	
	Principal	Interest	Principal	Interest
2025	\$ 164,225	\$ 75,206	\$ 572	\$ 43
2026	165,162	71,689	589	26
2027	116,467	67,997	606	9
2028	118,048	66,416	-	-
2029	119,884	65,180	-	-
2030-2034	626,090	296,230	-	-
2035-2039	673,332	248,988	-	-
2040-2044	724,041	198,009	-	-
2045-2049	779,563	142,757	-	-
2050-2054	780,268	83,882	-	-
2055-2059	670,491	36,789	-	-
2060-2064	233,453	3,449	-	-
	<u>\$ 5,171,024</u>	<u>\$ 1,356,592</u>	<u>\$ 1,767</u>	<u>\$ 78</u>

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
General obligation bonds:						
Truist	3.84%	12-10	12-25	\$ 650,000	\$ 7,891	\$ 101,298
USDA - Sewer	1.25%	11-20	11-60	3,780,000	\$ -	\$ 3,655,303
USDA - Water	2.13%	08-23	08-63	951,766	\$ -	\$ 922,382
USDA - Water	1.38%	08-23	08-63	500,000	\$ -	\$ 492,041

Note 9 – Leases

Town as Lessee

The Town, as a lessee, has entered into lease agreements involving printing equipment. The Town uses its incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease. The value of the right-to-use lease asset balances and related accumulated amortization at year end are disclosed in Note 7. The related debt as well as principal and interest requirements to maturity are disclosed in Note 8.

Town as Lessor

The Town, as a lessor, has entered into lease agreements involving water towers. The water towers are leased by Lumos Networks, PEG Bandwidth, and Shenandoah Personal Communications. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$9,056. This total includes variable and other payments not previously included in the measurement of the lease receivable.

Lease	Contract Date	Maturity Date
Lumos Networks – Water tower*	10/10/2014	10/01/2026
PEG Bandwidth – Water tower*	05/21/2015	07/01/2024
Shenandoah Personal Communications – Water tower	02/02/2019	06/01/2039

* Contract includes option years that are reflected in maturity date.

Note 10 – Subscriptions

In 2024, the Town implemented the guidance of GASB No. 96, *Subscription-Based Information Technology Arrangements*, which requires reporting an intangible right-to-use asset and a subscription liability for subscription-based information technology arrangements (SBITAs). Prior to the issuance of this statement, there was no accounting or financial reporting guidance specifically for SBITAs.

The Town has a subscription for software that creates open lines of communication with local government agencies and citizens. The Town uses its incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in the subscription. The value of the right-to-use subscription asset balance and related accumulated amortization at year end is disclosed in Note 7. The related debt, as well as principal and interest requirements to maturity, is disclosed in Note 8.

Town of Appomattox, Virginia

Notes to Financial Statements

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Note 11 – Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Town of Appomattox, Virginia, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

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

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:

	Members
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested inactive members	5
Non-vested inactive members	15
Inactive members active elsewhere in VRS	6
Total inactive members	26
Active members	18
Total covered employees	54

Contributions

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

The Political Subdivision’s contractually required contribution rate for the year ended June 30, 2024 was 5.10% 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

Town of Appomattox, Virginia

Notes to Financial Statements

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pension plan from the Political Subdivision were \$49,534 and \$45,943 for the years ended June 30, 2024 and 2023, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees in the 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%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 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 because of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience, adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

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

Town of Appomattox, Virginia

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June 30, 2024

percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

- * The above allocation provides for 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is 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 the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever is 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.

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2022	\$ 3,257,150	\$ 3,501,969	\$ (244,819)
Changes for the year			
Service cost	94,874	-	94,874
Interest	222,705	-	222,705
Differences between expected and actual experience	307,506	-	307,506
Contributions – employer	-	45,867	(45,867)
Contributions – employee	-	45,837	(45,837)
Net investment income	-	228,177	(228,177)
Benefit payments, including refund of employee contributions	(105,391)	(105,391)	-
Administrative expenses	-	(2,230)	2,230
Other changes	-	92	(92)
Net changes	519,694	212,352	307,342
Balances at June 30, 2023	<u>\$ 3,776,844</u>	<u>\$ 3,714,321</u>	<u>\$ 62,523</u>

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political Subdivision's net pension liability (asset)	<u>\$ 602,774</u>	<u>\$ 62,523</u>	<u>\$ (375,389)</u>

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

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

For the year ended June 30, 2024, the Political Subdivision recognized a pension expense of \$129,724. At June 30, 2024, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 172,635	\$ 11,503
Change in assumptions	1,789	-
Net difference between projected and actual earnings on pension plan investments	-	52,108
Employer contributions subsequent to the measurement date	49,534	-
	<u>\$ 223,958</u>	<u>\$ 63,611</u>

The \$49,534 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision'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 as follows:

Year Ending June 30,	Effect on Pension Expense
2025	\$ 86,453
2026	(27,053)
2027	49,877
2028	1,536
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans 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 <http://www.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.

Note 12 – Other Postemployment Benefits Liability – Virginia Retirement System Plan

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town of Appomattox, Virginia also participates in a multi-employer, cost-sharing other postemployment benefit plan, described as follows.

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Plan Description

Group Life Insurance Program

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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 GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

The GLI program is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered multiple-employer, cost-sharing plan.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	\$5,552
June 30, 2023 Contribution	\$5,176

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

OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net 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 OPEB liability, except for LODA, were based on the covered

Town of Appomattox, Virginia

Notes to Financial Statements

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employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers

Group Life Insurance Program

June 30, 2024 proportionate share of liability	\$	48,812
June 30, 2023 proportion		0.00407%
June 30, 2022 proportion		0.00401%
June 30, 2024 expense	\$	12,379

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,875	\$ 1,482
Change in assumptions	1,043	3,382
Net difference between projected and actual earnings on OPEB plan investments	-	1,962
Changes in proportion	14,229	8
Employer contributions subsequent to the measurement date	5,552	-
	<u>\$ 25,699</u>	<u>\$ 6,834</u>

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net 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 OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ending June 30,	Effect on OPEB Expense
2025	\$ 9,835
2026	1,587
2027	1,027
2028	258
2029	606
Thereafter	-

Town of Appomattox, Virginia

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Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, 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%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

Net OPEB Liabilities

The net OPEB liability represent each 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, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,907,052
Plan fiduciary net position	2,707,739
Employers' net OPEB liability (asset)	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined as described in Note 10.

Discount Rate

The discount rate used to measure the GLI OPEB 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 Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liability 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 for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July

Town of Appomattox, Virginia

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2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net 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 discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 72,355	\$ 48,812	\$ 29,778

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is 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 <http://www.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.

Note 13 – Property Taxes

The major sources of property taxes are real estate and personal property. Assessments are the responsibility of Appomattox County, while billing and collection are the Town's responsibilities.

Property taxes are levied annually on assessed values as of January 1 and are due by October 1 each year. Personal property taxes do not create a lien on property.

The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section §6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30, 2024 were as follows:

Real estate	\$	0.11
Personal property		0.45
Machinery and tools		0.45

Note 14 – Service Contracts

Water Purchase Agreement

The Town entered into an agreement with the County of Appomattox, Virginia whereby the Town will purchase all water to supply the Town's customers from the County through the Concord-Appomattox 460 Waterline. The County agrees to provide the Town up to 250,000 gallons of water per day, with additional available provided the County has capacity. The

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

contract further provides that all County residents who are customers of the Town's water system now and in the future will receive services at the same rate the Town charges in-Town customers. The provisional rate charged to the Town each fiscal year is based on the estimated usage for the year. The Town is billed monthly for usage. Annually, subsequent to year end, usage will be analyzed, the average daily usage will be determined, and any necessary true-up of billings will be made at that time. This true-up adjustment is not estimable and is therefore accounted for in the year it is charged to the Town. The initial term of this agreement is January 1, 2012 through December 31, 2030, with automatic ten year renewals thereafter, unless either party provides notice of intent to terminate at least two years prior to any expiration.

Note 15 – Risk Management

The Town is insured for workers' compensation, general liability, and other risks.

Workers' Compensation Insurance is provided through the Virginia Risk Sharing Association. During the year ended June 30, 2024, total premiums paid were \$18,844. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section §65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General liability and other insurance is provided through policies with the Virginia Risk Sharing Association. General liability and business automobile coverage have a \$1,000,000 limit per occurrence. Boiler and machinery has a \$3,000,000 limit. Property insurance is covered per statement of values and is approximately \$8,400,000. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia. Total premiums paid for the year ended June 30, 2024 were \$34,023.

There were no significant reductions in insurance coverages from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Note 16 – Fund Balances

Fund balances are classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the general fund is presented below:

	General
Nonspendable:	
Prepaid expenses	\$ 6,724
Committed for:	
Public safety	59,944
Public works	300,000
Other capital projects	814
Total committed	360,758
Unassigned	5,446,677
Total fund balances	<u><u>\$ 5,814,159</u></u>

Town of Appomattox, Virginia

Notes to Financial Statements

June 30, 2024

Note 17 – Commitments and Contingencies

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

The Town has entered into various construction contracts and projects at year end. Future amounts due under these agreements are approximately \$1,100,000 at year end.

In December 2019, the Town entered into an agreement to lease, and eventually purchase, the Concord-Appomattox 460 waterline. The current water purchase and maintenance agreements discussed in Note 14 remain in effect at June 30, 2024. Currently, the Town anticipates the purchase of the waterline will take place subsequent to December 31, 2030.

Note 18 – New Accounting Standards

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

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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



Required Supplementary Information

Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 June 30, 2024

	Plan Year			
	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 94,874	\$ 80,079	\$ 82,464	\$ 77,302
Interest on total pension liability	222,705	211,484	192,351	178,570
Difference between expected and actual experience	307,506	(38,915)	(44,955)	23,502
Changes in assumptions	-	-	61,375	-
Benefit payments, including refunds of employee contributions	(105,391)	(97,029)	(78,699)	(71,722)
Net change in total pension liability	519,694	155,619	212,536	207,652
Total pension liability – beginning	3,257,150	3,101,531	2,888,995	2,681,343
Total pension liability – ending	3,776,844	3,257,150	3,101,531	2,888,995
Plan Fiduciary Net Position				
Contributions – employer	45,867	44,019	41,739	46,614
Contributions – employee	45,837	42,012	39,908	39,476
Net investment income	228,177	(4,585)	759,722	51,738
Benefit payments, including refunds of employee contributions	(105,391)	(97,029)	(78,699)	(71,722)
Administrative expenses	(2,230)	(2,172)	(1,835)	(1,710)
Other	92	82	72	(62)
Net change in plan fiduciary net position	212,352	(17,673)	760,907	64,334
Plan fiduciary net position – beginning	3,501,969	3,519,642	2,758,735	2,694,401
Plan fiduciary net position – ending	3,714,321	3,501,969	3,519,642	2,758,735
Net pension liability (asset) – ending	\$ 62,523	\$ (244,819)	\$ (418,111)	\$ 130,260
Plan fiduciary net position as a percentage of total pension liability	98%	108%	113%	95%
Covered employee payroll	\$ 958,446	\$ 945,970	\$ 974,814	\$ 822,462
Net pension liability (asset) as a percentage of covered employee payroll	7%	-26%	-43%	16%

The plan years above are reported in the Town's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the Town's fiscal year 2015 financial report.

Plan Year					
2019	2018	2017	2016	2015	2014
\$ 77,132 162,156	\$ 49,858 152,432	\$ 67,024 140,760	\$ 61,255 131,061	\$ 53,578 121,582	\$ 45,979 114,928
74,409 86,696	8,011 -	74,216 (42,148)	20,799 -	31,720 -	- -
(71,118)	(71,663)	(74,563)	(74,555)	(68,380)	(63,319)
329,275	138,638	165,289	138,560	138,500	97,588
2,352,068	2,213,430	2,048,141	1,909,581	1,771,081	1,673,493
2,681,343	2,352,068	2,213,430	2,048,141	1,909,581	1,771,081
44,899 37,370 170,017	43,920 36,665 173,363	34,348 28,588 255,629	33,126 48,924 37,234	32,855 27,379 90,217	32,161 23,339 269,487
(71,118) (1,622) (108)	(71,663) (1,459) (156)	(74,563) (1,458) (228)	(74,555) (1,259) (15)	(68,380) (1,226) (19)	(63,319) (1,444) 14
179,438	180,670	242,316	43,455	80,826	260,238
2,514,963	2,334,293	2,091,977	2,048,522	1,967,696	1,707,458
2,694,401	2,514,963	2,334,293	2,091,977	2,048,522	1,967,696
\$ (13,058)	\$ (162,895)	\$ (120,863)	\$ (43,836)	\$ (138,941)	\$ (196,615)
100%	107%	105%	102%	107%	111%
\$ 757,569	\$ 755,882	\$ 597,359	\$ 553,179	\$ 547,579	\$ 497,801
-2%	-22%	-20%	-8%	-25%	-39%

Town of Appomattox, Virginia

Exhibit 14

Required Supplementary Information Schedule of Pension Contributions June 30, 2024

Town Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 49,534	\$ 49,534	\$ -	\$ 1,028,083	4.82 %
2023	45,943	45,943	-	958,446	4.79
2022	45,149	45,149	-	945,970	4.77
2021	41,783	41,783	-	974,814	4.29
2020	46,614	46,614	-	822,462	5.67
2019	44,899	44,899	-	757,569	5.93
2018	43,920	43,920	-	755,882	5.81
2017	34,852	34,852	-	597,359	5.83
2016	33,127	33,127	-	553,179	5.99
2015	32,855	32,855	-	547,579	6.00

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

Town of Appomattox, Virginia

Exhibit 15

Required Supplementary Information Schedule of Employer's Share of Net OPEB Liability – VRS June 30, 2024

Town Plan Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Group Life Insurance					
2023	0.00407 %	\$ 48,812	\$ 958,446	5.09 %	69.30 %
2022	0.00401	48,284	945,970	5.10	67.21
2021	0.00400	46,572	974,814	4.78	67.45
2020	0.00400	66,754	822,462	8.12	52.64
2019	0.00392	64,000	757,569	8.45	52.00

Schedule is intended to show information for 10 years. Since 2019 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the Town's fiscal year.

Town of Appomattox, Virginia

Exhibit 16

Required Supplementary Information Schedule of OPEB Contributions – VRS June 30, 2024

Town Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance					
2024	\$ 5,552	\$ 5,552	\$ -	\$ 1,028,083	0.54 %
2023	5,176	5,176	-	958,446	0.54
2022	5,195	5,195	-	945,970	0.55
2021	4,456	4,456	-	974,814	0.46
2020	4,278	4,278	-	822,462	0.52

Schedule is intended to show information for 10 years. Since 2020 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

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

Town of Appomattox, Virginia
Notes to Required Supplementary Information
June 30, 2024

Note 1 – Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “System”) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

Note 2 – 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:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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Other Supplementary Information

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Discretely Presented Component Unit – Appomattox Economic Development Authority

Town of Appomattox, Virginia

Exhibit 17

Discretely Presented Component Unit – Appomattox Economic Development Authority Statement of Net Position – Proprietary Fund June 30, 2024

	Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 21,446
Total assets	21,446
NET POSITION	
Unrestricted	21,446
Total net position	<u>\$ 21,446</u>

Town of Appomattox, Virginia

Exhibit 18

Discretely Presented Component Unit – Appomattox Economic Development Authority Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund Year Ended June 30, 2024

	Enterprise Fund
OPERATING EXPENSES	
Community development	\$ 37,500
Other operating expenses	2,395
Total operating expenses	39,895
Operating loss	(39,895)
NONOPERATING REVENUES	
Interest income	19
Total nonoperating revenues	19
Change in net position	(39,876)
NET POSITION JULY 1	61,322
NET POSITION JUNE 30	<u><u>\$ 21,446</u></u>

Town of Appomattox, Virginia

Exhibit 19

Discretely Presented Component Unit – Appomattox Economic Development Authority Statement of Cash Flows – Proprietary Fund Year Ended June 30, 2024

	Enterprise Fund
OPERATING ACTIVITIES	
Community development	\$ (37,500)
Other operating expenses	(2,395)
Net cash used in operating activities	(39,895)
NONCAPITAL FINANCING ACTIVITIES	
Interest received	19
Net cash provided by noncapital financing activities	19
Net decrease in cash and cash equivalents	(39,876)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	61,322
Ending at June 30	\$ 21,446



Supporting Schedules

Town of Appomattox, Virginia

Schedule 1

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 165,000	\$ 165,000	\$ 171,326	\$ 6,326
Personal property taxes	93,000	93,000	92,376	(624)
Penalties and interest	5,000	5,000	10,535	5,535
Total general property taxes	263,000	263,000	274,237	11,237
Other local taxes:				
Local sales and use taxes	90,000	90,000	125,077	35,077
Consumption taxes	7,000	7,000	8,643	1,643
Communications sales and use taxes	4,000	4,000	4,122	122
Business license taxes	200,000	200,000	248,286	48,286
Motor vehicle licenses	25,000	25,000	36,429	11,429
Bank stock taxes	190,000	190,000	217,639	27,639
Lodging taxes	70,000	70,000	109,580	39,580
Restaurant food tax	1,300,000	1,300,000	1,602,864	302,864
Mobile home tilting taxes	200	200	75	(125)
Cigarette tax	140,000	140,000	112,500	(27,500)
Total other local taxes	2,026,200	2,026,200	2,465,215	439,015
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	1,000	1,000	2,625	1,625
Revenue from use of money and property:				
Revenue from use of money	10,000	10,000	47,715	37,715
Revenue from use of property	6,000	6,000	6,125	125
Total revenue from use of money and property	16,000	16,000	53,840	37,840
Miscellaneous revenue:				
Miscellaneous	7,500	8,189	53,228	45,039
Total revenue from local sources	2,313,700	2,314,389	2,849,145	534,756
Revenue from the Commonwealth:				
Non-categorical aid:				
Auto rental taxes and fees	7,500	7,500	11,432	3,932
Personal property tax relief funds	23,107	23,107	23,106	(1)
Total non-categorical aid	30,607	30,607	34,538	3,931

Town of Appomattox, Virginia

Schedule 1

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Categorical aid:				
Fire programs	15,000	15,000	15,000	-
DCJS grants for law enforcement	50,631	53,253	53,253	-
Total categorical aid	65,631	68,253	68,253	-
Total revenue from the Commonwealth	96,238	98,860	102,791	3,931
Revenue from the Federal Government:				
Categorical aid:				
Downtown revitalization grant	380,161	324,633	233,430	(91,203)
ARPA – Coronavirus State and Local Fiscal Stabilization Fund	-	1,574,994	285,990	(1,289,004)
Total categorical aid	380,161	1,899,627	519,420	(1,380,207)
Total revenue from the Federal Government	380,161	1,899,627	519,420	(1,380,207)
Other financing sources				
Issuance of lease liabilities	-	-	51,970	51,970
Issuance of subscription liabilities	-	-	7,866	7,866
Total other financing sources	-	-	59,836	59,836
Total governmental fund	\$ 2,790,099	\$ 4,312,876	\$ 3,531,192	\$ (781,684)

Town of Appomattox, Virginia

Schedule 2

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General government administration:				
Legislative:				
Town council	\$ 58,925	\$ 86,689	\$ 84,748	\$ 1,941
General and financial administration:				
Town manager and financial administration	649,830	649,830	667,071	(17,241)
Legal services	60,000	60,000	62,429	(2,429)
Other professional services	90,000	90,000	59,770	30,230
Total general and financial administration	799,830	799,830	789,270	10,560
Total general government administration	858,755	886,519	874,018	12,501
Public safety:				
Law enforcement and traffic control:				
Police department	126,985	126,985	125,472	1,513
Fire and rescue services:				
Fire department	46,000	46,000	44,500	1,500
Total public safety	172,985	172,985	169,972	3,013
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street maintenance	1,187,952	1,196,222	909,015	287,207
Sanitation and waste removal:				
Refuse collection and disposal	159,000	159,000	125,636	33,364
Maintenance of general buildings, grounds, and equipment:				
Town shop	-	-	69	(69)
Town office	-	-	46	(46)
Other properties	601,161	3,044,669	1,570,747	1,473,922
Total maintenance of general buildings, grounds, and equipment	601,161	3,044,669	1,570,862	1,473,807
Total public works	1,948,113	4,399,891	2,605,513	1,794,378
Community development:				
Planning and community development:				
Tourism	87,500	92,900	86,261	6,639
Zoning	53,150	53,150	46,347	6,803
Civic organization contributions	25,000	25,000	24,299	701
Total community development	165,650	171,050	156,907	14,143
Capital outlay:				
Capital outlay	5,000	5,000	-	5,000

Town of Appomattox, Virginia

Schedule 2

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service:				
Principal retirement	2,891	2,891	19,536	(16,645)
Interest and fiscal charges	-	-	1,621	(1,621)
Total debt service	2,891	2,891	21,157	(18,266)
Other financing uses:				
Transfers out	-	-	74,084	(74,084)
Total other financing uses	-	-	74,084	(74,084)
Total governmental fund	\$ 3,153,394	\$ 5,638,336	\$ 3,901,651	\$ 1,736,685

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Other Information

Town of Appomattox, Virginia

Table 1

Government-Wide Revenues

Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Totals
2024	\$ 1,529,054	\$ 587,673	\$ 1,019,219	\$ 283,399	\$ 2,465,215	\$ 93,312	\$ 118,911	\$ 34,538	\$ 6,131,321
2023	1,460,258	295,883	293,280	283,575	2,373,233	51,389	178,435	32,890	4,968,943
2022	1,392,636	127,248	2,858,029	284,417	2,250,311	45,307	226,840	296,908	7,481,696
2021	1,386,370	61,052	279,123	290,148	2,113,903	35,534	257,290	70,710	4,494,130
2020	1,265,851	86,789	229,232	293,819	1,887,305	33,838	189,833	48,279	4,034,946
2019	1,267,548	96,383	103,311	264,865	1,871,916	30,269	205,282	31,013	3,870,587
2018	1,254,666	106,066	1,768,778	264,996	1,842,902	30,464	162,328	34,333	5,464,533
2017	1,238,338	99,175	267,630	278,958	1,838,414	27,172	143,812	31,242	3,924,741
2016	1,204,922	97,043	-	279,971	1,630,607	24,996	199,848	32,253	3,469,640
2015	1,186,135	130,403	96,340	300,218	1,564,129	24,771	154,574	26,618	3,483,188

Town of Appomattox, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years
Unaudited

Table 2

Fiscal Year Ended June 30,	General Government Administration	Public Safety	Public Works	Community Development	Interest on Long-Term Debt	Lease Payments*	Enterprise Funds	Totals
2024	\$ 424,669	\$ 169,972	\$ 2,665,635	\$ 178,139	\$ 1,621	\$ -	\$ 1,832,146	\$ 5,272,182
2023	136,591	170,525	1,891,412	160,540	422	4,807	1,447,649	3,811,946
2022	664,305	146,649	1,549,037	131,253	497	4,807	1,644,824	4,141,372
2021	923,522	142,543	1,196,297	84,711	584	-	1,532,648	3,880,305
2020	555,242	138,149	1,562,345	175,895	670	-	1,440,882	3,873,183
2019	584,089	143,074	965,792	152,316	752	-	1,449,404	3,295,427
2018	554,814	130,692	1,333,019	131,022	759	-	1,382,800	3,533,106
2017	433,305	129,267	1,165,383	131,832	907	-	1,348,455	3,209,149
2016	387,692	72,776	706,056	72,738	979	-	1,439,273	2,679,514
2015	383,457	85,359	684,119	387,049	1,051	-	1,452,390	2,993,425

*GASB Statement No. 87, *Leases* was implemented during fiscal year 2022.

Town of Appomattox, Virginia
General Governmental Revenues by Source
Last Ten Fiscal Years
Unaudited

Table 3

Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Investment Earnings	Inter- Governmental	Other	Totals
2024	\$ 274,237	\$ 2,465,215	\$ 2,625	\$ 53,840	\$ 622,211	\$ 53,228	\$ 3,471,356
2023	279,045	2,373,233	1,575	28,029	328,773	94,676	3,105,331
2022	277,915	2,250,311	775	24,634	424,156	133,591	3,111,382
2021	283,275	2,113,903	1,400	23,416	134,114	85,634	2,641,742
2020	289,278	1,887,305	15,125	24,139	333,563	45,819	2,595,229
2019	276,737	1,871,916	1,900	22,244	188,648	61,695	2,423,140
2018	269,896	1,842,902	750	22,481	456,468	28,165	2,620,662
2017	265,408	1,838,414	2,325	19,440	351,613	12,554	2,489,754
2016	285,858	1,630,607	725	18,275	81,661	56,739	2,073,865
2015	290,028	1,564,129	1,575	17,037	105,026	21,986	1,999,781

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

Table 4

Fiscal Year Ended June 30,	General Government Administration	Public Safety	Public Works	Community Development	Debt Service	Capital Outlay	Totals
2024	\$ 874,018	\$ 169,972	\$ 2,605,513	\$ 156,907	\$ 21,157	\$ -	\$ 3,827,567
2023	706,574	170,525	1,878,286	139,309	7,208	-	2,901,902
2022	711,958	146,649	1,431,221	109,234	2,890	11,915	2,413,867
2021	627,083	142,543	1,018,525	62,620	2,891	243,333	2,096,995
2020	725,900	138,149	1,397,296	153,804	2,890	-	2,418,039
2019	593,501	143,074	925,053	130,225	2,890	-	1,794,743
2018	528,445	130,692	1,377,913	113,204	2,890	-	2,153,144
2017	420,056	129,267	1,210,430	102,519	2,890	-	1,865,162
2016	364,635	72,776	987,729	66,586	2,890	-	1,494,616
2015	380,617	85,359	704,390	383,759	2,890	(252)	1,556,763

⁽¹⁾ Excludes capital projects/outlay expenditures

Town of Appomattox, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Table 5

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Current Tax Collections	Percentage of Levy	Delinquent Tax Collections	Total Tax Collections	Percentage of Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
2024	\$ 289,478	\$ 261,901	90.47 %	\$ 1,801	\$ 263,702	91.10 %	\$ 53,329	18.42 %
2023	290,754	268,070	92.20	2,870	270,940	93.19	45,106	15.51
2022	293,590	266,411	90.74	2,589	269,000	91.62	37,507	12.78
2021	281,748	271,415	96.33	-	271,415	96.33	36,964	13.12
2020	288,806	273,066	94.55	3,282	276,348	95.69	64,396	22.30
2019	283,601	273,495	96.44	5,835	279,330	98.49	89,782	31.66
2018	282,045	267,660	94.90	10,266	277,926	98.54	96,775	34.31
2017	292,680	267,385	91.36	4,596	271,981	92.93	87,132	29.77
2016	284,968	243,379	85.41	46,447	289,826	101.70	75,834	26.61
2015	295,543	241,668	81.77	52,911	294,579	99.67	101,461	34.33

Source: Tax Records of the Town.

Note: Collections exclude penalties and interest and include PPTRA from the Commonwealth.

Town of Appomattox, Virginia
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Table 6

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utilities		Total Assessed Value
					Real Estate	Personal Property	
2024	\$ 160,554,800	\$ 24,067,345	\$ 857,880	\$ 640,137	\$ 4,340,421	\$ -	\$ 190,460,583
2023	158,566,200	25,232,042	460,321	647,687	5,790,513	-	190,696,763
2022	157,255,700	20,241,754	465,486	648,389	5,423,580	35,957	184,070,866
2021	155,733,600	18,450,606	448,911	574,911	5,290,214	35,957	180,534,199
2020	150,889,500	17,913,329	413,561	683,163	5,062,517	35,957	174,998,027
2019	148,956,400	17,491,567	401,801	658,329	4,670,068	35,957	172,214,122
2018	146,653,200	17,842,282	246,659	629,653	4,808,743	35,957	170,216,494
2017	146,028,900	19,694,582	390,960	620,110	5,488,043	35,957	172,258,552
2016	141,805,800	19,168,920	447,546	620,210	5,100,751	35,957	167,179,184
2015	140,101,700	19,007,260	316,436	656,436	4,790,974	35,957	164,908,763

Note: Real estate is assessed at 100% of fair market value.

Town of Appomattox, Virginia

Table 7

Property Tax Rates

Last Ten Fiscal Years
Unaudited

Fiscal Year	Real Estate		Personal Property		Machinery and Tools		Mobile Homes		Public Utilities	
									Real Estate	Personal Property
2024	\$	0.11	\$	0.45	\$	0.45	\$	0.11	\$	0.11
2023		0.11		0.45		0.45		0.11		0.11
2022		0.11		0.55		0.55		0.11		0.11
2021		0.12		0.55		0.55		0.12		0.12
2020		0.12		0.55		0.55		0.12		0.12
2019		0.12		0.55		0.55		0.12		0.12
2018		0.12		0.55		0.55		0.12		0.12
2017		0.12		0.55		0.55		0.12		0.12
2016		0.13		0.55		0.55		0.13		0.13
2015		0.13		0.55		0.55		0.13		0.13

Town of Appomattox, Virginia

Table 8

Computation of Legal Debt Margin

June 30, 2024

Unaudited

Assessed value of real estate, January 1, 2023		<u>\$ 160,554,800</u>
Legal debt limit, (10% of assessed value)		16,055,480
Total bonded debt	<u>\$ 5,178,915</u>	<u>5,178,915</u>
Legal debt margin		<u><u>\$ 10,876,565</u></u>

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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 Honorable Members of Town Council
Town of Appomattox, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the Town of Appomattox, Virginia (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 13, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2024-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*; which is described in the accompanying schedule of findings and questioned costs as item 2024-002.**

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and are described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
June 13, 2025

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Town Council
Town of Appomattox, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Appomattox, Virginia's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Appomattox, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
June 13, 2025

Town of Appomattox, Virginia

Summary of Compliance Matters

June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

State Compliance Matters

Code of Virginia

- Cash and Investment Laws
- Conflicts of Interest Act
- Virginia Retirement System
- Procurement Laws

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

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

Local Compliance Matters

Town Charter

Town of Appomattox, Virginia

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
<u>United States Department of Agriculture – Rural Development</u>			
Direct payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 600,425
Total Department of Agriculture			<u>600,425</u>
<u>Department of the Treasury</u>			
Direct payments:			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	301,832
Total Department of the Treasury			<u>301,832</u>
<u>Department of Housing and Urban Development</u>			
Pass-through payments:			
Virginia Department of Housing and Community Development Community Development Block Grants/State's Program	14.228	N/A	650,158
Total Department of Housing and Urban Development			<u>650,158</u>
Total expenditures of federal awards			<u><u>\$ 1,552,415</u></u>

Notes:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Town and is presented on the modified accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

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

At June 30, 2024, the Town had \$3,655,303 in outstanding water and waste disposal system loans from Rural Development and \$1,414,423 in outstanding water line project loans from Rural Development.

Town of Appomattox, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. No material weaknesses and one significant deficiency relating to the audit of the financial statements was reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance material to the financial statements disclosed during the audit.
4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an unmodified opinion.
6. The audit disclosed no audit findings relating to major programs.
7. The programs tested as major programs were:

Name of Program	Assistance Listing #
Water and Waste Disposal Systems for Rural Communities	10.760
Coronavirus State and Local Fiscal Recovery Funds	21.027

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

B – Findings – Financial Statement Audit

2024-001 – Segregation of Duties (Significant Deficiency)**Condition**

A fundamental concept of internal controls is the separation of duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. A lack of segregation of duties exists in several functions related to general ledger functions, bank account access, and reconciliations; payroll processing, inventory ordering, receiving, and monitoring; billings and accounts receivable. Fully eliminating some of these control deficiencies may not be possible without additional personnel.

Recommendation

Steps should be taken to eliminate the performance of conflicting duties where possible.

Management’s Response

We are currently segregated as staffing allows and continue to apply segregation of duties as much as possible with limited staffing. The new Edmunds GovTech software has allowed the Town to separate more of the accounts payable duties. The Treasurer has access to the cash collection function for IT integration but has never taken a payment since the installation of the new software.

Town of Appomattox, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

C – Findings – Commonwealth of Virginia

2024-002 – Commonwealth of Virginia Disclosure Statements

Condition

Statement of economic interests were sent to members timely in fiscal year 2024, however not all were returned by the February 1, 2024 deadline. Two of the seven statement of economic interests were not filed by the deadline.

Recommendation

Steps should be taken to ensure that these statements are all filed in a timely manner.

Management's Response

We have put in place steps to ensure this occurs going forward.

D – Findings and Questioned Costs – Major Federal Award Programs Audit

None.

Town of Appomattox, Virginia
Summary Schedule of Prior Audit Findings
June 30, 2024

A – Findings – Financial Statement Audit

2023-001 – Segregation of Duties (Material Weakness)

Condition

A fundamental concept of internal controls is the separation of duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. A lack of segregation of duties exists in several functions related to accounts payable and cash disbursements; general ledger functions, bank account access and reconciliations; payroll processing, inventory ordering, receiving, and monitoring; billings and accounts receivable. Fully eliminating some of these control deficiencies may not be possible without additional personnel.

Recommendation

Steps should be taken to eliminate the performance of conflicting duties where possible.

Current Status

Condition still exists but finding is deemed a significant deficiency and no longer a material weakness. There is now proper segregation of duties between the accounts payable and cash disbursements. The Town also has several mitigating controls in place for the remaining lack of segregation of duties. See finding 2024-001 in the schedule of findings and questions costs.

B – Findings – Commonwealth of Virginia

2023-002 – Commonwealth of Virginia Disclosure Statements

Condition

Statement of economic interests were sent to members timely in fiscal year 2023, however not all were returned by the February 1, 2023 deadline.

Recommendation

Steps should be taken to ensure that these statements are filed in a timely manner.

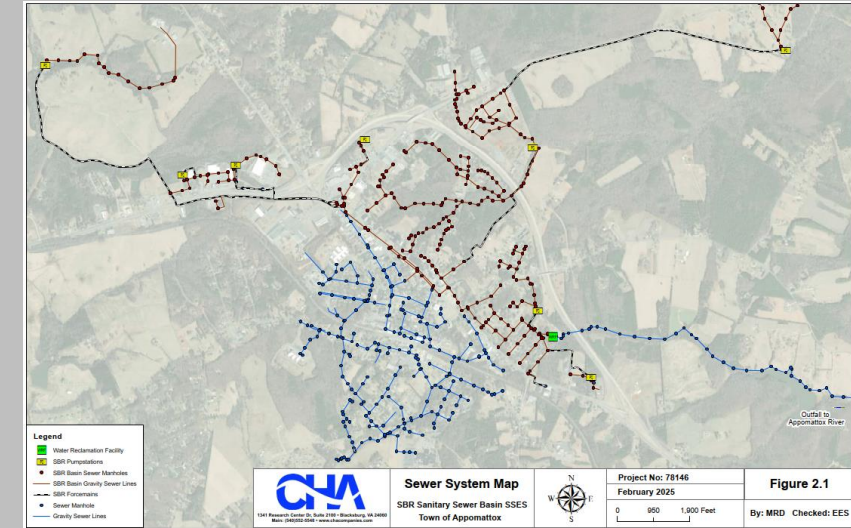
Current Status

Condition still exists. See finding 2024-002 in the schedule of findings and questions costs.

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File Attachments for Item:

3. CHA to present I&I water infiltration study findings



SANITARY SEWER EVALUATION SURVEY

SEQUENCING BATCH REACTOR (SBR)
SANITARY SEWER BASIN

June 2025



01.

PAST SANITARY SEWER PROJECTS

Trickling Filter Sanitary Sewer Basin.

Past Sanitary Sewer Projects

- CHA has been working with the Town to reduce rainfall-derived inflow and infiltration (I&I) in the Town's sanitary sewer collection system since 2016.
 - Inflow is stormwater runoff entering the collection system through defective manhole frames/covers and cleanout caps.
 - Infiltration is groundwater entering the collection system through sewer pipe defects (e.g., leaking pipe joints, cracks in the pipe, etc.).
 - I&I can exceed the collection system capacity and cause wet weather sanitary sewer overflows (SSOs).
 - I&I can also overwhelm wastewater treatment plant processes.
- CHA helped the Town secure funding through the USDA Rural Development Program.

Past Sanitary Sewer Projects

- CHA managed multiple I&I mitigation projects in the Trickling Filter Sanitary Sewer Basin (south of Confederate Boulevard).
 - Comprehensive Sanitary Sewer Rehabilitation (pipe and manhole lining)
 - Prioritized rehabilitation throughout the area south of Confederate Boulevard
 - Targeted Sanitary Sewer Replacement Projects (open cut, pipe bursting)
 - Morton Lane, other locations where poor pipe and manhole conditions prevented rehabilitation
 - Over \$3,000,000 of construction projects completed in 2023
 - Significantly reduced I&I, benefitting the new sanitary sewer lift station that replaced the original trickling filter wastewater treatment plant

02

SANITARY SEWER EVALUATION STUDY



Sequencing Batch Reactor Sanitary Sewer Basin.

Sanitary Sewer Evaluation Study

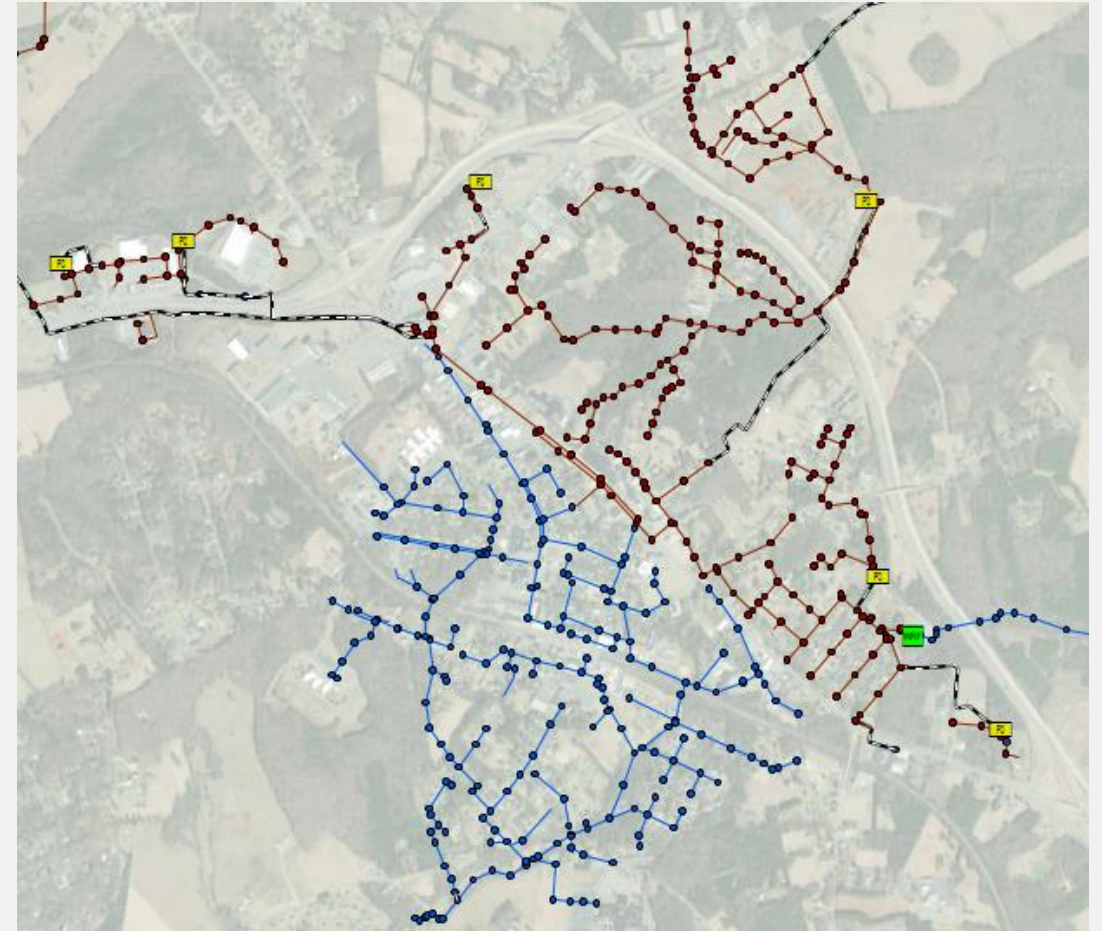
SBR Sanitary Sewer Basin

- Logical next step - *reduce I&I north of Confederate Boulevard*
 - CHA performed a comprehensive Sanitary Sewer Evaluation Study (SSES) of the Sequencing Batch Reactor (SBR) Water Reclamation Facility (WRF) Sanitary Sewer Basin.
- Field investigations took place in 2022 and 2023.
 - Flow metering
 - Pipe and manhole inspections
 - Smoke testing
 - Pump station evaluation
 - Engineering analysis

Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- Sequencing Batch Reactor (SBR) Sanitary Sewer Basin
 - 94,000 linear feet of sanitary sewer pipe
 - 341 sanitary sewer manholes
 - 8 sanitary sewer pump stations
 - Known to be in better condition than the older collection system area south of Confederate Boulevard



Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- CHA conducted comprehensive sanitary sewer flow monitoring in early 2022.
 - Flow metering identifies areas with high I&I during and after significant rainfall events.

Table 2.1 - Patricia Anne Flow Meter Data Summary

Patricia Anne		
Flows During Monitoring Period		
(1) Estimated Current Pipe Capacity (See Note 1)	7560.00	gpm
(2) Average Dry-Weather Flow During Monitoring Period	82.399	gpm
% of Estimated Current Pipe Capacity	1.09	%
(3) Peak 15-minute Flow During Monitoring Period (See Note 2)	982.230	gpm
% of Estimated Current Pipe Capacity	13.0	%
Flow Levels During Monitoring Period		
(1) Pipe Diameter	10	inches
(2) Average Dry-Weather Level During Monitoring Period	0.78	inches
% of Pipe Diameter	8	%
(3) Peak Level During Monitoring Period (See Note 2)	2.60	inches
% of Pipe Diameter	26	%
Velocity During Monitoring Period		
(1) Estimated Current Full-Pipe Velocity (See Note 1)	21453.84	fps
(2) Average Dry-Weather Velocity During Monitoring Period	2.21	fps
(3) Peak Velocity During Monitoring Period (See Note 2)	5.89	fps

Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- CHA inspected nearly 350 sanitary sewer manholes in 2023.
 - Manhole inspections identify defects that allow I&I intrusion.



PS5-A-0001-MH: Seal precast joint



PS5-B-0018-MH: Install water-resistant manhole frame and cover & cementitiously line chimney

Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- CHA conducted smoke testing in targeted areas in 2023.
 - Smoke testing reveals manhole and cleanout defects at ground level that allow I&I intrusion.



PS6-0020-MH to PS6-0019-MH: PVC
cleanout with broken cap



EDA-0014-MH: Unsealed and offset frame

Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- CHA inspected more than 8,000 linear feet of sanitary sewer pipe using closed-circuit television (CCTV) footage.
 - CCTV footage shows pipe defects that allow infiltration intrusion.



SBR-0006-SBR-0005 – Multiple fractures with roots



SBR-00031-SBR-0030 – Multiple cracks and fractures

Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- CHA evaluated 6 of the pump stations in the SBR Basin.
 - Identified the need for permanent standby generators to avoid SSOs during power outages.



Sanitary Sewer Evaluation Study

SBR Sanitary Sewer Basin

- Findings:
 - The SSES showed the SBR Basin to be in relatively good condition.
- Recommendations:
 - Rehabilitate 1,650 feet of sanitary sewer pipe via cured-in-place pipe lining
 - Rehabilitate 140 manholes
 - Install 6 standby generators
 - Potential overall project cost: \$2,000,000
- CHA provided the SSES to the Town in a Preliminary Engineering Report that can be used for funding application(s).

03. ■

PRIORITY
SANITARY
SEWER
REPLACEMENT
PROJECT

Confederate Boulevard.

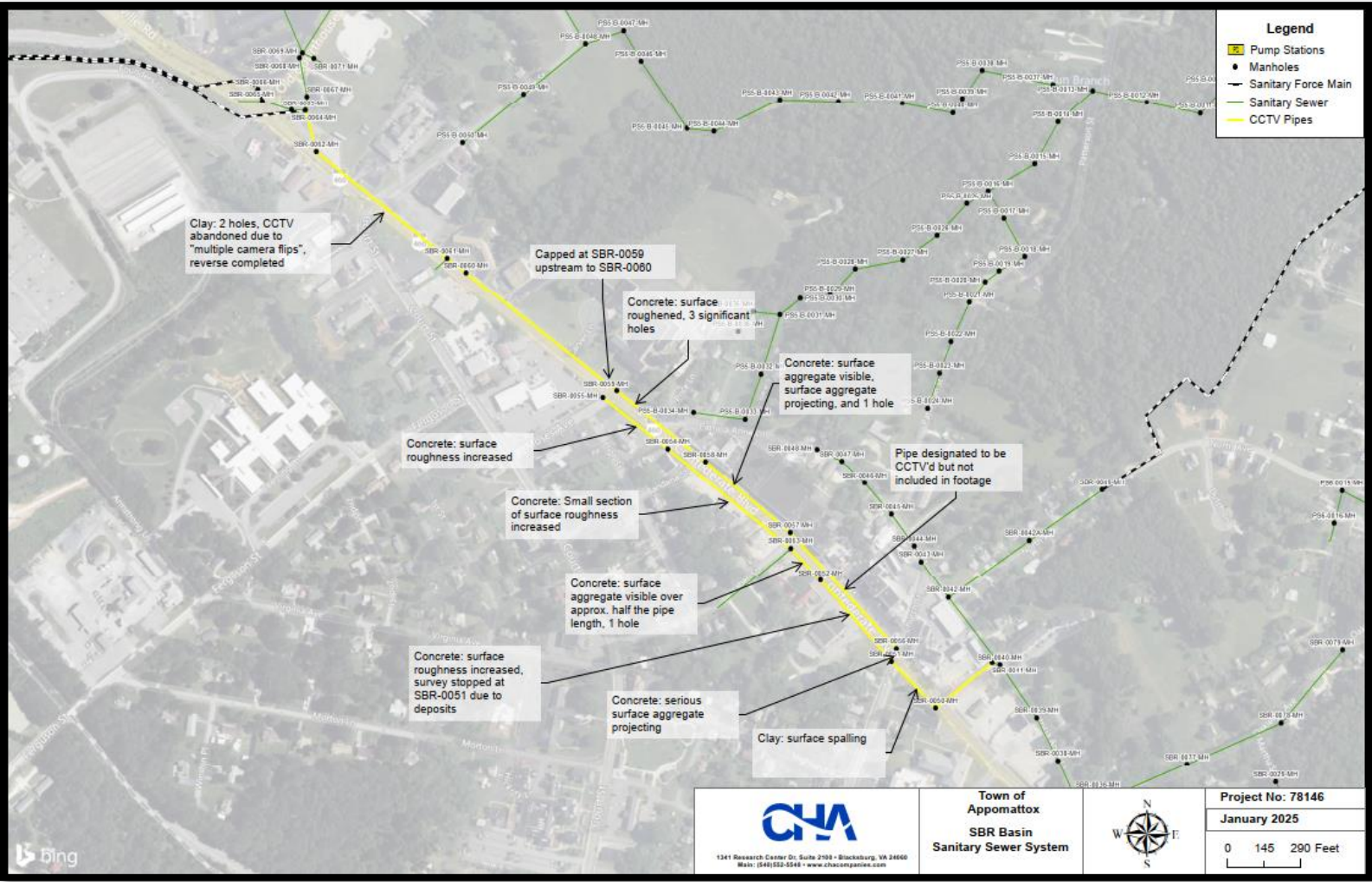
Confederate Boulevard Sanitary Sewer Replacement Project

- CCTV inspection of the existing sanitary sewer pipes in Confederate Boulevard showed severe deterioration associated with corrosive sewer gases created by the turbulence at pump station discharges.



- CHA recommended prioritizing renewal of approximately 4,000 linear feet of sanitary sewer pipe and the associated 11 sanitary sewer manholes in Confederate Boulevard as soon as possible.

Confederate Boulevard Sanitary Sewer Replacement Project



Confederate Boulevard Sanitary Sewer Replacement Project

- CHA recommended prioritizing renewal of approximately 4,000 linear feet of sanitary sewer pipe and the associated 11 sanitary sewer manholes in Confederate Boulevard as soon as possible.
- Potential overall project cost: approximately \$2,100,000
- CHA provided the proposed Confederate Boulevard Sanitary Sewer Replacement project evaluation to the Town in a Preliminary Engineering Report that can be used for funding application(s).
- CHA provided a separate memorandum presenting potential funding options for the proposed project.
- CHA stands ready to assist the Town with this important project.

Confederate Boulevard Sanitary Sewer Replacement Project

Pursue funding as soon as
possible.

SBR Basin Sanitary Sewer Projects

Pursue funding after
completing the
Confederate Boulevard
Sanitary Sewer
Replacement project.

Earl Smith, PE
CHA Consulting, Inc.
esmith@chasolutions.com

Open Discussion on Recommendations