



## FINANCIAL REPORT

JUNE 30, 2023



**TOWN OF APPOMATTOX, VIRGINIA**

**FINANCIAL REPORT**

**June 30, 2023**



# **TOWN OF APPOMATTOX, VIRGINIA**

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## **INTRODUCTORY SECTION**

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**TOWN OF APPOMATTOX, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**

**June 30, 2023**

**TOWN COUNCIL**

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

**ECONOMIC DEVELOPMENT AUTHORITY BOARD**

Dr. Jeffrey Garrett, Chairman  
Mary Lou Spiggle, Vice-Chairman  
Kenny Gobble  
Tom Utz  
Christopher Simpson  
C. Lewis McDearmon, Jr.  
Claudia G. Puckette

**APPOINTED OFFICIALS**

Richard “Terry” McGhee ..... Town Manager  
Frank Wright, Jr. .... Town Attorney  
Kim Ray ..... Treasurer  
Roxanne Casto..... Town Clerk

**INDEPENDENT AUDITORS**

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



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Town Council  
Town of Appomattox, Virginia  
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, 2023, 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, 2023, 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.

## **Report on the Audit of the Financial Statements (Continued)**

### ***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.

## **Report on the Audit of the Financial Statements (Continued)**

### ***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 opinion 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.

## **Report on the Audit of the Financial Statements (Continued)**

### ***Other Information (Continued)***

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 December 7, 2023 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia  
December 7, 2023

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# **BASIC FINANCIAL STATEMENTS**

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## TOWN OF APPOMATTOX, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 8,065,797	\$ 3,079,717	\$ 11,145,514	\$ 61,322
Receivables, net (Note 3)	176,826	176,127	352,953	-
Due from other governments (Note 5)	22,291	17,889	40,180	-
Inventories	-	151,051	151,051	-
Prepaid expenses	6,887	5,674	12,561	-
Net pension asset (Note 9)	195,656	49,163	244,819	-
Capital assets (Note 6)				
Nondepreciable	557,810	7,396,548	7,954,358	-
Depreciable, net	1,169,580	7,985,882	9,155,462	-
Right-of-use assets, net	503	-	503	-
Lease receivable				
Receivable within one year (Note 8)	-	13,543	13,543	-
Receivable in more than one year (Note 8)	-	249,535	249,535	-
Total assets	10,195,350	19,125,129	29,320,479	61,322
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related deferred outflows (Note 9)	56,658	14,236	70,894	-
Other postemployment benefits-related deferred outflows (Note 10)	28,541	5,869	34,410	-
Total deferred outflows of resources	85,199	20,105	105,304	-
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	455,272	69,152	524,424	-
Accrued payroll and related liabilities	36,569	8,586	45,155	-
Accrued interest payable	-	6,504	6,504	-
Customer security deposits	-	37,600	37,600	-
Unearned revenue	1,566,570	-	1,566,570	-
Long-term liabilities				
Net other post-employment benefits liability (Note 10)	38,590	9,694	48,284	-
Due within one year (Note 7)	19,441	130,460	149,901	-
Due in more than one year (Note 7)	32,843	3,759,288	3,792,131	-
Total liabilities	2,149,285	4,021,284	6,170,569	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related deferred inflows (Note 9)	109,987	27,636	137,623	-
OPEB-related deferred inflows (Note 10)	7,719	1,938	9,657	-
Leases-related deferred inflows (Note 1 and 8)	-	246,697	246,697	-
Unearned revenue (Note 4)	-	832,300	832,300	-
Total deferred inflows of resources	117,706	1,108,571	1,226,277	-
<b>NET POSITION</b>				
Net investment in capital assets	1,388,304	11,473,106	12,861,410	-
Restricted for pension	195,656	49,163	244,819	-
Unrestricted	6,429,598	2,493,110	8,922,708	61,322
Total net position	\$ 8,013,558	\$ 14,015,379	\$ 22,028,937	\$ 61,322

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



## TOWN OF APPOMATTOX, VIRGINIA

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Economic Development Authority
					Governmental Activities	Business-Type Activities		
<b>Primary Government</b>								
Governmental activities								
General government administration	\$ 136,591	\$ -	\$ 230,252	\$ -	\$ 93,661	\$ -	\$ 93,661	
Public safety	170,525	-	65,631	-	(104,894)	-	(104,894)	
Public works	1,891,412	1,575	-	-	(1,889,837)	-	(1,889,837)	
Community development	160,540	-	-	-	(160,540)	-	(160,540)	
Interest on long-term debt	422	-	-	-	(422)	-	(422)	
Lease payments	4,807	-	-	-	(4,807)	-	(4,807)	
Total governmental activities	2,364,297	1,575	295,883	-	(2,066,839)	-	(2,066,839)	
<b>Business-type activities</b>								
Water	550,974	527,899	-	-	-	(23,075)	(23,075)	
Sewer	896,675	930,784	-	293,280	-	327,389	327,389	
Total business-type activities	1,447,649	1,458,683	-	293,280	-	304,314	304,314	
Total primary government	\$ 3,811,946	\$ 1,460,258	\$ 295,883	\$ 293,280	(2,066,839)	304,314	(1,762,525)	
<b>Component Unit</b>							(7,294)	
Economic Development Authority	\$ 7,294	\$ -	\$ -	\$ -	-	-	-	
General revenues:								
Property taxes					283,575	-	283,575	
Meals taxes					1,536,357	-	1,536,357	
Sales and use taxes					108,388	-	108,388	
Bank stock taxes					202,356	-	202,356	
Business license taxes					253,972	-	253,972	
Cigarette taxes					131,250	-	131,250	
Other local taxes					140,910	-	140,910	
Intergovernmental revenue not restricted to specific programs					32,890	-	32,890	
Investment earnings					28,029	23,360	51,389	
Other					94,676	83,759	178,435	
Total general revenues					2,812,403	107,119	2,919,522	
Change in net position					745,564	411,433	1,156,997	
NET POSITION AT JULY 1					7,267,994	13,603,946	20,871,940	
NET POSITION AT JUNE 30					\$ 8,013,558	\$ 14,015,379	\$ 22,028,937	
					\$	\$	\$	

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

## TOWN OF APPOMATTOX, VIRGINIA

**BALANCE SHEET –  
GOVERNMENTAL FUND  
June 30, 2023**

	<u><b>General Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,065,797
Receivables, net	176,826
Prepaid expenses	6,887
Due from other governments	<u>22,291</u>
Total assets	<u><u>\$ 8,271,801</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 455,272
Accrued payroll and related liabilities	36,569
Unearned revenue	<u>1,566,570</u>
Total liabilities	<u>2,058,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	<u>28,772</u>
<b>FUND BALANCE (Note 14)</b>	
Nonspendable	6,887
Committed	360,758
Unassigned	<u>5,816,973</u>
Total fund balance	<u>6,184,618</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 8,271,801</u></u>

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

## TOWN OF APPOMATTOX, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2023**

**Ending fund balance – governmental fund** \$ 6,184,618

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	\$ 3,042,173	
Less: accumulated depreciation and amortization	(1,314,280)	
		1,727,893

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the fund.		28,772
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Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the fund.

Deferred outflows of resources		
Pensions	56,658	
Other postemployment benefits	28,541	
Deferred inflows of resources		
Pensions	(109,987)	
Other postemployment benefits	(7,719)	
Net pension asset	195,656	
Net other postemployment benefits liability	(38,590)	
		124,559

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.

General obligation bond	(10,474)	
Compensated absences	(41,303)	
Leases	(507)	
		(52,284)

**Total net position – governmental activities** \$ 8,013,558

## TOWN OF APPOMATTOX, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUND  
Year Ended June 30, 2023**

	<u><b>General Fund</b></u>
REVENUES	
General property taxes (Note 11)	\$ 279,045
Other local taxes	2,373,233
Permits, privilege fees, and regulatory licenses	1,575
Revenue from use of money and property	28,029
Other	94,676
Intergovernmental	<u>328,773</u>
Total revenues	<u>3,105,331</u>
EXPENDITURES	
Current	
General government administration	706,574
Public safety	170,525
Public works	1,878,286
Community development	139,309
Debt service	
Principal retirement	6,786
Interest and other fiscal charges	<u>422</u>
Total expenditures	<u>2,901,902</u>
Excess of revenues over expenditures	203,429
FUND BALANCE AT JULY 1	<u>5,981,189</u>
FUND BALANCE AT JUNE 30	<u><u>\$ 6,184,618</u></u>

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

## TOWN OF APPOMATTOX, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023**

<b>Net change in fund balance – governmental fund</b>	<b>\$ 203,429</b>
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	\$ 629,937
Depreciation and amortization expense	<u>(143,235)</u>
	486,702
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	
Unavailable revenue	4,530
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	(45,943)
Pension expense	<u>79,721</u>
	33,778
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	(5,176)
Other postemployment benefits expense	<u>1,752</u>
	(3,424)
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 and lease	6,786
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.	
	<u>13,763</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 745,564</u></u>

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

## TOWN OF APPOMATTOX, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General property taxes	\$ 263,000	\$ 263,000	\$ 279,045	\$ 16,045
Other local taxes	1,909,700	1,909,700	2,373,233	463,533
Permits, privilege fees, and regulatory licenses	1,000	1,000	1,575	575
Revenue from use of money and property	16,000	16,000	28,029	12,029
Other	6,000	7,674	94,676	87,002
Intergovernmental	481,607	2,282,510	328,773	(1,953,737)
Total revenues	<u>2,677,307</u>	<u>4,479,884</u>	<u>3,105,331</u>	<u>(1,374,553)</u>
<b>EXPENDITURES</b>				
Current				
General government administration	791,795	791,795	706,574	85,221
Public safety	171,775	171,775	170,525	1,250
Public works	1,765,038	4,735,224	1,878,286	2,856,938
Community development	155,410	155,410	139,309	16,101
Capital outlay	7,500	7,500	-	7,500
Debt service				
Principal retirement	2,891	2,891	6,786	(3,895)
Interest and other fiscal charges	-	-	422	(422)
Total expenditures	<u>2,894,409</u>	<u>5,864,595</u>	<u>2,901,902</u>	<u>2,962,693</u>
Excess (deficiency) of revenues over expenditures	<u>(217,102)</u>	<u>(1,384,711)</u>	<u>203,429</u>	<u>1,588,140</u>
Net change in fund balance	<u>\$ (217,102)</u>	<u>\$ (1,384,711)</u>	<u>\$ 203,429</u>	<u>\$ 1,588,140</u>

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

## TOWN OF APPOMATTOX, VIRGINIA

**STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS  
June 30, 2023**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,319,304	\$ 1,760,413	\$ 3,079,717
Receivable, net	53,101	123,026	176,127
Due from other governments	-	17,889	17,889
Inventories	134,695	16,356	151,051
Current portion of lease receivable	13,543	-	13,543
Prepaid expenses	2,837	2,837	5,674
Total current assets	1,523,480	1,920,521	3,444,001
<b>NONCURRENT ASSETS</b>			
Capital assets, net	1,874,699	13,507,731	15,382,430
Net pension asset	20,974	28,189	49,163
Lease receivable	249,535	-	249,535
Total noncurrent assets	2,145,208	13,535,920	15,681,128
Total assets	3,668,688	15,456,441	19,125,129
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related deferred outflows	6,073	8,163	14,236
Other postemployment benefits related deferred outflows	2,562	3,307	5,869
	8,635	11,470	20,105
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	38,631	30,521	69,152
Accrued payroll and related liabilities	3,836	4,750	8,586
Accrued interest payable	1,238	5,266	6,504
Customer security deposits	37,600	-	37,600
Current portion of long-term debt	19,103	108,850	127,953
Current portion of compensated absences	432	2,075	2,507
Total current liabilities	100,840	151,462	252,302
<b>NONCURRENT LIABILITIES</b>			
Net other postemployment benefits liability	4,232	5,462	9,694
Long-term debt	42,386	3,714,278	3,756,664
Compensated absences	730	1,894	2,624
Total noncurrent liabilities	47,348	3,721,634	3,768,982
Total liabilities	148,188	3,873,096	4,021,284
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related deferred inflows	11,790	15,846	27,636
Other postemployment benefits-related deferred outflows	846	1,092	1,938
Leases-related deferred inflows	246,697	-	246,697
Unearned revenue	832,300	-	832,300
Total deferred inflows of resources	1,091,633	16,938	1,108,571
<b>NET POSITION</b>			
Net investment in capital assets	1,806,392	9,666,714	11,473,106
Restricted for pension	20,974	28,189	49,163
Unrestricted	610,136	1,882,974	2,493,110
Total net position	\$ 2,437,502	\$ 11,577,877	\$ 14,015,379

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

## TOWN OF APPOMATTOX, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUNDS  
Year Ended June 30, 2023**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 527,899	\$ 930,784	\$ 1,458,683
Other	36,838	8,816	45,654
Total operating revenues	564,737	939,600	1,504,337
OPERATING EXPENSES			
Salaries	101,105	112,390	213,495
Fringe benefits	41,074	37,151	78,225
Maintenance	121,541	75,544	197,085
Utilities	-	62,536	62,536
Materials and supplies	17,966	148,251	166,217
Sample testing	3,999	18,705	22,704
Professional services	16,900	19,752	36,652
Other	2,059	2,512	4,571
Purchased water	152,072	-	152,072
Depreciation	91,648	415,743	507,391
Total operating expenses	548,364	892,584	1,440,948
Operating income	16,373	47,016	63,389
NONOPERATING REVENUES (EXPENSES)			
Federal revenues	-	-	-
Interest income	16,104	7,256	23,360
Interest expense	(2,610)	(4,091)	(6,701)
Rent income	37,391	-	37,391
Other income	714	-	714
Net nonoperating revenues	51,599	3,165	54,764
Capital contributions	-	293,280	293,280
Change in net position	67,972	50,181	118,153
NET POSITION AT JULY 1	2,369,530	11,234,416	13,603,946
NET POSITION AT JUNE 30	\$ 2,437,502	\$ 11,577,877	\$ 14,015,379

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



## TOWN OF APPOMATTOX, VIRGINIA

**STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS  
Year Ended June 30, 2023**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 530,645	\$ 945,873	\$ 1,476,518
Payments to suppliers	(447,421)	(681,944)	(1,129,365)
Payments to and for employees	(146,883)	(152,123)	(299,006)
Other receipts	28,930	8,816	37,746
Net cash provided by (used in) operating activities	(34,729)	120,622	85,893
<b>NON-CAPITAL FINANCING ACTIVITIES</b>			
Contributions from federal government	-	615,668	615,668
Other payments	-	(32,176)	(32,176)
Net cash provided by non-capital financing activities	-	583,492	583,492
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(99,189)	(381,911)	(481,100)
Principal paid on debt	(18,397)	(74,568)	(92,965)
Interest paid on debt	(2,993)	-	(2,993)
Net cash used in capital and related financing activities	(120,579)	(456,479)	(577,058)
<b>INVESTING ACTIVITIES</b>			
Water tower rent	17,091	-	17,091
Other reimbursable water	714	-	714
Interest received	16,104	7,256	23,360
Net cash provided by investing activities	33,909	7,256	41,165
Net increase (decrease) in cash and cash equivalents	(121,399)	254,891	133,492
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of year	1,440,703	1,505,522	2,946,225
Ending of year	\$ 1,319,304	\$ 1,760,413	\$ 3,079,717

(Continued)

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

## TOWN OF APPOMATTOX, VIRGINIA

**STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS  
Year Ended June 30, 2023**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income	\$ 16,373	\$ 47,016	\$ 63,389
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	91,648	415,743	507,391
Pension expense net of employer contribution	(2,596)	(3,907)	(6,503)
Other postemployment benefit expense net of employer contribution	400	472	872
Leases	(16,663)	-	(16,663)
Change in certain assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	9,001	15,089	24,090
Inventory	(16,402)	(2,258)	(18,660)
Prepaid expenses	(2,837)	(2,837)	(5,674)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(113,118)	(348,895)	(462,013)
Compensated absences	(3,035)	199	(2,836)
Customer security deposits	2,500	-	2,500
Net cash provided by (used in) operating activities	<u>\$ (34,729)</u>	<u>\$ 120,622</u>	<u>\$ 85,893</u>
<b>NON-CASH TRANSACTIONS</b>			
Capital asset construction financed by accounts payable	<u>\$ 5,818</u>	<u>\$ 17,889</u>	<u>\$ 23,707</u>

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

## TOWN OF APPOMATTOX, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2023

	Custodial Funds			
	Abbitt Memorial Park	Tree Board	ROSE Project	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 409	\$ 16,470	\$ 16,879
NET POSITION				
Restricted				
Amounts held for others	\$ -	\$ 409	\$ 16,470	\$ 16,879

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

## TOWN OF APPOMATTOX, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
June 30, 2023

	Custodial Funds			
	Abbitt Memorial Park	Tree Board	ROSE Project	Total
ADDITIONS				
Interest income	\$ -	\$ -	\$ 9	\$ 9
Total additions	-	-	9	9
DEDUCTIONS				
Payments to vendors	1,381	-	918	2,299
Total deductions	1,381	-	918	2,299
Net decrease in fiduciary net position	(1,381)	-	(909)	(2,290)
NET POSITION – AT JULY 1	1,381	409	17,379	19,169
NET POSITION – AT JUNE 30	\$ -	\$ 409	\$ 16,470	\$ 16,879

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

## TOWN OF APPOMATTOX, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### Note 1. Summary of Significant Accounting Policies

##### A. The Financial Reporting Entity

The Town of Appomattox (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.

##### B. 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.

(Continued)

## TOWN OF APPOMATTOX, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **C. 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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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 Abbitt Memorial Park, 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 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.

**D. Budgets and Budgetary Accounting**

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

- 1) Prior to 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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. 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.

**F. Inventories**

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

**G. 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.

**H. 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	\$ 1,700
Personal property taxes	9,747
Community Development Block Grant Program loans receivable	174,789
Water fund receivables	2,533
Sewer fund receivables	<u>6,120</u>
	<u>\$ 194,889</u>

**I. 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.

(Continued)



**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Capital Assets (Continued)**

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

**J. 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.

**K. 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.

**L. 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 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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**L. Deferred Outflows/Inflows of Resources (Continued)**

- 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.
- 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.
- 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.

**M. 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. 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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**N. Right-of-use Lease Asset and Related Lease Liability**

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

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

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

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

**O. 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.

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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**O. Fund Balances (Continued)**

- **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).

**P. 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.

**Q. 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.

**R. 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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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.

**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, 2023.

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

	<b><u>Fair Value</u></b>
Deposits:	
Demand deposits	\$ 8,792,523
Certificates of deposit	2,414,113
Cash on hand	<u>200</u>
Total deposits and investments	<u><u>\$ 11,206,836</u></u>

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

Cash and cash equivalents – primary government	\$ 11,145,514
Cash and cash equivalents – component unit	<u>61,322</u>
Total deposits and investments	<u><u>\$ 11,206,836</u></u>

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 3. Receivables**

Receivables are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Receivables			
Taxes	\$ 187,491	\$ -	\$ 187,491
Accounts	<u>175,571</u>	<u>184,780</u>	<u>360,351</u>
Gross receivables	363,062	184,780	547,842
Less: allowance for uncollectibles	<u>186,236</u>	<u>8,653</u>	<u>194,889</u>
Net receivables	<u>\$ 176,826</u>	<u>\$ 176,127</u>	<u>\$ 352,953</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.

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 \$832,000. 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.

(Continued)

# TOWN OF APPOMATTOX, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### Note 5. Due from Other Governments

Amounts due from other governmental units in governmental activities mainly consists of \$22,291 due from County of Appomattox for sales, mobile home, communications, and railroad rolling stock taxes.

Amounts due from other governmental units in the business-type activities are related to the USDA – Rural Development grant for sewer revitalization. The Town expects to receive reimbursement for all their expenditures related to this revitalization project from both awarded grants and loans. Current year expenditures totaled \$17,889, for which the Town expects full reimbursement.

### Note 6. Capital Assets

Capital asset activity for the year was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases/ Transfers</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
Capital assets, not depreciated				
Land	\$ 107,173	\$ 11,576	\$ -	\$ 118,749
Construction in progress	26,412	439,255	26,606	439,061
Total capital assets, not depreciated	133,585	450,831	26,606	557,810
Buildings and improvements	1,501,461	26,606	-	1,528,067
Machinery and equipment	769,863	179,106	5,547	943,422
Total capital assets, depreciated	2,271,324	205,712	5,547	2,471,489
Less accumulated depreciation for:				
Buildings and improvements	653,447	61,834	-	715,281
Machinery and equipment	515,060	77,115	5,547	586,628
Total accumulated, depreciation	1,168,507	138,949	5,547	1,301,909
Total capital assets, depreciated, net	1,102,817	66,763	-	1,169,580
Lease assets:				
Equipment	12,874	-	-	12,874
Less accumulated amortization	8,085	4,286	-	12,371
Total lease assets being amortized, net	4,789	(4,286)	-	503
Governmental activities capital assets, net	<u>\$ 1,241,191</u>	<u>\$ 513,308</u>	<u>\$ 26,606</u>	<u>\$ 1,727,893</u>

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 6. Capital Assets (Continued)**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 64,710	\$ -	\$ -	\$ 64,710
Construction in progress	6,993,488	338,350	-	7,331,838
Total capital assets, not depreciated	7,058,198	338,350	-	7,396,548
Utility plant in service	18,199,251	-	-	18,199,251
Machinery and equipment	449,733	166,457	16,642	599,548
Total capital assets, depreciated	18,648,984	166,457	16,642	18,798,799
Less accumulated depreciation for:				
Utility plant in service	10,006,650	447,393	-	10,454,043
Machinery and equipment	315,518	59,998	16,642	358,874
Total accumulated depreciation	10,322,168	507,391	16,642	10,812,917
Total capital assets, depreciated, net	8,326,816	(340,934)	-	7,985,882
Business-type activities capital assets, net	<u>\$ 15,385,014</u>	<u>\$ (2,584)</u>	<u>\$ -</u>	<u>\$ 15,382,430</u>

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

Governmental activities	
General government	\$ 89,625
Public works	32,379
Community development	21,231
Total depreciation and amortization expense – governmental activities	<u>\$ 143,235</u>
Business-type activities	
Water	\$ 91,648
Sewer	415,743
Total depreciation expense – business-type activities	<u>\$ 507,391</u>

(Continued)



**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 7. Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bond \$	12,960	\$ -	\$ 2,486	\$ 10,474	\$ 2,582
Compensated absences	55,066	-	13,763	41,303	16,352
Leases	4,807	-	4,300	507	507
	<u>\$ 72,833</u>	<u>\$ -</u>	<u>\$ 20,549</u>	<u>\$ 52,284</u>	<u>\$ 19,441</u>
Business-type activities:					
General obligation bond \$	3,977,582	\$ -	\$ 92,965	\$ 3,884,617	\$ 127,953
Compensated absences	7,967	-	2,836	5,131	2,507
	<u>\$ 3,985,549</u>	<u>\$ -</u>	<u>\$ 95,801</u>	<u>\$ 3,889,748</u>	<u>\$ 130,460</u>

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General Obligation Bond</u>		<u>General Obligation Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,582	\$ 333	\$ 127,953	\$ 52,201
2025	2,887	226	130,622	49,208
2026	5,005	116	131,564	46,254
2027	-	-	81,982	43,214
2028	-	-	82,897	42,299
2029-2033	-	-	430,871	195,109
2034-2038	-	-	458,656	167,324
2039-2043	-	-	488,233	137,747
2044-2048	-	-	519,667	106,313
2049-2053	-	-	553,247	72,733
2054-2058	-	-	588,925	37,055
2059-2063	-	-	290,000	4,442
	<u>\$ 10,474</u>	<u>\$ 675</u>	<u>\$ 3,884,617</u>	<u>\$ 953,899</u>

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 7. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General obligation bonds:						
SunTrust	3.84%	12-10	12-25	\$ 650,000	\$ 10,474	\$ 150,375
USDA	1.25%	11-20	11-60	\$ 3,780,000	\$ -	\$ 3,734,242

Town as lessee

The Town, as a lessee, has entered into lease agreements involving printing equipment.

The total costs of the Town's lease assets are recorded as \$12,874, less accumulated amortization of \$12,371.

The future lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>	
	<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 507	\$ -

**Note 8. Leases**

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 \$16,663. This total includes variable and other payments not previously included in the measurement of the lease receivable.

<u>Lease</u>	<u>Contract Date</u>	<u>Maturity Date</u>
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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. 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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Members</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>9</u>
Inactive members:	
Vested inactive members	4
Non-vested inactive members	10
Inactive members active elsewhere in VRS	<u>7</u>
Total inactive members	<u>21</u>
Active members	<u>18</u>
Total covered employees	<u><u>48</u></u>

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 9. Defined Benefit Pension Plan (Continued)**

**Contributions**

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2023 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 pension plan from the political subdivision were \$45,943 and \$45,149 for the years ended June 30, 2023 and 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

**Actuarial Assumptions**

The total pension liability for General Employees and Public Safety with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.95%
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. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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, 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 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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33
	Inflation		2.50
	*Expected arithmetic nominal return		7.83 %

- \* The above allocation provides for a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. Defined Benefit Pension Plan (Continued)**

**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, 2021 actuarial valuations, whichever is greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balances at June 30, 2021	\$ 3,101,531	\$ 3,519,642	\$ (418,111)
Changes for the year:			
Service cost	80,079	-	80,079
Interest	211,484	-	211,484
Changes of assumptions	-	-	-
Differences between expected and actual experience	(38,915)	-	(38,915)
Contributions – employer	-	44,019	(44,019)
Contributions – employee	-	42,012	(42,012)
Net investment income	-	(4,585)	(4,585)
Benefit payments, including refunds of employee contributions	(97,029)	(97,029)	-
Administrative expenses	-	(2,172)	2,172
Other changes	-	82	(82)
Net changes	155,169	(17,673)	172,292
Balances at June 30, 2022	\$ 3,257,150	\$ 3,501,969	\$ (244,819)

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. Defined Benefit Pension Plan (Continued)**

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

The following presents the net pension liability (asset) of the 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:

	<b><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
Political subdivision's net pension liability (asset)	\$ 244,725	\$ (244,819)	\$ (636,615)

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

For the year ended June 30, 2023, the political subdivision recognized a pension expense of \$4,532. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 3,300	\$ 40,412
Change in assumptions	21,651	-
Net difference between projected and actual earnings on pension plan investments	-	97,211
Employer contributions subsequent to the measurement date	<u>45,943</u>	<u>-</u>
Total	<u>\$ 70,894</u>	<u>\$ 137,623</u>

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. Defined Benefit Pension Plan (Continued)**

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

The \$45,943 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to Pension Expense</b>
2023	\$ (44,712)
2024	(49,952)
2025	(66,351)
2026	48,343
2027	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 10. 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.

**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.

(Continued)



**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Plan Description (Continued)**

Group Life Insurance Program (Continued)

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>

**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 0.55% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$5,176
June 30, 2022 Contribution	\$5,195

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liability, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers

**Group Life Insurance Program**

June 30, 2023 proportionate share of liability	\$ 48,284
June 30, 2022 proportion	0.00401%
June 30, 2021 proportion	0.00400%
June 30, 2023 expense	\$ 11,612

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, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

**Group Life Insurance Program**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 3,824	\$ 1,937
Change in assumptions	1,801	4,703
Net difference between projected and actual earnings on OPEB plan investments	-	3,017
Changes in proportion	23,609	-
Employer contributions subsequent to the measurement date	<u>5,176</u>	<u>-</u>
Total	<u><u>\$ 34,410</u></u>	<u><u>\$ 9,657</u></u>

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

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, 2024. 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:

Group Life Insurance Program

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2023	\$ 9,223
2024	9,246
2025	1,023
2026	421
2027	(336)
Thereafter	-

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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%

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Actuarial Assumptions and Other Inputs (Continued)**

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 10.

**Net**

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, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

**OPEB Liability**

	<b><u>Group Life Insurance Program</u></b>
Total OPEB liability	\$ 3,672,085
Plan fiduciary net position	2,467,989
Employers' net OPEB liability (asset)	1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

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 9.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**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, 2020, 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. From July 1, 2020 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 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 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
GLI Net OPEB liability	\$ 70,259	\$ 48,284	\$ 30,525

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 11. 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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 11. Property Taxes (Continued)**

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, 2023 were as follows:

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

**Note 12. 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 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 13. 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, 2023, total premiums paid were \$18,310. 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, 2023 were \$35,044.

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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 14. 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:

	<u><b>General</b></u>
Nonspendable:	
Prepaid expenses	\$ 6,887
Committed for:	
Public safety	59,944
Public works	300,000
Other capital projects	<u>814</u>
Total committed	<u>360,758</u>
Unassigned	<u>5,816,973</u>
Total fund balances	<u><u>\$ 6,184,618</u></u>

**Note 15. 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 12 remain in effect at June 30, 2023. Currently, the Town anticipates the purchase of the waterline will take place subsequent to December 31, 2030.

**TOWN OF APPOMATTOX, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 16. New Accounting Standards**

In April 2022, the GASB issued **Statement No. 99, *Omnibus 2022***. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100, *Accounting Changes and Error Corrections***. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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.

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



**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**TOWN OF APPOMATTOX, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION –  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
June 30, 2023**

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

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this schedule.

**EXHIBIT 13**

Plan Year					
2019	2018	2017	2016	2015	2014
\$ 77,132	\$ 49,858	\$ 67,024	\$ 61,255	\$ 53,578	\$ 45,979
162,156	152,432	140,760	131,061	121,582	114,928
74,409	8,011	74,216	20,799	31,720	-
86,696	-	(42,148)	-	-	-
(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	43,920	34,348	33,126	32,855	32,161
37,370	36,665	28,588	48,924	27,379	23,339
170,017	173,363	255,629	37,234	90,217	269,487
(71,118)	(71,663)	(74,563)	(74,555)	(68,380)	(63,319)
(1,622)	(1,459)	(1,458)	(1,259)	(1,226)	(1,444)
(108)	(156)	(228)	(15)	(19)	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

**REQUIRED SUPPLEMENTARY INFORMATION –  
SCHEDULE OF PENSION CONTRIBUTIONS  
June 30, 2023**

<b>Town Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

## TOWN OF APPOMATTOX, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS**

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

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 measurement period, which is the twelve months prior to the entity's fiscal year.

## TOWN OF APPOMATTOX, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB CONTRIBUTIONS – VRS**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Virginia Retirement System – Group Life Insurance</b>					
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 entity'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, 2023**

#### **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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### **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**

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## TOWN OF APPOMATTOX, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT –  
 APPOMATTOX ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF NET POSITION – PROPRIETARY FUND  
 June 30, 2023**

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	<u>\$        61,322</u>
Total assets	<u>61,322</u>
<b>NET POSITION</b>	
Unrestricted	<u>61,322</u>
Total net position	<u><u>\$        61,322</u></u>

## TOWN OF APPOMATTOX, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT –  
 APPOMATTOX ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET POSITION – PROPRIETARY FUND  
 Year Ended June 30, 2023**

	<b>Enterprise Fund</b>
OPERATING EXPENSES	
Community development	\$ 5,000
Other operating expenses	2,294
	<hr/>
Total operating expenses	7,294
	<hr/>
Operating loss	(7,294)
	<hr/>
NONOPERATING REVENUES	
Business license stimulus refund	34
Interest income	34
	<hr/>
Total nonoperating revenues	68
	<hr/>
Change in net position	(7,226)
	<hr/>
NET POSITION JULY 1	68,548
	<hr/>
NET POSITION JUNE 30	\$ 61,322
	<hr/> <hr/>

## TOWN OF APPOMATTOX, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT –  
 APPOMATTOX ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
 Year Ended June 30, 2023**

	<b>Enterprise Fund</b>
<b>OPERATING ACTIVITIES</b>	
Community development	\$ (5,000)
Other operating expenses	(2,294)
	<u>(7,294)</u>
Net cash used in operating activities	<u>(7,294)</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>	
Other income	34
Interest received	34
	<u>68</u>
Net cash provided by noncapital financing activities	<u>68</u>
Net decrease in cash and cash equivalents	(7,226)
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning at July 1	<u>68,548</u>
Ending at June 30	<u><u>\$ 61,322</u></u>

## **SUPPORTING SCHEDULES**

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**SCHEDULE 1**

**TOWN OF APPOMATTOX, VIRGINIA**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUND  
Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 165,000	\$ 165,000	\$ 169,948	\$ 4,948
Personal property taxes	93,000	93,000	100,992	7,992
Penalties and interest	5,000	5,000	8,105	3,105
Total general property taxes	<u>263,000</u>	<u>263,000</u>	<u>279,045</u>	<u>16,045</u>
Other local taxes:				
Local sales and use taxes	80,000	80,000	108,388	28,388
Consumption taxes	6,000	6,000	5,303	(697)
Communications sales and use taxes	3,500	3,500	4,387	887
Business license taxes	200,000	200,000	253,972	53,972
Motor vehicle licenses	25,000	25,000	34,940	9,940
Bank stock taxes	190,000	190,000	202,356	12,356
Lodging taxes	65,000	65,000	95,980	30,980
Restaurant food tax	1,200,000	1,200,000	1,536,357	336,357
Mobile home tilting taxes	200	200	300	100
Cigarette tax	140,000	140,000	131,250	(8,750)
Total other local taxes	<u>1,909,700</u>	<u>1,909,700</u>	<u>2,373,233</u>	<u>463,533</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	<u>1,000</u>	<u>1,000</u>	<u>1,575</u>	<u>575</u>
Revenue from use of money and property:				
Revenue from use of money	10,000	10,000	22,504	12,504
Revenue from use of property	<u>6,000</u>	<u>6,000</u>	<u>5,525</u>	<u>(475)</u>
Total revenue from use of money and property	<u>16,000</u>	<u>16,000</u>	<u>28,029</u>	<u>12,029</u>
Miscellaneous revenue:				
Miscellaneous	<u>6,000</u>	<u>7,674</u>	<u>94,676</u>	<u>87,002</u>
Total revenue from local sources	<u>2,195,700</u>	<u>2,197,374</u>	<u>2,776,558</u>	<u>579,184</u>

(Continued)



**SCHEDULE 1**

**TOWN OF APPOMATTOX, VIRGINIA**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUND  
Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenue from the Commonwealth:				
Non-categorical aid:				
Auto rental taxes and fees	\$ 7,500	\$ 7,500	\$ 9,784	\$ 2,284
Personal property tax relief funds	23,107	23,107	23,106	(1)
Total non-categorical aid	30,607	30,607	32,890	2,283
Categorical aid:				
Fire programs	15,000	15,000	15,000	-
DCJS grants for law enforcement	46,000	50,631	50,631	-
Total categorical aid	61,000	65,631	65,631	-
Total revenue from the Commonwealth	91,607	96,238	98,521	2,283
Revenue from the Federal Government:				
Categorical aid:				
Downtown revitalization grant	390,000	390,000	-	(390,000)
VRSA - Risk Management grant	-	1,575	1,573	(2)
ARPA – Coronavirus State and Local Fiscal Stabilization Fund	-	1,794,697	228,679	(1,566,018)
Total categorical aid	390,000	2,186,272	230,252	(1,956,020)
Total revenue from the Federal Government	390,000	2,186,272	230,252	(1,956,020)
Total governmental fund	\$ 2,677,307	\$ 4,479,884	\$ 3,105,331	\$ (1,374,553)

**SCHEDULE 2**

**TOWN OF APPOMATTOX, VIRGINIA**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUND  
Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
General government administration:				
Legislative:				
Town council	\$ 60,915	\$ 60,915	\$ 43,116	\$ 17,799
General and financial administration:				
Town manager and financial administration	580,880	580,880	573,497	7,383
Legal services	60,000	60,000	26,760	33,240
Other professional services	90,000	90,000	63,201	26,799
Total general and financial administration	730,880	730,880	663,458	67,422
Total general government administration	791,795	791,795	706,574	85,221
Public safety:				
Law enforcement and traffic control:				
Police department	125,775	125,775	126,025	(250)
Fire and rescue services:				
Fire department	46,000	46,000	44,500	1,500
Total public safety	171,775	171,775	170,525	1,250
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street maintenance	1,045,238	1,082,813	788,159	294,654
Sanitation and waste removal:				
Refuse collection and disposal	150,000	151,674	123,532	28,142
Maintenance of general buildings, grounds, and equipment:				
Town shop	34,800	34,800	32,378	2,422
Town office	34,500	34,500	24,164	10,336
Other properties	500,500	3,431,437	910,053	2,521,384
Total maintenance of general buildings, grounds, and equipment	569,800	3,500,737	966,595	2,534,142
Total public works	1,765,038	4,735,224	1,878,286	2,856,938

(Continued)

**SCHEDULE 2**

**TOWN OF APPOMATTOX, VIRGINIA**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUND  
Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Community development:				
Planning and community development:				
Tourism	\$ 80,060	\$ 80,060	\$ 69,731	\$ 10,329
Zoning	50,350	50,350	47,971	2,379
Civic organization contributions	25,000	25,000	21,607	3,393
Total community development	155,410	155,410	139,309	16,101
Capital outlay:				
Capital outlay	7,500	7,500	-	7,500
Debt service:				
Principal retirement	2,891	2,891	6,786	(3,895)
Interest and fiscal charges	-	-	422	(422)
Total debt service	2,891	2,891	7,208	(4,317)
Total governmental fund	<u>\$ 2,894,409</u>	<u>\$ 5,864,595</u>	<u>\$ 2,901,902</u>	<u>\$ 2,962,693</u>

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## **OTHER INFORMATION**

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TABLE 1

## TOWN OF APPOMATTOX, VIRGINIA

GOVERNMENT-WIDE REVENUES –  
Last Ten Fiscal Years  
UNAUDITED

Fiscal Years 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
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
2014	1,122,979	101,768	-	277,135	1,245,677	24,941	198,712	27,167	2,998,379

TABLE 2

GOVERNMENT-WIDE EXPENSES BY FUNCTION –  
Last Ten Fiscal Years  
UNAUDITED

Fiscal Years Ended June 30,	General Government Administration	Public Safety	Public Works	Community Development	Interest on Long-Term Debt	Lease Payments*	Enterprise Funds	Totals
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
2014	396,479	107,189	621,139	72,904	1,120	-	1,381,016	2,579,847

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

TABLE 3

**TOWN OF APPOMATTOX, VIRGINIA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE –**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Fiscal Years Ended June 30,	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Investment Earnings	Inter- Governmental	Other	Totals
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
2014	290,328	1,245,677	2,340	15,987	86,575	19,343	1,660,250

TABLE 4

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION –**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
**UNAUDITED**

Fiscal Years Ended June 30,	General Government Administration	Public Safety	Public Works	Community Development	Debt Service	Capital Outlay	Totals
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
2014	395,081	107,189	726,401	70,863	2,890	1,845	1,304,269

<sup>(1)</sup> Excludes capital projects/outlay expenditures

TABLE 5

**TOWN OF APPOMATTOX, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS –**  
**Last Ten Fiscal Years**  
**UNAUDITED**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Current Tax Collections</b>	<b>Percentage of Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percentage of Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Levy</b>
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
2014	294,551	278,835	94.66	16,129	294,964	100.14	124,330	42.21

**Source:** Tax Records of the Town.

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



TABLE 6

## TOWN OF APPOMATTOX, VIRGINIA

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY –  
Last Ten Fiscal Years  
UNAUDITED**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utilities		Total Assessed Value
					Real Estate	Personal Property	
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
2014	146,645,100	19,571,634	171,532	706,780	4,915,597	35,957	172,046,600

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

## TABLE 7

## TOWN OF APPOMATTOX, VIRGINIA

**PROPERTY TAX RATES –  
Last Ten Fiscal Years  
UNAUDITED**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Real Estate	Personal Property
2023	\$ 0.11	\$ 0.45	\$ 0.45	0.11	\$ 0.11	\$ -
2022	0.11	0.55	0.55	0.11	0.11	0.55
2021	0.12	0.55	0.55	0.12	0.12	0.55
2020	0.12	0.55	0.55	0.12	0.12	0.55
2019	0.12	0.55	0.55	0.12	0.12	0.55
2018	0.12	0.55	0.55	0.12	0.12	0.55
2017	0.12	0.55	0.55	0.12	0.12	0.55
2016	0.13	0.55	0.55	0.13	0.13	0.55
2015	0.13	0.55	0.55	0.13	0.13	0.55
2014	0.13	0.55	0.55	0.13	0.13	0.55

**TABLE 8**

**TOWN OF APPOMATTOX, VIRGINIA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2023**  
**UNAUDITED**

Assessed value of real estate, January 1, 2022		<u>\$ 158,566,200</u>
Legal debt limit, (10% of assessed value)		15,856,620
Total bonded debt	<u>\$ 3,895,598</u>	<u>3,895,598</u>
Legal debt margin		<u><u>\$ 11,961,022</u></u>

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## **COMPLIANCE SECTION**

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**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  
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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 7, 2023.

**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. **We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2023-001 that we consider to be a material weakness.**

## 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 2023-002.**

## 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 response.

## 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  
December 7, 2023



**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  
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, 2023. 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, 2023.

*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.



## **Report on Compliance for Each Major Federal Program (Continued)**

### *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 of Appomattox, Virginia'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 of Appomattox Virginia'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 of Appomattox Virginia'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  
December 7, 2023

**TOWN OF APPOMATTOX, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2023**

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, 2023**

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	\$ 478,809
Total Department of Agriculture			478,809
<u>Department of the Treasury</u>			
Direct payments:			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	238,504
Total Department of the Treasury			238,504
<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	70,179
Total Department of Housing and Urban Development			70,179
Total expenditures of federal awards			\$ 787,492

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, 2023, the Town had \$3,734,242 in outstanding water and waste disposal system loans from Rural Development.

**TOWN OF APPOMATTOX, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2023**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness and no significant deficiencies** 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:

<u><b>Name of Program:</b></u>	<u><b>Assistance Listing #</b></u>
Water and Waste Disposal Systems for Rural Communities	10.760

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**

**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.

*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.

(Continued)

**TOWN OF APPOMATTOX, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2023**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

**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 all filed in a timely manner.

*Management's Response:*

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

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**TOWN OF APPOMATTOX, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2023**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2010-001: 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. See finding 2023-001 in the schedule of findings and questions costs.

**B. FINDINGS – COMMONWEALTH OF VIRGINIA**

**2021-003: Commonwealth of Virginia Disclosure Statements**

*Condition:*

Statement of economic interests were not sent to members and therefore, were not obtained by the February 1, 2021 deadline.

*Recommendation:*

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

*Management's Response:*

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

*Current Status:*

Condition still exists. See finding 2023-002 in the schedule of findings and questions costs.

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