



**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2024**

**TOWN OF CLIFTON FORGE, VIRGINIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**

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**COUNCIL**

Jeff Irvine, Mayor

Dale Burdette, Vice-Mayor

Carl “Shorty” Wolfe

Debbie Laudermilk

Benjamin Nicely

**OFFICIALS**

Charles Unroe ..... Town Manager  
Wendy Biggs ..... Finance Director  
Mike Lockaby ..... Town Attorney

**TOWN OF CLIFTON FORGE, VIRGINIA**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2024**

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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

## Independent Auditors' Report

**To the Honorable Members of  
The Town Council  
Town of Clifton Forge, 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, each major fund, and the aggregate remaining fund information of the Town of Clifton Forge, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clifton Forge, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows 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 the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Clifton Forge, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 Town of Clifton Forge, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Clifton Forge, Virginia's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Clifton Forge, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules 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 statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2025, on our consideration of Town of Clifton Forge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Clifton Forge, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Clifton Forge, Virginia's internal control over financial reporting and compliance.



Charlottesville, Virginia  
August 8, 2025

## Town of Clifton Forge, Virginia

### Management's Discussion and Analysis

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As management of the Town of Clifton Forge (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. Please read it in conjunction with the Town's basic financial statements, which follow this section.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16.34 million (*net position*). Of this amount, \$4.44 million (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$797,859, of which the governmental activities accounted for a \$815,672 increase and business-type activities accounted for a decrease of \$17,813. Explanation of the changes can be found under the analysis section of the Management's Discussion and Analysis.
- The Town's total long-term obligations decreased by \$647,160 during the current fiscal year.

#### **Overview of the Financial Statements**

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

#### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Town's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Town may have used previously accumulated funds.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

## **Government-wide financial statements: (Continued)**

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government administration, public safety, and public works. The business-type activities are for public utilities. The government-wide financial statements can be found on pages 18 and 19 of this report.

## **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains one governmental fund. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on exhibits 3 and 5 of this financial report.

The Town maintains one type of **Proprietary Fund**. The Town uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on exhibits 7 through 9 of this report.

## **Notes to financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 30 through 68 of this report.

## **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and the schedules relating to the Town's participation in its pension and OPEB plans. Required supplementary information can be found on pages 70 through 77 of this report. The Town's report includes other supplementary information of combining and individual fund statements, supporting schedules and other statistical information. This information can be found on pages 80 through 100 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16.34 million at the close of the most recent fiscal year. A large portion of the Town's net position (\$11.82 million, 72% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

The following table summarizes the Town's Statement of Net Position:

Town of Clifton Forge, Virginia						
Summary of Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 3,388,615	\$ 3,948,762	\$ 5,374,960	\$ 5,456,368	\$ 8,763,575	\$ 9,405,130
Capital assets	4,919,220	4,554,874	13,848,819	14,202,063	18,768,039	18,756,937
Total assets	\$ 8,307,835	\$ 8,503,636	\$ 19,223,779	\$ 19,658,431	\$ 27,531,614	\$ 28,162,067
Deferred outflows of resources	\$ 235,347	\$ 193,093	\$ 59,564	\$ 57,469	\$ 294,911	\$ 250,562
Long-term liabilities						
outstanding	\$ 1,213,568	\$ 1,400,668	\$ 6,920,876	\$ 7,380,936	\$ 8,134,444	\$ 8,781,604
Other liabilities	1,875,535	2,629,696	358,561	325,324	2,234,096	2,955,020
Total liabilities	\$ 3,089,103	\$ 4,030,364	\$ 7,279,437	\$ 7,706,260	\$ 10,368,540	\$ 11,736,624
Deferred inflows of resources	\$ 1,019,739	\$ 1,047,697	\$ 99,624	\$ 87,545	\$ 1,119,363	\$ 1,135,242
Net position:						
Net investment in capital assets	\$ 4,663,017	\$ 4,243,307	\$ 7,161,120	\$ 7,124,429	\$ 11,824,137	\$ 11,367,736
Restricted	10,899	10,835	68,231	67,673	79,130	78,508
Unrestricted	(239,576)	(635,474)	4,674,931	4,729,993	4,435,355	4,094,519
Total net position	\$ 4,434,340	\$ 3,618,668	\$ 11,904,282	\$ 11,922,095	\$ 16,338,622	\$ 15,540,763

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for the business-type activities. Governmental-activities reported a positive balance in net investment in capital assets; however, a deficit balance of \$239,576 was reported in unrestricted net position. Similar to many local governments participating in the Virginia Retirement System, the Town reports net pension and OPEB obligations related to its participation in the pension and group life plans. These obligations reduce the Town's unrestricted net position. As displayed in the table above, the unrestricted net position increased during fiscal year 2024.

**Government-wide Financial Analysis: (Continued)**

As noted previously, the Town's total net position increased by \$797,859 during the current fiscal year. Governmental activities increased the Town's net position by \$815,672. The following table summarizes the Town's Statement of Activities:

Town of Clifton Forge, Virginia						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 486,875	\$ 325,467	\$ 2,454,321	\$ 3,108,025	\$ 2,941,196	\$ 3,433,492
Operating grants and contributions	1,801,611	2,508,061	-	-	1,801,611	2,508,061
Capital grants and contributions	-	-	149,900	598,729	149,900	598,729
General revenues:						
Property taxes	907,384	813,151	-	-	907,384	813,151
Other taxes	1,004,585	1,029,750	-	-	1,004,585	1,029,750
Unrestricted revenues from use of money and property	13,064	32,339	3,362	2,030	16,426	34,369
Miscellaneous	323,546	192,000	-	-	323,546	192,000
Grants and contributions not restricted to specific programs	385,325	387,855	-	-	385,325	387,855
Loss on disposal of capital assets	-	-	-	(38,375)	-	(38,375)
Total revenues	\$ 4,922,390	\$ 5,288,623	\$ 2,607,583	\$ 3,670,409	\$ 7,529,973	\$ 8,959,032
Expenses:						
General government administration	\$ 919,239	\$ 782,094	\$ -	\$ -	\$ 919,239	\$ 782,094
Public safety	1,526,770	1,754,662	-	-	1,526,770	1,754,662
Public works	1,065,975	1,092,189	-	-	1,065,975	1,092,189
Health and welfare	15,008	8,185	-	-	15,008	8,185
Parks, recreation and cultural	459,663	391,472	-	-	459,663	391,472
Community development	103,796	95,510	-	-	103,796	95,510
Interest on long-term debt	16,267	11,601	-	-	16,267	11,601
Water fund	-	-	1,168,903	1,293,470	1,168,903	1,293,470
Sewer fund	-	-	1,456,493	1,728,522	1,456,493	1,728,522
Total expenses	\$ 4,106,718	\$ 4,135,713	\$ 2,625,396	\$ 3,021,992	\$ 6,732,114	\$ 7,157,705
Increase (decrease) in net position before transfers	\$ 815,672	\$ 1,152,910	\$ (17,813)	\$ 648,417	\$ 797,859	\$ 1,801,327
Transfers	\$ -	\$ (807,504)	\$ -	\$ 807,504	\$ -	\$ -
Change in net position	\$ 815,672	\$ 345,406	\$ (17,813)	\$ 1,455,921	\$ 797,859	\$ 1,801,327
Net position - beginning of year	\$ 3,618,668	\$ 3,273,262	\$ 11,922,095	\$ 10,466,174	\$ 15,540,763	\$ 13,739,436
Net position - end of year	\$ 4,434,340	\$ 3,618,668	\$ 11,904,282	\$ 11,922,095	\$ 16,338,622	\$ 15,540,763

Business-type activities decreased the Town's net position by \$17,813. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

## **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund:** The focus of the Town's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental fund (General Fund) reported an ending fund balance of \$528,903, an increase of \$59,302 in comparison with the prior year. Of this amount, \$485,987 is reported as unassigned. At June 30, 2024, The Town had \$10,899 in restricted fund balance.

**Proprietary funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the proprietary funds was \$11.90 million, of which \$7.16 million was attributable to the Town's net investment in capital assets. The decrease in net position is explained under Government-wide Financial Analysis.

## **Capital Asset and Debt Administration**

**Capital assets:** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$18.77 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress. Capital assets, net of accumulated depreciation, are illustrated in the following table:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Land	\$ 784,994	\$ 784,994	\$ 73,412	\$ 73,412	\$ 858,406	\$ 858,406
Buildings	1,475,319	1,223,648	-	-	1,475,319	1,223,648
Infrastructure	1,735,277	1,791,426	13,429,240	13,932,384	15,164,517	15,723,810
Machinery & equipment	813,257	670,001	-	-	813,257	670,001
Lease assets	33,601	42,180	-	-	33,601	42,180
Construction in progress	76,772	42,625	346,167	196,267	422,939	238,892
Total	<u>\$ 4,919,220</u>	<u>\$ 4,554,874</u>	<u>\$ 13,848,819</u>	<u>\$ 14,202,063</u>	<u>\$ 18,768,039</u>	<u>\$ 18,756,937</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 43 through 45.

### **Capital Asset and Debt Administration: (Continued)**

**Long-term Obligations:** At the end of the current fiscal year, the Town had total outstanding obligations of \$8.13 million and details are summarized in the following table:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Financed purchases	\$ 28,738	\$ 61,031	\$ -	\$ -	\$ 28,738	\$ 61,031
Revenue bonds	-	-	4,407,497	4,585,713	4,407,497	4,585,713
General obligation bonds	180,000	195,000	-	-	180,000	195,000
Premium on issuance	12,327	13,561	36,021	39,623	48,348	53,184
Revolving loan funds	-	-	2,244,181	2,448,316	2,244,181	2,448,316
Lease liability	35,138	41,975	-	-	35,138	41,975
Landfill closure and post-closure	52,500	60,000	-	-	52,500	60,000
Net pension liability	738,897	872,459	178,792	255,963	917,689	1,128,422
Net OPEB liability	54,142	56,324	14,340	16,525	68,482	72,849
Compensated absences	111,826	100,318	40,045	34,796	151,871	135,114
Total	<u>\$ 1,213,568</u>	<u>\$ 1,400,668</u>	<u>\$ 6,920,876</u>	<u>\$ 7,380,936</u>	<u>\$ 8,134,444</u>	<u>\$ 8,781,604</u>

Obligations associated with governmental activities decreased by \$187,100 and decreased \$460,060 by obligations of the business-type activities.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total assessed value of taxed real property. The Town was in compliance with the debt limitation as of June 30, 2024.

Additional information on the Town's long-term obligations and compliance can be found in Note 6.

### **Economic Factors and Next Year's Budgets and Rates**

In 2001, Clifton Forge became only the second city in Virginia's modern history to revert from city to town status. Since that time, the Town has continued to make advancements towards increasing fund balances, implementing a capital improvements program and improving the quality of life for our citizens.

While the Town weathered the COVID crisis fairly well, the Town continues to find innovative ways to promote and encourage business in the Town. The Town partnered with the Historic Masonic Theatre to provide free Sunday movies as a way to encourage citizens to come back to the downtown. The Town partnered with private citizens, businesses and churches to continue to improve parks and buildings. There is a committee that is promoting the construction of a "LOVE" sculpture on amphitheater property. These innovative projects bring jobs and tourists to the Town. Meals tax, business license and sales tax revenue remained stable over previous years. The Town's real estate tax rate is \$.26 and personal property tax rate is \$3.65.

The town began consumption based billing for water and sewer in July 2011 with a base rate for 5,000 gallons set at \$94.00. The current rate is \$111 for water and sewer service.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Clifton Forge, 547 Main Street, Clifton Forge, VA 24422.

## **Basic Financial Statements**



## **Government-wide Financial Statements**

Statement of Net Position  
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,066,280	\$ 4,797,768	\$ 6,864,048
Receivables (net of allowance for uncollectibles):			
Taxes receivable	703,224	-	703,224
Accounts receivable	111,365	51,331	162,696
Lease receivable	301,314	-	301,314
Due from other governmental units	163,516	340,519	504,035
Prepaid expenses	32,017	10,054	42,071
Restricted assets:			
Cash and cash equivalents	10,899	175,288	186,187
Capital assets (net of accumulated depreciation):			
Land	784,994	73,412	858,406
Buildings and improvements	1,475,319	87,731	1,563,050
Machinery and equipment	813,257	349,306	1,162,563
Infrastructure	1,735,277	12,992,203	14,727,480
Lease assets	33,601	-	33,601
Construction in progress	76,772	346,167	422,939
Total assets	\$ 8,307,835	\$ 19,223,779	\$ 27,531,614
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 219,636	\$ 54,460	\$ 274,096
OPEB related items	15,711	5,104	20,815
Total deferred outflows of resources	\$ 235,347	\$ 59,564	\$ 294,911
<b>LIABILITIES</b>			
Accounts payable	\$ 95,113	\$ 237,922	\$ 333,035
Deposits for utility customers	-	107,057	107,057
Accrued payroll	45,248	4,461	49,709
Accrued interest payable	-	9,121	9,121
Unearned revenue	1,704,349	-	1,704,349
Payable to fiduciary activities	30,825	-	30,825
Long-term liabilities:			
Due within one year	65,427	393,256	458,683
Due in more than one year	1,148,141	6,527,620	7,675,761
Total liabilities	\$ 3,089,103	\$ 7,279,437	\$ 10,368,540
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 511,880	\$ -	\$ 511,880
Lease related items	289,581	-	289,581
Pension related items	199,840	94,742	294,582
OPEB related items	18,438	4,882	23,320
Total deferred inflows of resources	\$ 1,019,739	\$ 99,624	\$ 1,119,363
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,663,017	\$ 7,161,120	\$ 11,824,137
Restricted for:			
Forfeited assets - law enforcement	6,306	-	6,306
CDBG programs	4,593	-	4,593
Debt service reserve	-	68,231	68,231
Unrestricted (deficit)	(239,576)	4,674,931	4,435,355
Total net position	\$ 4,434,340	\$ 11,904,282	\$ 16,338,622

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

Statement of Activities  
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
		Charges for	Operating Grants and	Capital Grants and	Governmental	Business- type	
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government							
administration	\$ 919,239	\$ 15,454	\$ 74,843	\$ -	\$ (828,942)	\$ -	\$ (828,942)
Public safety	1,526,770	467,145	926,719	-	(132,906)	-	(132,906)
Public works	1,065,975	1,325	732,935	-	(331,715)	-	(331,715)
Health and welfare	15,008	-	-	-	(15,008)	-	(15,008)
Parks, recreation, and cultural	459,663	2,951	56,838	-	(399,874)	-	(399,874)
Community development	103,796	-	10,276	-	(93,520)	-	(93,520)
Interest on long-term debt	16,267	-	-	-	(16,267)	-	(16,267)
Total governmental activities	\$ 4,106,718	\$ 486,875	\$ 1,801,611	\$ -	\$ (1,818,232)	\$ -	\$ (1,818,232)
Business-type activities:							
Water	\$ 1,168,903	\$ 1,178,422	\$ -	\$ 149,900	\$ -	\$ 159,419	\$ 159,419
Sewer	1,456,493	1,275,899	-	-	-	(180,594)	(180,594)
Total business-type activities	\$ 2,625,396	\$ 2,454,321	\$ -	\$ 149,900	\$ -	\$ (21,175)	\$ (21,175)
Total primary government	\$ 6,732,114	\$ 2,941,196	\$ 1,801,611	\$ 149,900	\$ (1,818,232)	\$ (21,175)	\$ (1,839,407)
General revenues:							
General property taxes					\$ 907,384	\$ -	\$ 907,384
Other local taxes:							
Local sales and use tax					142,340	-	142,340
Consumers' utility tax					153,185	-	153,185
Business licenses tax					231,188	-	231,188
Restaurant food tax					458,271	-	458,271
Other local taxes					19,601	-	19,601
Unrestricted revenues from use of money					13,064	3,362	16,426
Miscellaneous					323,546	-	323,546
Grants and contributions not restricted to specific programs					385,325	-	385,325
Total general revenues					\$ 2,633,904	\$ 3,362	\$ 2,637,266
Change in net position					\$ 815,672	\$ (17,813)	\$ 797,859
Net position - beginning					3,618,668	11,922,095	15,540,763
Net position - ending					\$ 4,434,340	\$ 11,904,282	\$ 16,338,622

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

## **Fund Financial Statements**

Balance Sheet  
 Governmental Fund  
 June 30, 2024

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,066,280
Receivables (net of allowance for uncollectibles):	
Taxes receivable	703,224
Accounts receivable	111,365
Lease receivable	301,314
Due from other governmental units	163,516
Prepaid items	32,017
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	<u>10,899</u>
Total assets	<u><u>\$ 3,388,615</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 95,113
Accrued payroll	45,248
Unearned revenue	1,704,349
Payable to fiduciary activities	<u>30,825</u>
Total liabilities	<u><u>\$ 1,875,535</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	\$ 694,596
Leases	<u>289,581</u>
Total deferred inflows of resources	<u><u>\$ 984,177</u></u>
<b>FUND BALANCE</b>	
Nonspendable	\$ 32,017
Restricted for:	
Forfeited assets - law enforcement	6,306
CDBG programs	4,593
Unassigned	<u>485,987</u>
Total fund balance	<u><u>\$ 528,903</u></u>
Total liabilities, deferred inflows, and fund balances	<u><u>\$ 3,388,615</u></u>

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

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

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

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Fund	\$	528,903
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When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.

Capital assets	\$ 9,373,934		
Less: accumulated depreciation	<u>(4,454,714)</u>		4,919,220

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable revenue related to property taxes			182,716
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 219,636		
OPEB related items	<u>15,711</u>		235,347

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (199,840)		
OPEB related items	<u>(18,438)</u>		(218,278)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Compensated absences	\$ (111,826)		
Lease liability	(35,138)		
Net pension liability	(738,897)		
Net OPEB liability	(54,142)		
Financed purchases	(28,738)		
Bonds and notes payable	(180,000)		
Premium on bonds payable	(12,327)		
Landfill postclosure liability	<u>(52,500)</u>		<u>(1,213,568)</u>

Net position of governmental activities	\$	<u><u>4,434,340</u></u>
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The notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Change in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2024

	<b>General</b>
<b>REVENUES</b>	
General property taxes	\$ 824,846
Other local taxes	1,004,585
Permits, privilege fees, and regulatory licenses	548
Fines and forfeitures	1,852
Revenue from the use of money and property	28,518
Charges for services	469,021
Miscellaneous	323,546
Recovered costs	63,000
Intergovernmental:	
Commonwealth	1,420,300
Federal	766,636
Total revenues	<u>\$ 4,902,852</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 401,934
Public safety	1,825,285
Public works	1,158,365
Health and welfare	15,008
Parks, recreation, and cultural	469,835
Community development	105,816
Nondepartmental	595,344
Capital outlay	200,332
Debt service:	
Principal retirement	54,130
Interest and other fiscal charges	17,501
Total expenditures	<u>\$ 4,843,550</u>
Net change in fund balance	<u>\$ 59,302</u>
Fund balance - beginning	<u>\$ 469,601</u>
Fund balance - ending	<u><u>\$ 528,903</u></u>

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

Reconciliation of Statement of Revenues,  
Expenditures, and Change in Fund Balance of Governmental Fund  
to the Statement of Activities  
For the Year Ended June 30, 2024

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

Net change in fund balance - total governmental fund	\$	59,302
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital asset additions	\$	721,558	
Less: depreciation expense		<u>(357,212)</u>	364,346

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

Property taxes	82,541
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$	54,130	
Amortization of premiums		1,234	
Decrease in landfill postclosure liability		<u>7,500</u>	62,864

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

Change in compensated absences	\$	(11,511)	
Change in net pension liability		133,562	
Change in net OPEB liability		2,182	
Change in deferred inflows - pension related		75,649	
Change in deferred inflows - OPEB related		4,483	
Change in deferred outflows - pension related		42,363	
Change in deferred outflows - OPEB related		<u>(109)</u>	246,619

Change in net position of governmental activities	\$	<u><u>815,672</u></u>
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The notes to financial statements are an integral part of this statement.



Statement of Net Position  
 Proprietary Funds  
 June 30, 2024

	Enterprise Fund	Enterprise Fund	
	Water	Sewer	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,277,939	\$ 1,519,829	\$ 4,797,768
Accounts receivables, net of allowance for uncollectibles	17,137	34,194	51,331
Due from other governmental units	340,519	-	340,519
Prepaid expenses	10,054	-	10,054
Total current assets	\$ 3,645,649	\$ 1,554,023	\$ 5,199,672
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 175,288	\$ -	\$ 175,288
Capital assets (net of accumulated depreciation):			
Land	\$ 27,362	\$ 46,050	\$ 73,412
Construction in progress	346,167	-	346,167
Building and Improvements	87,731	-	87,731
Equipment	230,766	46,780	277,546
Infrastructure	8,829,091	4,163,112	12,992,203
Vehicles	35,880	35,880	71,760
Total capital assets	\$ 9,556,997	\$ 4,291,822	\$ 13,848,819
Total noncurrent assets	\$ 9,732,285	\$ 4,291,822	\$ 14,024,107
Total assets	\$ 13,377,934	\$ 5,845,845	\$ 19,223,779
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 42,614	\$ 11,846	\$ 54,460
OPEB related items	3,801	1,303	5,104
Total deferred outflows of resources	\$ 46,415	\$ 13,149	\$ 59,564
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 190,532	\$ 47,390	\$ 237,922
Deposits for utility customers	107,057	-	107,057
Accrued payroll	3,870	591	4,461
Accrued interest payable	7,082	2,039	9,121
Bonds and notes payable - current portion	229,155	160,096	389,251
Compensated absences - current portion	4,005	-	4,005
Total current liabilities	\$ 541,701	\$ 210,116	\$ 751,817
Noncurrent liabilities:			
Bonds and notes payable - net of current portion	\$ 4,572,064	\$ 1,726,384	\$ 6,298,448
Net pension liability	164,843	13,949	178,792
Net OPEB liability	13,772	568	14,340
Compensated absences - net of current portion	36,040	-	36,040
Total noncurrent liabilities	\$ 4,786,719	\$ 1,740,901	\$ 6,527,620
Total liabilities	\$ 5,328,420	\$ 1,951,017	\$ 7,279,437
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 93,556	\$ 1,186	\$ 94,742
OPEB related items	4,689	193	4,882
Total deferred inflows of resources	\$ 98,245	\$ 1,379	\$ 99,624
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,755,778	\$ 2,405,342	\$ 7,161,120
Restricted for debt service reserve	68,231	-	68,231
Unrestricted	3,173,675	1,501,256	4,674,931
Total net position	\$ 7,997,684	\$ 3,906,598	\$ 11,904,282

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

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

	Enterprise Fund	Enterprise Fund	
	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 1,164,451	\$ -	\$ 1,164,451
Sewer revenues	-	1,249,458	1,249,458
Other revenues	1,550	1,600	3,150
Penalties	12,421	24,841	37,262
Total operating revenues	\$ 1,178,422	\$ 1,275,899	\$ 2,454,321
<b>OPERATING EXPENSES</b>			
Transmissional distribution	\$ 106,684	\$ -	\$ 106,684
Water filtration plant	410,314	-	410,314
Wastewater treatment plant	-	946,053	946,053
Sewage collection	-	96,717	96,717
Sewer inflow and infiltration	-	4,007	4,007
Depreciation	381,579	256,220	637,799
Other costs	188,973	146,372	335,345
Total operating expenses	\$ 1,087,550	\$ 1,449,369	\$ 2,536,919
Operating income (loss)	\$ 90,872	\$ (173,470)	\$ (82,598)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	\$ 3,362	\$ -	\$ 3,362
Interest expense	(81,353)	(7,124)	(88,477)
Total nonoperating revenues (expenses)	\$ (77,991)	\$ (7,124)	\$ (85,115)
Income (loss) before contributions	\$ 12,881	\$ (180,594)	\$ (167,713)
Capital contributions and grants - Federal	\$ 149,900	\$ -	\$ 149,900
Change in net position	\$ 162,781	\$ (180,594)	\$ (17,813)
Net position - beginning	\$ 7,834,903	\$ 4,087,192	\$ 11,922,095
Net position - ending	\$ 7,997,684	\$ 3,906,598	\$ 11,904,282

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

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

	Enterprise Fund	Enterprise Fund	
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,600,794	\$ 1,389,394	\$ 2,990,188
Payments to suppliers	(213,262)	(1,168,943)	(1,382,205)
Payments to employees	(513,708)	(30,200)	(543,908)
Net cash provided by (used for) operating activities	\$ 873,824	\$ 190,251	\$ 1,064,075
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to utility plant	\$ (288,538)	\$ -	\$ (288,538)
Principal payments on bonds and notes	(223,455)	(158,895)	(382,350)
Capital grant	149,900	-	149,900
Interest payments	(84,490)	(8,494)	(92,984)
Net cash provided by (used for) capital and related financing activities	\$ (446,583)	\$ (167,389)	\$ (613,972)
Net increase (decrease) in cash and cash equivalents	\$ 430,603	\$ 22,862	\$ 453,465
Cash and cash equivalents - beginning (including restricted)	3,022,624	1,496,967	4,519,591
Cash and cash equivalents - ending (including restricted)	\$ 3,453,227	\$ 1,519,829	\$ 4,973,056
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 90,872	\$ (173,470)	\$ (82,598)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 381,579	\$ 256,220	\$ 637,799
(Increase) decrease in accounts receivable	75,949	113,495	189,444
(Increase) decrease in intergovernmental receivables	346,423	-	346,423
(Increase) decrease in prepaid expenses	(994)	-	(994)
(Increase) decrease in deferred outflows - pension related	8,566	(10,035)	(1,469)
(Increase) decrease in deferred outflows - OPEB related	540	(1,166)	(626)
Increase (decrease) in net pension liability	(84,468)	7,296	(77,172)
Increase (decrease) in net OPEB liability	(2,323)	138	(2,185)
Increase (decrease) in operating accounts payable	19,516	(3,178)	16,338
Increase (decrease) in deposits for utility customers	19,925	-	19,925
Increase (decrease) in accrued payroll	1,271	591	1,862
Increase (decrease) in compensated absences	5,249	-	5,249
Increase (decrease) in deferred inflows - pension related	13,581	342	13,923
Increase (decrease) in deferred inflows - OPEB related	(1,862)	18	(1,844)
Total adjustments	\$ 782,952	\$ 363,721	\$ 1,146,673
Net cash provided by (used for) operating activities	\$ 873,824	\$ 190,251	\$ 1,064,075

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2024

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	<b>Private-Purpose Trusts</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 264,407
Receivable from general government	<hr/> 30,825
	<hr/>
Total assets	\$ <u><u>295,232</u></u>
<b>NET POSITION</b>	
Held in trust for cemeteries	\$ <u><u>295,232</u></u>

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

## Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the Year Ended June 30, 2024

	<b>Private-Purpose Trusts</b>
<b>ADDITIONS</b>	
Contributions:	
Sale of cemetery lots	\$ 4,950
Total contributions	\$ 4,950
Investment earnings:	
Interest	\$ 762
Total additions	\$ 5,712
Change in net position	\$ 5,712
Net position - beginning	\$ 289,520
Net position - ending	\$ 295,232

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

## TOWN OF CLIFTON FORGE, VIRGINIA

### Notes to Financial Statements June 30, 2024

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

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

Town of Clifton Forge, Virginia (The Town) is a municipal corporation governed by an elected five-member Town Council. The accompanying financial statements present the government. Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

Jointly Governed Organizations – The Town has no jointly governed organizations for the fiscal year ended June 30, 2024.

##### **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 primary government. 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.

Statement of Net Position – The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The 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, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**B. Government-wide and Fund Financial Statements: (Continued)**

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

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

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

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

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

The Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for and reports 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:

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Currently the Town's Water and Sewer Funds are accounted for as enterprise funds.

The *Water Fund* accounts for the activities of the Town's water system. The fund reports the operations of the Town's water distribution system.

The *Sewer Fund* accounts for the activities of the Town's sewer system. The fund reports the operations of the Town's sewage treatment plant, sewage pumping station and collection system.



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

Enterprise Funds: (Continued)

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 Town's enterprise funds are charges to customers for sales and services. The enterprise funds also recognize the portion of tap fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds (Trust Funds)

Fiduciary Funds (Trust Funds) account for assets held by the Town in a trustee capacity or as custodian for individuals, private organizations or other governmental units. Private purpose trust funds utilize the accrual basis of accounting. The Town reports the following funds as private purpose trust funds:

- Mountain View Cemetery Fund
- Crown Hill Cemetery Fund

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

2. Receivables and Payables

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance: (Continued)**

3. Restricted Assets

Restricted cash includes amounts restricted by bond documents for debt service requirements. Other cash is restricted for various purposes by donors and grantors as reported on the Balance Sheet and Statement of Net Position.

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The Town bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$60,872 at June 30, 2024 for property taxes, and water and sewer allowances were \$199,585 and \$328,290, respectively.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance: (Continued)

7. Capital Assets: (Continued)

Property, plant, equipment and infrastructure of the Town, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-40
Machinery and equipment, vehicles	5-15
Infrastructure	30
Lease Vehicles	5

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences.

9. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance: (Continued)**

**10. Fund Balance**

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The Town’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance: (Continued)**

**11. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and 2nd half installments levied during the fiscal year but due after June 30th and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**12. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's fiduciary net 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.

**13. Other Postemployment Benefits (OPEB)**

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

**14. Net Position**

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance: (Continued)**

**14. Net Position: (Continued)**

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**E. Leases**

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

*Lessee*

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**E. Leases: (Continued)**

*Lessor*

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

*Key Estimates and Judgments*

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

## TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

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### NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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#### A. Budgetary Information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.

#### B. Fund Balance

At June 30, 2024, there were no funds with a deficit fund balance.

#### C. Expenditures in Excess of Appropriations

The general fund did not report expenditures in excess of appropriations.

### NOTE 3—DEPOSITS AND INVESTMENTS:

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#### Deposits

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



NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

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

Credit Risk of Debt Securities

The Town has no formal investment policy.

The Town’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Town's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality
	Ratings
	AAAm
Money Market Mutual Funds - US Government Funds	\$ 68,231
Total	\$ 68,231

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Town maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

The Town has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total June 30, 2024			
Money Market Mutual Funds - US				
Government Funds	\$ 68,231	\$ 68,231	\$ -	\$ -
Total	\$ 68,231	\$ 68,231	\$ -	\$ -

**NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:**

Amounts due from other governmental units at June 30, 2024, are as follows:

Governmental Activities:Commonwealth of Virginia:

Rolling stock tax	\$ 15
Communications tax	9,638
Other	10,422
Total due from the Commonwealth	\$ 20,075

Virginia Department of Criminal Justice Services:

Coronavirus State and Local Fiscal Recovery Funds	\$ 143,441
Total Governmental Activities	\$ 163,516

Business-type Activities:Alleghany County:

Bulk water sales	\$ 40,119
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Virginia Department of Health:

Coronavirus State and Local Fiscal Recovery Funds	\$ 300,400
Total Business-type Activities	\$ 340,519
Grand Total	\$ 504,035

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 5—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024.

Governmental Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 784,994	\$ -	\$ -	\$ 784,994
Construction in progress	42,625	34,147	-	76,772
Total capital assets not being depreciated	\$ 827,619	\$ 34,147	\$ -	\$ 861,766
Capital assets being depreciated:				
Buildings and improvements	\$ 2,811,593	\$ 353,386	\$ -	\$ 3,164,979
Infrastructure (1)	2,155,933	-	-	2,155,933
Machinery and equipment	2,814,336	334,025	-	3,148,361
Lease vehicles	42,895	-	-	42,895
Total capital assets being depreciated	\$ 7,824,757	\$ 687,411	\$ -	\$ 8,512,168
Accumulated depreciation:				
Buildings and improvements	\$ (1,587,945)	\$ (101,715)	\$ -	\$ (1,689,660)
Infrastructure	(364,507)	(56,149)	-	(420,656)
Machinery and equipment	(2,144,335)	(190,769)	-	(2,335,104)
Lease vehicles	(715)	(8,579)	-	(9,294)
Total accumulated depreciation	\$ (4,097,502)	\$ (357,212)	\$ -	\$ (4,454,714)
Total capital assets being depreciated, net	\$ 3,727,255	\$ 330,199	\$ -	\$ 4,057,454
Net capital assets	\$ 4,554,874	\$ 364,346	\$ -	\$ 4,919,220

(1) The Town has elected not to record infrastructure assets acquired prior to July 1, 2003.

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

Business-type Activities:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
<b><i>Water Fund</i></b>				
Capital assets not being depreciated:				
Land	\$ 27,362	\$ -	\$ -	\$ 27,362
Construction in progress	196,267	149,900	-	346,167
Total capital assets not being depreciated	<u>\$ 223,629</u>	<u>\$ 149,900</u>	<u>\$ -</u>	<u>\$ 373,529</u>
Capital assets being depreciated:				
Building and Improvements	\$ 64,526	\$ 35,846	\$ -	\$ 100,372
Equipment	485,578	72,051	-	557,629
Infrastructure	13,221,069	30,742	3,983	13,247,828
Vehicles	139,766	-	-	139,766
Total capital assets being depreciated	<u>\$ 13,910,939</u>	<u>\$ 138,639</u>	<u>\$ 3,983</u>	<u>\$ 14,045,595</u>
Accumulated depreciation:				
Building and Improvements	\$ (10,390)	\$ (2,251)	\$ -	\$ (12,641)
Equipment	(279,796)	(47,067)	-	(326,863)
Infrastructure	(4,094,301)	(324,436)	-	(4,418,737)
Vehicles	(96,061)	(7,825)	-	(103,886)
Total accumulated depreciation	<u>\$ (4,480,548)</u>	<u>\$ (381,579)</u>	<u>\$ -</u>	<u>\$ (4,862,127)</u>
Total capital assets being depreciated, net	<u>\$ 9,430,391</u>	<u>\$ (242,940)</u>	<u>\$ -</u>	<u>\$ 9,183,468</u>
Net capital assets	<u><u>\$ 9,654,020</u></u>	<u><u>\$ (93,040)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,556,997</u></u>
<b><i>Sewer Fund</i></b>				
Capital assets not being depreciated:				
Land	\$ 46,050	\$ -	\$ -	\$ 46,050
Total capital assets not being depreciated	<u>\$ 46,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,050</u>
Capital assets being depreciated:				
Equipment	\$ 378,949	\$ -	\$ -	\$ 378,949
Infrastructure	8,019,899	-	-	8,019,899
Vehicles	156,763	-	-	156,763
Total capital assets being depreciated	<u>\$ 8,555,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,555,611</u>
Accumulated depreciation:				
Equipment	\$ (314,436)	\$ (17,733)	\$ -	\$ (332,169)
Infrastructure	(3,626,125)	(230,662)	-	(3,856,787)
Vehicles	(113,058)	(7,825)	-	(120,883)
Total accumulated depreciation	<u>\$ (4,053,619)</u>	<u>\$ (256,220)</u>	<u>\$ -</u>	<u>\$ (4,309,839)</u>
Total capital assets being depreciated, net	<u>\$ 4,501,992</u>	<u>\$ (256,220)</u>	<u>\$ -</u>	<u>\$ 4,245,772</u>
Net capital assets	<u><u>\$ 4,548,042</u></u>	<u><u>\$ (256,220)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,291,822</u></u>

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government administration	\$ 78,530
Public safety	116,296
Public works	114,305
Parks, recreation, and cultural	48,081
Total depreciation expense-governmental activities	\$ 357,212
Business-type activities:	
Water Fund	\$ 381,579
Sewer Fund	256,220
Total depreciation expense-business-type activities	\$ 637,799

**NOTE 6—LONG-TERM OBLIGATIONS:****Governmental Activities Long-term Obligations:**

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2024.

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>
Direct borrowings and direct placements:				
Financed purchases	\$ 61,031	\$ -	\$ 32,293	\$ 28,738
General obligation bonds	195,000	-	15,000	180,000
Premium on issuance	13,561	-	1,234	12,327
Accrued landfill and postclosure liability	60,000	-	7,500	52,500
Lease liability	41,975	-	6,837	35,138
Net pension liability	872,460	793,988	927,551	738,897
Net OPEB liability	56,323	32,790	34,971	54,142
Compensated absences	100,318	11,508	-	111,826
Total	\$ 1,400,668	\$ 838,286	\$ 1,025,386	\$ 1,213,568

**Events of default and collateral:**

In the event of default for general obligation bonds, the principal of the bonds may be declared immediately due and payable by the registered owner of the bond by written notice to the Town. There is no collateral pledged against long-term obligations.

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Governmental Activities Long-term Obligations: (Continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 15,000	\$ 7,997	\$ 22,898	\$ 572	\$ 7,613	\$ 3,433
2026	15,000	7,228	5,840	31	8,480	2,567
2027	15,000	6,459	-	-	9,445	1,602
2028	15,000	5,741	-	-	9,600	527
2029	20,000	4,981	-	-	-	-
2030-2034	100,000	11,422	-	-	-	-
Total	<u>\$ 180,000</u>	<u>\$ 43,828</u>	<u>\$ 28,738</u>	<u>\$ 603</u>	<u>\$ 35,138</u>	<u>\$ 8,129</u>

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Lease liabilities:		
\$42,895 copier lease dated June 1, 2023 with monthly payments of \$921 through May 2028, calculated using a discount rate of 10.82%	\$ 35,138	\$ 7,613
Total lease liabilities	<u>\$ 35,138</u>	<u>\$ 7,613</u>

Direct Borrowings and Direct Placements - Financed Purchases:

\$108,500 Financed purchase dated September 2, 2020 with annual payments of \$23,471, including interest at 3.13%. Final installment due in 2026.	\$ 28,738	\$ 22,898
Total financed purchases	<u>\$ 28,738</u>	<u>\$ 22,898</u>

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Governmental Activities Long-term Obligations: (Continued)**

Details of Long-term Obligations: (Continued)

	<b><u>Total Amount</u></b>	<b><u>Amount Due Within One Year</u></b>
Direct Borrowings and Direct Placements - General Obligation Bonds:		
\$290,000 General Obligation VRA Bond dated November 20, 2013. Principal paid annually; interest paid semi-annually at 2.125% to 4.25%. Final payment due October 1, 2033.	\$ 180,000	\$ 15,000
Premium on bond issuance	<u>12,327</u>	<u>1,233</u>
Total general obligation bonds	\$ <u>192,327</u>	\$ <u>16,233</u>
Accrued landfill and postclosure liability	\$ <u>52,500</u>	\$ <u>7,500</u>
Compensated absences	\$ <u>111,826</u>	\$ <u>11,183</u>
Net pension liability	\$ <u>738,897</u>	\$ -
Net OPEB liability	\$ <u>54,142</u>	\$ -
Total	\$ <u><u>1,213,568</u></u>	\$ <u><u>65,427</u></u>

**Business-type Activities Long-term Obligations:**

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2024:

	<b><u>Balance July 1, 2023</u></b>	<b><u>Increases/ Issuances</u></b>	<b><u>Decreases/ Retirements</u></b>	<b><u>Balance June 30, 2024</u></b>
Direct borrowings and direct placements:				
Revenue bonds	\$ 4,585,712	\$ -	\$ 178,215	\$ 4,407,497
Premium on issuance	39,623	-	3,602	36,021
Virginia revolving loan fund	2,448,316	-	204,135	2,244,181
Net pension liability	255,964	193,883	271,055	178,792
Net OPEB liability	16,525	8,524	10,709	14,340
Compensated absences	<u>34,796</u>	<u>5,249</u>	<u>-</u>	<u>40,045</u>
Total	\$ <u><u>7,380,936</u></u>	\$ <u><u>207,656</u></u>	\$ <u><u>667,716</u></u>	\$ <u><u>6,920,876</u></u>

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Business-type Activities Long-term Obligations: (Continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 385,649	\$ 87,687
2026	394,037	82,221
2027	397,514	76,487
2028	406,067	70,675
2029	367,045	64,786
2030-2034	1,651,632	264,714
2035-2039	963,714	197,909
2040-2044	431,259	163,419
2045-2049	449,705	125,755
2050-2054	490,798	84,662
2055-2059	535,646	39,814
2060-2061	178,612	2,609
Total	\$ 6,651,678	\$ 1,260,738

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements - Revenue Bonds:		
\$760,500 Water Revenue Bonds (VRA), maturing semi-annually in equal installments of \$12,675 through November 1, 2038, 0% interest.	\$ 367,575	\$ 25,350
\$1,250,000 Water Revenue Bonds (VRA), maturing semi-annually in equal installments of \$42,759, including interest at 3.05%, through November 1, 2028.	356,599	75,101
\$1,153,088 Water Revenue Bonds (VRA), maturing semi-annually in equal installments of \$19,218 through November 1, 2039, 0% interest.	595,762	38,436
\$1,349,739 Sewer Revenue Bonds (VRA), maturing semi-annually in equal installments of \$33,743 through June 1, 2038, 0% interest.	924,245	67,487
\$610,624 Taxable General Obligation Sewer System Revenue Bonds (VRA), Series 2014, maturing semi-annually in equal installments of \$15,265 through February 1, 2035, 0% interest.	335,843	30,531



**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)****Business-type Activities Long-term Obligations: (Continued)**

Details of long-term obligations: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Direct Placements - Revenue Bonds: (Continued)		
\$843,502 Taxable General Obligation Sewer System Revenue Bonds (VRA), Series 2014B, maturing semi-annually in equal installments of \$23,771 through September 1, 2035, 0% interest.	\$ 439,385	\$ 47,543
\$860,000 Double Barrel Revenue Bonds (VRA) dated November 20, 2013. Principal paid annually; interest paid semi-annually at 2.125% to 5.125%. Final payment due October 1, 2033.	525,000	40,000
\$2,847,000 Water Revenue Bonds (USDA), Series 2021A, dated January 22, 2021. Monthly principal payments in the amount of \$8,399 commencing February 22, 2022 with a final payment of \$7,636 payable January 22, 2061, 1.75% interest.	2,721,134	53,594
\$404,000 Water Revenue Bonds (USDA), Series 2021B, dated January 22, 2021. Monthly principal payments in the amount of \$1,192 commencing February 22, 2022 with a final payment of \$1,117 payable January 22, 2061, 1.75% interest.	386,135	7,607
Premium on bond issuance	<u>36,021</u>	<u>3,602</u>
Total revenue bonds	\$ <u>6,687,699</u>	\$ <u>389,251</u>
Direct Borrowings and Direct Placements - Notes Payable:		
Net pension liability	\$ <u>178,792</u>	\$ <u>-</u>
Net OPEB liability	\$ <u>14,340</u>	\$ <u>-</u>
Compensated absences	\$ <u>40,045</u>	\$ <u>4,005</u>
Total	\$ <u><u>6,920,876</u></u>	\$ <u><u>393,256</u></u>

## TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

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### NOTE 7—UNAVAILABLE/DEFERRED REVENUE:

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Unavailable/Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

#### A. Unavailable/Deferred Property Tax Revenue

Unavailable Property Tax Revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$694,596 (including 2<sup>nd</sup> half tax billings of \$511,880 not due until December 5) at June 30, 2024.

### NOTE 8—COMPENSATED ABSENCES:

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Town employees earn sick leave based upon length of service. Upon termination of 10 years of employment, employees are paid 25% sick leave. Maximum payout of sick leave at retirement is \$2,000. Vacation leave is earned at various rates depending on the date of employment and number of years of service. Vacation leave accrued above the maximum allowable must be taken by the end of the year or the excess balance will be forfeited. Upon separation or retirement, an employee shall be paid for all accrued annual leave. The Town has outstanding accrued compensated absences totaling \$111,826 in the Governmental Activities and \$40,045 in the Enterprise Funds.

### NOTE 9—PENSION PLAN:

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#### ***Plan Description***

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan that 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.

**NOTE 9—PENSION PLAN: (CONTINUED)**

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***Benefit Structures***

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013 that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

NOTE 9—PENSION PLAN: (CONTINUED)

*Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits*

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

*Employees Covered by Benefit Terms*

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	69
Inactive members:	
Vested inactive members	9
Non-vested inactive members	28
Inactive members active elsewhere in VRS	<u>43</u>
Total inactive members	80
Active members	<u>38</u>
Total covered employees	<u><u>187</u></u>

*Contributions*

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

The Town’s contractually required contribution rate for the year ended June 30, 2024 was 17.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$237,234 and \$222,866 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 9—PENSION PLAN: (CONTINUED)

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**Net Pension Liability**

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

**Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

**Mortality rates:**

- All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related
- Pre-Retirement:
  - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
  - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
  - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
  - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement:
  - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

## TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

### NOTE 9—PENSION PLAN: (CONTINUED)

#### *Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits: (Continued)*

##### Mortality rates:

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

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

##### Beneficiaries and Survivors:

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

##### Mortality Improvement:

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

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

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

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

# TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

## NOTE 9—PENSION PLAN: (CONTINUED)

### *Long-term Expected Rate of Return*

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

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

\*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

### *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer



**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 9—PENSION PLAN: (CONTINUED)**

***Discount Rate: (Continued)***

contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers 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***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 11,642,114	\$ 10,513,691	\$ 1,128,423
Changes for the year:			
Service cost	\$ 164,026	\$ -	\$ 164,026
Interest	770,379	-	770,379
Differences between expected and actual experience	(205,934)	-	(205,934)
Contributions - employer	-	222,854	(222,854)
Contributions - employee	-	61,464	(61,464)
Net investment income	-	661,507	(661,507)
Benefit payments, including refunds of employee contributions	(786,231)	(786,231)	-
Administrative expenses	-	(6,852)	6,852
Other changes	-	231	(231)
Net changes	\$ (57,760)	\$ 152,973	\$ (210,733)
Balances at June 30, 2023	\$ 11,584,354	\$ 10,666,664	\$ 917,690

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 2,235,704	\$ 917,690	\$ (163,250)

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 9—PENSION PLAN: (CONTINUED)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2024, the Town recognized pension expense of (\$79,070). At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 78,025
Change in proportionate share	36,862	36,862
Net difference between projected and actual earnings on pension plan investments		179,695
Employer contributions subsequent to the measurement date	<u>237,234</u>	<u>-</u>
Total	\$ <u>274,096</u>	\$ <u>294,582</u>

\$237,234 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (203,059)
2026	(213,019)
2027	152,158
2028	6,200
2029	-
Thereafter	-

***Pension Plan Data***

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

**NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

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***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate

**NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****Contributions: (Continued)***

was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$8,843 and \$7,222 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the entity reported a liability of \$68,481 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00571% as compared to 0.00610% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of (\$1,751). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,840	\$ 2,079
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,752
Change in assumptions	1,464	4,745
Changes in proportionate share	3,668	13,744
Employer contributions subsequent to the measurement date	8,843	-
Total	<u>\$ 20,815</u>	<u>\$ 23,320</u>

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

\$8,843 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		
2025	\$	(4,512)
2026		(6,470)
2027		(636)
2028		299
2029		(29)
Thereafter		-

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

- Pre-Retirement:
- Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement:
- Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement:
- Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

## TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

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### NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)**

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

#### **Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

NET GLI OPEB Liability

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

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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

# TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

## NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

### Long-Term Expected Rate of Return

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

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

\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

### Discount Rate

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



NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$	101,510	\$ 68,481	\$ 41,777

*GLI Plan Fiduciary Net Position*

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11—CONTINGENT LIABILITIES (INCLUDING FEDERALLY ASSISTED PROGRAMS—COMPLIANCE AUDITS):

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 12—RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the Association for its workers’ compensation insurance. The Town also joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common property and liability program for participating local governments. The Town pays annual premiums to the Pool for its automobile, liability, property, boiler and machinery, and fidelity crime coverage.

In the event of a loss deficit and depletion of all available excess insurance, these pools may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for employee health and accident insurance. Settled claims resulting from this risk have not exceeded commercial insurance coverage in any of the past three fiscal years.

## TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Financial Statements  
June 30, 2024 (Continued)

### NOTE 13—CLOSURE AND POSTCLOSURE CARE COST:

State and federal laws and regulations require the Town to place a final cover on its Peters Mountain landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and postclosure care liabilities in each period based on landfill capacity used as of each balance sheet date. The \$52,500 reported as landfill postclosure care liability at June 30, 2024, represents the Town's estimate of its share of the postclosure monitoring costs based on the use of 100 percent of the estimated capacity of the landfill. Closure of the landfill site was completed in prior years. The City of Covington is primarily responsible for postclosure costs and the Town of Clifton Forge pays the City its share of the costs. The Town of Clifton Forge's expected portion of these contracts is 12%. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

### NOTE 14—RESTRICTED CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are restricted for the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
Bond principal payments	\$ -	\$ 68,231	\$ 68,231
Utility deposits held	-	107,057	107,057
CDBG programs	4,593	-	4,593
Forfeited assets	6,306	-	6,306
Total	<u>\$ 10,899</u>	<u>\$ 175,288</u>	<u>\$ 186,187</u>

### NOTE 15—UNEARNED REVENUE:

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31 2026, will be returned to the federal government. At June 30, 2024 unearned ARPA revenue totaled \$1,503,439.

Unearned revenue in the amount of \$200,910 is recorded for other miscellaneous grants.

**TOWN OF CLIFTON FORGE, VIRGINIA**

Notes to Financial Statements  
June 30, 2024 (Continued)

**NOTE 16—LEASES RECEIVABLE:**

Lease receivables outstanding as of June 30, 2024 are as follows:

<b>Lease Description</b>	<b>Term Remaining</b>	<b>Installments</b>	<b>Rate</b>
Houff - 24 Acres	153 Mo.	\$ 18,617 per year	3.00%
Northwest Hardware - 20 Parking Spaces	330 Mo.	6,000 per year	3.00%

The town recognized \$18,454 of lease revenue under GASB 87, as well as \$13,396 of interest revenue.

Expected future recognition of lease revenue and related interest are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 13,803	\$ 10,814	\$ 24,617
2026	14,325	10,292	24,617
2027	14,867	9,750	24,617
2028	15,429	9,188	24,617
2029	16,012	8,605	24,617
2030-2034	89,619	33,465	123,084
2035-2039	69,956	15,895	85,851
2040-2044	21,471	8,529	30,000
2045-2049	25,394	4,606	30,000
2050-2052	20,438	588	21,026
	<u>\$ 301,314</u>	<u>\$ 111,732</u>	<u>\$ 413,046</u>

**NOTE 17—UPCOMING PRONOUNCEMENTS:**

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Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

### **Required Supplementary Information**

## General Fund

## Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 727,500	\$ 727,500	\$ 824,846	\$ 97,346
Other local taxes	928,000	928,000	1,004,585	76,585
Permits, privilege fees, and regulatory licenses	750	750	548	(202)
Fines and forfeitures	9,750	9,750	1,852	(7,898)
Revenue from the use of money and property	27,866	27,866	28,518	652
Charges for services	430,250	430,250	469,021	38,771
Miscellaneous	538,500	538,500	323,546	(214,954)
Recovered costs	25,225	25,225	63,000	37,775
Intergovernmental:				
Commonwealth	1,470,192	1,470,192	1,420,300	(49,892)
Federal	720,000	720,000	766,636	46,636
Total revenues	\$ 4,878,033	\$ 4,878,033	\$ 4,902,852	\$ 24,819
EXPENDITURES				
Current:				
General government administration	\$ 319,407	\$ 319,407	\$ 401,934	\$ (82,527)
Public safety	1,564,471	1,564,471	1,825,285	(260,814)
Public works	901,714	901,714	1,158,365	(256,651)
Health and welfare	-	-	15,008	(15,008)
Parks, recreation, and cultural	397,849	397,849	469,835	(71,986)
Community development	97,878	97,878	105,816	(7,938)
Nondepartmental	276,254	276,254	595,344	(319,090)
Capital projects	1,266,500	1,266,500	200,332	1,066,168
Debt service:				
Principal retirement	51,960	51,960	54,130	(2,170)
Interest and other fiscal charges	2,000	2,000	17,501	(15,501)
Total expenditures	\$ 4,878,033	\$ 4,878,033	\$ 4,843,550	\$ 34,483
Net change in fund balances	\$ -	\$ -	\$ 59,302	\$ 59,302
Fund balances - beginning	-	-	469,601	469,601
Fund balances - ending	\$ -	\$ -	\$ 528,903	\$ 528,903

Schedule of Changes in Net Pension Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
<b>Total pension liability</b>					
Service cost	\$ 164,026	\$ 155,768	\$ 125,077	\$ 155,307	\$ 176,119
Interest	770,379	760,536	702,335	696,267	667,083
Differences between expected and actual experience	(205,934)	(48,678)	16,662	(71,917)	271,417
Changes in assumptions	-	-	552,003	-	282,879
Benefit payments, including refunds of employee contributions	(786,231)	(673,891)	(705,319)	(674,204)	(550,180)
<b>Net change in total pension liability</b>	<b>\$ (57,760)</b>	<b>\$ 193,735</b>	<b>\$ 690,758</b>	<b>\$ 105,453</b>	<b>\$ 847,318</b>
<b>Total pension liability - beginning</b>	<b>11,642,114</b>	<b>11,448,379</b>	<b>10,757,621</b>	<b>10,652,168</b>	<b>9,804,850</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 11,584,354</b>	<b>\$ 11,642,114</b>	<b>\$ 11,448,379</b>	<b>\$ 10,757,621</b>	<b>\$ 10,652,168</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 222,854	\$ 154,163	\$ 137,616	\$ 143,746	\$ 157,111
Contributions - employee	61,464	61,406	56,057	61,140	66,422
Net investment income	661,507	(4,130)	2,421,256	177,041	597,230
Benefit payments, including refunds of employee contributions	(786,231)	(673,891)	(705,319)	(674,204)	(550,180)
Administrative expense	(6,852)	(6,933)	(6,353)	(6,325)	(6,118)
Other	231	247	225	(205)	(374)
<b>Net change in plan fiduciary net position</b>	<b>\$ 152,973</b>	<b>\$ (469,138)</b>	<b>\$ 1,903,482</b>	<b>\$ (298,807)</b>	<b>\$ 264,091</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,513,691</b>	<b>10,982,829</b>	<b>9,079,347</b>	<b>9,378,154</b>	<b>9,114,063</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,666,664</b>	<b>\$ 10,513,691</b>	<b>\$ 10,982,829</b>	<b>\$ 9,079,347</b>	<b>\$ 9,378,154</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 917,690</b>	<b>\$ 1,128,423</b>	<b>\$ 465,550</b>	<b>\$ 1,678,274</b>	<b>\$ 1,274,014</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>92.08%</b>	<b>90.31%</b>	<b>95.93%</b>	<b>84.40%</b>	<b>88.04%</b>
<b>Covered payroll</b>	<b>\$ 1,344,210</b>	<b>\$ 1,312,561</b>	<b>\$ 1,168,899</b>	<b>\$ 1,288,474</b>	<b>\$ 1,397,113</b>
<b>Town's net pension liability as a percentage of covered payroll</b>	<b>68.27%</b>	<b>85.97%</b>	<b>39.83%</b>	<b>130.25%</b>	<b>91.19%</b>

Schedule of Changes in Net Pension Liability and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 174,972	\$ 174,151	\$ 187,272	\$ 185,703	\$ 193,371
Interest	656,629	623,944	634,081	618,539	589,737
Differences between expected and actual experience	(159,012)	113,352	(591,579)	(222,902)	-
Changes in assumptions	-	3,698	-	-	-
Benefit payments, including refunds of employee contributions	(496,317)	(400,109)	(349,066)	(369,558)	(373,742)
<b>Net change in total pension liability</b>	\$ 176,272	\$ 515,036	\$ (119,292)	\$ 211,782	\$ 409,366
<b>Total pension liability - beginning</b>	<u>9,628,578</u>	<u>9,113,542</u>	<u>9,232,834</u>	<u>9,021,052</u>	<u>8,611,686</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 9,804,850</u>	<u>\$ 9,628,578</u>	<u>\$ 9,113,542</u>	<u>\$ 9,232,834</u>	<u>\$ 9,021,052</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 143,407	\$ 142,505	\$ 252,404	\$ 251,356	\$ 152,529
Contributions - employee	67,280	81,055	72,377	72,543	72,619
Net investment income	640,045	964,912	138,130	345,854	1,044,749
Benefit payments, including refunds of employee contributions	(496,317)	(400,109)	(349,066)	(369,558)	(373,742)
Administrative expense	(5,649)	(5,632)	(4,853)	(4,715)	(5,703)
Other	(566)	(857)	(58)	(73)	55
<b>Net change in plan fiduciary net position</b>	\$ 348,200	\$ 781,874	\$ 108,934	\$ 295,407	\$ 890,507
<b>Plan fiduciary net position - beginning</b>	<u>8,765,863</u>	<u>7,983,989</u>	<u>7,875,055</u>	<u>7,579,648</u>	<u>6,689,141</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 9,114,063</u>	<u>\$ 8,765,863</u>	<u>\$ 7,983,989</u>	<u>\$ 7,875,055</u>	<u>\$ 7,579,648</u>
<b>Town's net pension liability - ending (a) - (b)</b>	\$ 690,787	\$ 862,715	\$ 1,129,553	\$ 1,357,779	\$ 1,441,404
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	92.95%	91.04%	87.61%	85.29%	84.02%
<b>Covered payroll</b>	\$ 1,400,675	\$ 1,383,756	\$ 1,477,823	\$ 1,464,471	\$ 1,452,945
<b>Town's net pension liability as a percentage of covered payroll</b>	49.32%	62.35%	76.43%	92.71%	99.21%



Schedule of Employer Contributions - Pension Plan  
 For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 237,234	\$ 237,234	\$ -	\$ 1,424,630	16.65%
2023	222,866	222,866	-	1,344,210	16.58%
2022	154,162	154,162	-	1,312,561	11.75%
2021	137,616	137,616	-	1,168,899	11.77%
2020	143,402	143,402	-	1,288,474	11.13%
2019	157,111	157,111	-	1,397,113	11.25%
2018	143,402	143,402	-	1,400,675	10.24%
2017	142,344	142,344	-	1,383,756	10.29%
2016	252,392	252,392	-	1,477,823	17.08%
2015	252,035	252,035	-	1,464,471	17.21%

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

Notes to Required Supplementary Information - Pension Plan  
For the Year Ended June 30, 2024

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

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

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

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

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

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

## Schedule of Town's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.00571% \$	68,481 \$	1,344,210	5.09%	69.30%
2022	0.00610%	72,848	1,312,561	5.55%	67.21%
2021	0.00570%	65,898	1,168,899	5.64%	67.45%
2020	0.00626%	104,470	1,288,474	8.11%	52.64%
2019	0.00715%	116,349	1,402,323	8.30%	52.00%
2018	0.00738%	112,000	1,403,392	7.98%	51.22%
2017	0.00753%	114,000	1,388,548	8.21%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

## Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 8,843	\$ 8,843	\$ -	\$ 1,424,630	0.54%
2023	7,222	7,222	-	1,344,210	0.54%
2022	7,111	7,111	-	1,312,561	0.54%
2021	6,313	6,313	-	1,168,899	0.54%
2020	6,700	6,700	-	1,288,474	0.52%
2019	7,292	7,292	-	1,397,113	0.52%
2018	7,298	7,298	-	1,400,675	0.52%
2017	7,220	7,220	-	1,383,756	0.52%
2016	7,094	7,094	-	1,477,823	0.48%
2015	7,082	7,082	-	1,464,471	0.48%

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2024

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

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

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

## **Other Supplementary Information**

## **Combining and Individual Fund Financial Statements and Schedules**

## Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2024

	Private-Purpose Trust Funds		
	Mountain View Cemetery	Crown Hill Cemetery	Total Private-Purpose Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 211,557	\$ 52,850	\$ 264,407
Receivable from general government	30,825	-	30,825
Total assets	\$ 242,382	\$ 52,850	\$ 295,232
<b>NET POSITION</b>			
Held in trust for cemeteries	\$ 242,382	\$ 52,850	\$ 295,232



## Combining Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the Year Ended June 30, 2024

	Private-Purpose Trust Funds		
	Mountain View Cemetery	Crown Hill Cemetery	Total Private-Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Sale of cemetery lots	\$ 4,950	\$ -	\$ 4,950
Total contributions	\$ 4,950	\$ -	\$ 4,950
Investment earnings:			
Interest	\$ 762	\$ -	\$ 762
Total additions	\$ 5,712	\$ -	\$ 5,712
Change in net position	\$ 5,712	\$ -	\$ 5,712
Net position - beginning	\$ 236,670	\$ 52,850	\$ 289,520
Net position - ending	\$ 242,382	\$ 52,850	\$ 295,232

## **Supporting Schedules**

Schedule of Revenues - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 340,000	\$ 340,000	\$ 381,849	\$ 41,849
Real and personal public service corporation taxes	42,000	42,000	48,792	6,792
Personal property taxes	329,000	329,000	375,735	46,735
Machinery and tools taxes	2,500	2,500	1,549	(951)
Penalties	8,000	8,000	10,085	2,085
Interest	6,000	6,000	6,836	836
Total general property taxes	\$ 727,500	\$ 727,500	\$ 824,846	\$ 97,346
Other local taxes:				
Local sales and use taxes	\$ 140,000	\$ 140,000	\$ 142,340	\$ 2,340
Consumers' utility taxes	140,000	140,000	153,185	13,185
Business license taxes	180,000	180,000	231,188	51,188
Bank stock taxes	70,000	70,000	-	(70,000)
Transient occupancy taxes	10,000	10,000	12,425	2,425
Restaurant food taxes	380,000	380,000	458,271	78,271
Tobacco tax	8,000	8,000	7,176	(824)
Total other local taxes	\$ 928,000	\$ 928,000	\$ 1,004,585	\$ 76,585
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 250	\$ 250	\$ 548	\$ 298
Zoning Fees	500	500	-	(500)
Total permits, privilege fees, and regulatory licenses	\$ 750	\$ 750	\$ 548	\$ (202)
Fines and forfeitures:				
Court fines and forfeitures	\$ 9,750	\$ 9,750	\$ 1,852	\$ (7,898)
Revenue from use of money and property:				
Revenue from use of money	\$ 1,750	\$ 1,750	\$ 13,064	\$ 11,314
Revenue from use of property	26,116	26,116	15,454	(10,662)
Total revenue from use of money and property	\$ 27,866	\$ 27,866	\$ 28,518	\$ 652
Charges for services:				
Charges for fire protection	\$ 41,000	\$ 41,000	\$ 82,000	\$ 41,000
Charges for first responders	24,000	24,000	48,000	24,000
EMS ambulance fees	360,000	360,000	334,745	(25,255)
Charges for sanitation and waste removal	250	250	1,325	1,075
Charges for library	5,000	5,000	2,951	(2,049)
Total charges for services	\$ 430,250	\$ 430,250	\$ 469,021	\$ 38,771
Miscellaneous:				
Cemetery income	\$ 21,500	\$ 21,500	\$ 17,150	\$ (4,350)
Local grants	504,000	504,000	133,900	(370,100)
Friends of Library	4,000	4,000	1,055	(2,945)
Sale of Salvage/Surplus	5,000	5,000	54,884	49,884
Donations	3,000	3,000	8,317	5,317
Miscellaneous	1,000	1,000	108,240	107,240
Total miscellaneous	\$ 538,500	\$ 538,500	\$ 323,546	\$ (214,954)

Schedule of Revenues - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Revenue from local sources: (continued)				
Recovered costs:				
Alleghany County - library	\$ 25,225	\$ 25,225	\$ 25,225	\$ -
Other costs	-	-	37,775	37,775
Total recovered costs	\$ 25,225	\$ 25,225	\$ 63,000	\$ 37,775
Total revenue from local sources	\$ 2,687,841	\$ 2,687,841	\$ 2,715,916	\$ 28,075
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle rental tax	\$ -	\$ -	\$ 970	\$ 970
Rolling stock tax	6,000	6,000	6,438	438
Communications taxes	90,000	90,000	61,273	(28,727)
PPTRA Reimbursement	316,644	316,644	316,644	-
Total noncategorical aid	\$ 412,644	\$ 412,644	\$ 385,325	\$ (27,319)
Categorical aid:				
Virginia Commission for the Arts grant	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
DCJ Grants	230,000	230,000	242,269	12,269
Department of fire programs funds	18,000	18,000	16,006	(1,994)
Litter control grant	2,500	2,500	5,614	3,114
Street and highway maintenance funds	750,000	750,000	703,972	(46,028)
Library	50,048	50,048	56,838	6,790
Other state grants	2,500	2,500	10,276	7,776
Total categorical aid	\$ 1,057,548	\$ 1,057,548	\$ 1,034,975	\$ (22,573)
Total revenue from the Commonwealth	\$ 1,470,192	\$ 1,470,192	\$ 1,420,300	\$ (49,892)
Revenue from the Federal Government:				
Categorical aid:				
Coronavirus State and Local Recovery Funds	\$ 720,000	\$ 720,000	\$ 622,722	\$ (97,278)
Law Enforcement	-	-	134,872	134,872
DHCD ARPA Main Street	-	-	9,042	9,042
Total categorical aid	\$ 720,000	\$ 720,000	\$ 766,636	\$ 46,636
Total revenue from the Federal Government	\$ 720,000	\$ 720,000	\$ 766,636	\$ 46,636
Total General Fund	\$ 4,878,033	\$ 4,878,033	\$ 4,902,852	\$ 24,819

Schedule of Expenditures - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2024

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town Council	\$ 17,100	\$ 17,100	\$ 19,838	\$ (2,738)
General and financial administration:				
Town manager	\$ 111,670	\$ 111,670	\$ 113,414	\$ (1,744)
Legal services	10,000	10,000	16,435	(6,435)
Accounting and auditing services	21,000	21,000	61,129	(40,129)
Finance	159,637	159,637	191,118	(31,481)
Total general and financial administration	\$ 302,307	\$ 302,307	\$ 382,096	\$ (79,789)
Total general government administration	\$ 319,407	\$ 319,407	\$ 401,934	\$ (82,527)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 824,640	\$ 824,640	\$ 1,059,542	\$ (234,902)
Fire and rescue services:				
Fire department	\$ 282,511	\$ 282,511	\$ 338,887	\$ (56,376)
Ambulance and rescue services	457,320	457,320	426,856	30,464
Total fire and rescue services	\$ 739,831	\$ 739,831	\$ 765,743	\$ (25,912)
Total public safety	\$ 1,564,471	\$ 1,564,471	\$ 1,825,285	\$ (260,814)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 721,126	\$ 721,126	\$ 257,395	\$ 463,731
Administration	60,990	60,990	49,242	11,748
Eligible Streets	-	-	703,972	(703,972)
Total maintenance of highways, streets, bridges and sidewalks	\$ 782,116	\$ 782,116	\$ 1,010,609	\$ (228,493)
Maintenance of general buildings and grounds:				
General properties	\$ 42,240	\$ 42,240	\$ 33,788	\$ 8,452
Cemeteries	77,358	77,358	113,968	(36,610)
Total maintenance of general buildings and grounds	\$ 119,598	\$ 119,598	\$ 147,756	\$ (28,158)
Total public works	\$ 901,714	\$ 901,714	\$ 1,158,365	\$ (256,651)
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ -	\$ -	\$ 15,008	\$ (15,008)

Schedule of Expenditures - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and grounds	\$ 155,887	\$ 155,887	\$ 211,394	\$ (55,507)
Cultural enrichment:				
Cultural enrichment	\$ 9,000	\$ 9,000	\$ 14,100	\$ (5,100)
Masonic Theatre preservation	10,000	10,000	10,000	-
Total cultural enrichment	\$ 19,000	\$ 19,000	\$ 24,100	\$ (5,100)
Library:				
Library	\$ 222,962	\$ 222,962	\$ 234,341	\$ (11,379)
Total parks, recreation, and cultural	\$ 397,849	\$ 397,849	\$ 469,835	\$ (71,986)
Community development:				
Planning and community development:				
Community development	\$ 76,328	\$ 76,328	\$ 81,080	\$ (4,752)
Contributions local civic organizations	9,750	9,750	12,500	(2,750)
Roanoke Valley-Alleghany Regional Commission	3,700	3,700	4,136	(436)
Other planning community development	8,100	8,100	8,100	-
Total planning and community development	\$ 97,878	\$ 97,878	\$ 105,816	\$ (7,938)
Total community development	\$ 97,878	\$ 97,878	\$ 105,816	\$ (7,938)
Nondepartmental:				
Nondepartmental	\$ 188,450	\$ 188,450	\$ 282,794	\$ (94,344)
Contingencies	87,804	87,804	312,550	(224,746)
Total nondepartmental	\$ 276,254	\$ 276,254	\$ 595,344	\$ (319,090)
Capital projects:				
Capital projects	\$ 1,266,500	\$ 1,266,500	\$ 200,332	\$ 1,066,168
Total capital projects	\$ 1,266,500	\$ 1,266,500	\$ 200,332	\$ 1,066,168
Debt service:				
Principal retirement	\$ 51,960	\$ 51,960	\$ 54,130	\$ (2,170)
Interest and other fiscal charges	2,000	2,000	17,501	(15,501)
Total debt service	\$ 53,960	\$ 53,960	\$ 71,631	\$ (17,671)
Total General Fund	\$ 4,878,033	\$ 4,878,033	\$ 4,843,550	\$ 34,483

## Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

Water Enterprise Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:				
Sale of services, commodities and properties:				
Sale of water	\$ 1,010,000	\$ 1,010,000	\$ 747,540	\$ (262,460)
Administration fees	-	-	1,550	1,550
County water	530,000	530,000	416,911	(113,089)
Penalties	-	-	12,421	12,421
Total operating revenues	<u>\$ 1,540,000</u>	<u>\$ 1,540,000</u>	<u>\$ 1,178,422</u>	<u>\$ (361,578)</u>
Operating Expenses:				
Water filtration plant	\$ 452,354	\$ 452,354	\$ 410,314	\$ 42,040
Transmissional distribution	200,646	200,646	106,684	93,962
Other costs	3,337,302	3,337,302	188,973	3,148,329
Depreciation	-	-	381,579	(381,579)
Capital outlay	300,000	300,000	-	300,000
Total operating expenses	<u>\$ 4,290,302</u>	<u>\$ 4,290,302</u>	<u>\$ 1,087,550</u>	<u>\$ 3,202,752</u>
Operating income (loss)	<u>\$ (2,750,302)</u>	<u>\$ (2,750,302)</u>	<u>\$ 90,872</u>	<u>\$ 2,841,174</u>
Nonoperating revenues (expenses):				
Interest revenue	\$ -	\$ -	\$ 3,362	\$ 3,362
Interest expense	(422,198)	(422,198)	(81,353)	340,845
Total nonoperating revenues (expenses)	<u>\$ (422,198)</u>	<u>\$ (422,198)</u>	<u>\$ (77,991)</u>	<u>\$ 344,207</u>
Income (loss) before capital contributions	<u>\$ (3,172,500)</u>	<u>\$ (3,172,500)</u>	<u>\$ 12,881</u>	<u>\$ 3,185,381</u>
Capital contributions and grants - Federal	<u>\$ 3,172,500</u>	<u>\$ 3,172,500</u>	<u>\$ 149,900</u>	<u>\$ (3,022,600)</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,781</u>	<u>\$ 162,781</u>

## Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

Sewer Enterprise Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:				
Sale of services, commodities and properties:				
Sewage treatment charges	\$ 1,447,500	\$ 1,447,500	\$ 1,249,434	\$ (198,066)
Sewer lateral line fee	-	-	24	24
Administration fees	2,000	2,000	1,600	(400)
Penalties	22,000	22,000	24,841	2,841
Total operating revenues	\$ 1,471,500	\$ 1,471,500	\$ 1,275,899	\$ (195,601)
Operating Expenses:				
Wastewater treatment plant	\$ 1,035,745	\$ 1,035,745	\$ 946,053	\$ 89,692
Sewage collection	101,663	101,663	96,717	4,946
Sewer I and I	23,356	23,356	4,007	19,349
Other costs	742,207	742,207	146,372	595,835
Depreciation	-	-	256,220	(256,220)
Total operating expenses	\$ 1,902,971	\$ 1,902,971	\$ 1,449,369	\$ 453,602
Operating income (loss)	\$ (431,471)	\$ (431,471)	\$ (173,470)	\$ 258,001
Nonoperating Revenues (Expenses):				
Grants:				
Federal	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)
Interest expense	(168,529)	(168,529)	(7,124)	161,405
Total nonoperating revenues (expenses)	\$ 431,471	\$ 431,471	\$ (7,124)	\$ (438,595)
Change in net position	\$ -	\$ -	\$ (180,594)	\$ (180,594)



## **Other Statistical Information**

## **Government-wide Information**

Government-wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Other	Water Fund	Sewer Fund	Total
2014-15	\$ 475,226	\$ 1,023,906	\$ 660,928	\$ 594,200	\$ 138,854	\$ 26,842	\$ 7,339	\$ 965,997	\$ 1,389,447	\$ 5,282,739
2015-16	405,327	1,035,099	998,874	833,947	393,010	21,510	8,164	932,505	4,224,181	8,852,617
2016-17	382,151	978,824	555,605	409,685	589,430	23,140	8,898	840,885	1,435,860	5,224,478
2017-18	358,116	1,007,657	952,033	398,343	536,792	25,308	7,762	949,612	1,421,998	5,657,621
2018-19	421,771	1,102,469	1,321,651	410,157	551,885	27,188	6,228	1,008,244	2,062,011	6,911,604
2019-20	647,212	1,210,544	1,075,072	437,684	69,602	22,095	6,586	1,073,705	1,603,581	6,146,081
2020-21	540,294	1,187,581	1,116,264	714,914	227,634	19,651	7,546	1,118,239	1,519,902	6,452,025
2021-22	567,529	1,395,862	582,587	458,784	184,196	15,767	7,546	1,107,475	1,155,043	5,474,789
2022-23	782,094	1,754,662	1,092,189	391,472	95,510	11,601	8,185	1,331,845	1,728,522	7,196,080
2023-24	919,239	1,526,770	1,065,975	459,663	103,796	16,267	15,008	1,168,903	1,456,493	6,732,114

Government-wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	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	Total
2014-15	\$ 2,641,003	\$ 894,274	\$ 1,286,659	\$ 602,480	\$ 838,486	\$ 16,106	\$ 381,559	\$ 418,442	\$ 7,079,009
2015-16	2,635,889	1,200,250	594,103	585,139	914,881	16,271	409,998	415,280	6,771,811
2016-17	3,173,977	1,189,138	506,250	597,153	901,126	18,163	306,253	412,783	7,104,843
2017-18	3,352,230	1,046,581	2,057,701	588,575	964,716	41,930	77,912	409,754	8,539,399
2018-19	3,239,015	1,312,584	48,563	618,302	1,077,693	49,071	176,598	396,689	6,918,515
2019-20	3,163,951	901,414	72,376	620,791	1,018,502	41,043	116,132	408,318	6,342,527
2020-21	3,187,833	1,147,032	1,592,208	763,790	999,029	30,357	107,627	391,689	8,219,565
2021-22	2,928,910	1,228,587	327,550	833,639	1,043,351	35,786	98,346	389,725	6,885,894
2022-23	3,433,492	2,508,061	598,729	813,151	1,029,750	32,339	192,000	387,855	8,995,377
2023-24	2,941,196	1,801,611	149,900	907,384	1,004,585	16,426	323,546	385,325	7,529,973

## **Fund Information**

General Governmental Expenditures by Function  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Capital Projects</u>	<u>Non- departmental</u>	<u>Debt Service</u>	<u>Other</u>	<u>Total</u>
2014-15	\$ 289,287	\$ 1,009,379	\$ 631,237	\$ 606,841	\$ 148,878	\$ 737,495	\$ 184,872	\$ 125,123	\$ 7,339	\$ 3,740,451
2015-16	296,571	1,026,178	927,495	425,897	144,171	1,253,858	215,575	106,662	8,164	4,404,571
2016-17	311,771	1,011,462	584,096	431,323	104,721	1,105,844	142,481	131,507	8,898	3,832,103
2017-18	293,687	1,050,389	987,940	418,239	84,119	1,793,968	188,202	138,318	7,762	4,962,624
2018-19	324,933	1,081,609	1,288,669	367,372	112,197	569,035	184,143	150,419	6,228	4,084,605
2019-20	339,564	1,037,935	994,008	351,607	58,408	244,699	273,135	150,035	6,586	3,455,977
2020-21	723,613	1,022,665	1,036,207	355,266	225,187	291,610	206,484	168,707	7,546	4,037,285
2021-22	315,481	1,420,044	766,685	442,495	184,323	-	292,567	129,014	7,546	3,558,155
2022-23	362,052	1,714,914	1,143,443	373,535	93,490	-	498,498	81,919	8,185	4,276,036
2023-24	401,934	1,825,285	1,158,365	469,835	105,816	200,332	595,344	71,631	15,008	4,843,550

General Governmental Revenues by Source  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2014-15	\$ 610,843	\$ 838,486	\$ 9,824	\$ 14,377	\$ 15,958	\$ 67,517	\$ 381,559	\$ 78,110	\$ 1,589,617	\$ 3,606,291
2015-16	584,409	914,881	4,210	9,336	16,271	59,141	409,998	174,734	1,963,038	4,136,018
2016-17	583,768	901,126	21,355	9,032	18,139	70,969	306,253	52,813	2,084,009	4,047,464
2017-18	592,333	964,716	4,004	13,402	41,930	72,950	77,912	119,757	2,846,512	4,733,516
2018-19	623,765	1,077,693	1,414	11,394	47,922	75,183	174,807	119,526	1,749,522	3,881,226
2019-20	621,647	1,018,502	1,890	17,847	40,227	83,869	116,132	77,360	1,382,108	3,359,582
2020-21	770,896	999,029	1,350	13,103	30,357	83,273	107,627	43,213	1,768,419	3,817,267
2021-22	782,814	1,043,351	665	6,363	35,786	84,652	98,346	122,780	1,618,312	3,793,069
2022-23	824,343	1,029,750	765	2,338	32,339	322,364	192,000	70,435	2,895,916	5,370,250
2023-24	824,846	1,004,585	548	1,852	28,518	469,021	323,546	63,000	2,186,936	4,902,852

Property Tax Levies and Collections  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Total Tax Levy (1,3)</b>	<b>Current Tax (1,3) Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax (1,2) Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes (1,2)</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
2014-15	\$ 616,253	\$ 559,856	90.85%	\$ 35,518	\$ 595,374	96.61%	\$ 99,024	16.07%
2015-16	599,401	551,035	91.93%	28,778	579,813	96.73%	99,070	16.53%
2016-17	593,548	545,112	91.84%	26,860	571,972	96.36%	112,202	18.90%
2017-18	603,587	552,032	91.46%	28,144	580,176	96.12%	121,362	20.11%
2018-19	611,574	578,029	94.51%	32,668	610,697	99.86%	124,671	20.39%
2019-20	613,246	568,898	92.77%	33,657	602,555	98.26%	120,182	19.60%
2020-21	764,533	706,065	92.35%	41,240	747,305	97.75%	127,775	16.71%
2021-22	825,114	736,952	89.32%	31,536	768,488	93.14%	164,191	19.90%
2022-23	845,782	757,227	89.53%	47,552	804,779	95.15%	127,775	15.11%
2023-24	865,452	773,294	89.35%	34,631	807,925	93.35%	252,216	29.14%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions, supplemental assessments or abatements.

(3) Exclusive of PPTRA levy and collections.



Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Machinery & Tools and						Total					
	Real Estate (1)	Personal Property (3)	Mobile Homes	Public Utility (2)								
				Real Estate	Personal Property							
2014-15	\$	142,925,700	\$	8,649,145	\$	44,700	\$	14,435,672	\$	4,990	\$	166,060,207
2015-16		143,019,900		8,730,534		44,700		14,338,130		8,175		166,141,439
2016-17		142,907,600		8,744,459		23,200		14,115,119		24,578		165,814,956
2017-18		143,317,800		8,747,231		15,800		17,303,286		20,203		169,404,320
2018-19		144,121,400		17,696,754		11,200		18,069,233		16,893		179,915,480
2019-20		145,391,000		17,853,175		6,900		18,435,969		1,846		181,688,890
2020-21		145,853,500		18,152,896		6,400		19,714,047		1,718		183,728,561
2021-22		146,099,200		19,667,208		18,200		20,232,816		1,641		186,019,065
2022-23		145,658,900		20,864,866		-		13,960,982		7,304		180,492,052
2023-24		146,076,410		21,250,195		-		18,334,064		6,598		185,667,267

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Personal property assessments were reported at 100% of assessed value starting in FY2019. Tax rates adjusted accordingly.

Property Tax Rates (1)  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Mobile Homes</b>	<b>Personal Property</b>	<b>Machinery and Tools</b>
2014-15	\$ 0.21	\$ 0.21	\$ 6.70	\$ 6.70
2015-16	0.21	0.21	6.70	6.70
2016-17	0.21	0.21	6.70	6.70
2017-18	0.21	0.21	6.70	6.70
2018-19	0.21	0.21	3.35	6.70
2019-20	0.21	0.21	3.35	3.35
2020-21	0.26	0.26	3.65	3.65
2021-22	0.26	0.26	3.65	3.65
2022-23	0.26	0.26	3.65	3.65
2023-24	0.26	0.26	3.65	3.65

(1) Per \$100 of assessed value.

Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Governmental Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Activities			
2014-15	3,790	\$ 166,060,207	\$ 6,733,317	\$ -	\$ 6,391,503	\$ 341,814	0.21%	90
2015-16	3,740	166,141,439	6,688,922	-	6,198,705	490,217	0.30%	131
2016-17	3,715	165,814,956	6,250,738	-	5,705,880	544,858	0.33%	147
2017-18	3,570	169,404,320	6,737,273	-	6,264,370	472,903	0.28%	132
2018-19	3,528	179,915,480	6,375,860	-	5,976,421	399,439	0.22%	113
2019-20	3,494	181,688,890	7,551,081	-	7,226,652	324,429	0.18%	93
2020-21	3,460	183,728,561	8,331,442	-	8,083,606	247,836	0.13%	72
2021-22	3,447	186,019,065	7,734,173	-	7,524,173	210,000	0.11%	61
2022-23	3,388	180,492,052	7,229,029	-	7,034,029	195,000	0.11%	58
2023-24	3,483	185,667,267	6,831,678	-	6,651,678	180,000	0.10%	52

(1) US Census Bureau (includes 2010 Census, when applicable, and annual population estimates)

(2) From Table 6

(3) Includes all long-term general obligation bonded debt, revenue bonds, notes payable. Excludes premiums.

Computation of Legal Debt Margin  
June 30, 2024

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Total Assessed Value of Real Estate	\$ <u>164,410,474</u>
Legal Debt Margin - 10% of assessed value of real estate	\$ 16,441,047
Less: Applicable gross indebtedness	<u>6,831,678</u>
Legal margin for creation of additional debt	\$ <u>9,609,369</u>

(1) Includes water and sewer debt general obligations pledged by the system's revenues and supplemented with the Town's general obligation.

## **Compliance**

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

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**To the Honorable Members of  
The Town Council  
Town of Clifton Forge, Virginia**

We have audited, in accordance with the 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 Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clifton Forge, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Clifton Forge, Virginia's basic financial statements, and have issued our report thereon dated August 8, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

August 8, 2025



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

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**To the Honorable Members of  
The Town Council  
Town of Clifton Forge, Virginia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Clifton Forge, Virginia's 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 Town of Clifton Forge, Virginia's major federal programs for the year ended June 30, 2024. The Town of Clifton Forge, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Town of Clifton Forge, Virginia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Clifton Forge, Virginia's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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



## ***Auditors' 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 Town of Clifton Forge, Virginia'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 Town of Clifton Forge, Virginia'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 risks 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 Town of Clifton Forge, Virginia'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 Town of Clifton Forge, 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 Town of Clifton Forge, 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 a 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 Auditors' 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 were not identified.

## Report on Internal Control over Compliance: (Continued)

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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

August 8, 2025

TOWN OF CLIFTON FORGE, VIRGINIA

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

Federal Grantor/State Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of the Treasury:			
Pass-through Payments:			
Virginia Department of Accounts			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	\$ 622,722
Virginia Department of Health			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	149,900
Virginia Department of Housing and Community Development			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	9,042
Virginia Department of Criminal Justice Services			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	<u>134,872</u>
Total	21.027		\$ <u>916,536</u>
Total Department of the Treasury			\$ <u>916,536</u>
Total Expenditures of Federal Awards			\$ <u><u>916,536</u></u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF CLIFTON FORGE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

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Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the Town of Clifton Forge, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Clifton Forge, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Clifton Forge, Virginia.

Note 2 - Basis of Accounting

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
General Fund	\$ 766,636
Water Fund	<u>149,900</u>
Total federal expenditures per basic financial statements	\$ <u>916,536</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	
	\$ <u>916,536</u>

## TOWN OF CLIFTON FORGE, VIRGINIA

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2024

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#### Section I - Summary of Auditors' Results

##### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant Deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR section 200.516(a)? No

Identification of major programs:

<u>Assistance Listing#</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? No

#### Section II - Financial Statement Findings

There are no financial statement findings to report.

#### Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

#### Section IV - Prior Year Findings

There are no prior year findings to report.