

# City of Emporia, Virginia

## Financial Report

June 30, 2024

# City of Emporia, Virginia

## Financial Section

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# Financial Section

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## Independent Auditor's Report

To the Honorable Members of the City Council of  
City of Emporia, Virginia  
Emporia, Virginia

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Emporia, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

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

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia  
March 30, 2026



# **Basic Financial Statements**

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City of Emporia, Virginia

Exhibit A

Statement of Net Position

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 9,454,781	\$ 1,645,318	\$ 11,100,099	\$ 149,321
Property taxes receivable, net (Note 3)	2,672,031	-	2,672,031	-
Accounts receivable, net (Note 3)	647,453	508,118	1,155,571	-
Other receivables	-	-	-	38,676
Internal balances (Note 4)	4,613,504	-	4,613,504	-
Due from component units (Note 6)	2,962,236	-	2,962,236	-
Due from other governmental units (Note 5)	1,389,420	-	1,389,420	-
Lease receivable (Note 7)	-	-	-	38,004
Other current assets	11,105	-	11,105	-
Capital assets not being depreciated/amortized (Note 8)	2,677,479	1,000,843	3,678,322	2,657,096
Capital assets, net of accumulated depreciation/ amortization (Note 8)	10,481,480	32,163,748	42,645,228	1,446,287
Total assets	<u>34,909,489</u>	<u>35,318,027</u>	<u>70,227,516</u>	<u>4,329,384</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension (Note 15)	1,049,821	192,059	1,241,880	-
Deferred outflows related to OPEB (Notes 16, 17, 18)	103,364	18,909	122,273	-
Total deferred outflows of resources	<u>1,153,185</u>	<u>210,968</u>	<u>1,364,153</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 36,062,674</u>	<u>\$ 35,528,995</u>	<u>\$ 71,591,669</u>	<u>\$ 4,329,384</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,122,098	\$ 338,388	\$ 1,460,486	\$ -
Unearned grant (Note 4)	1,285,979	-	1,285,979	-
Customer deposits	-	144,968	144,968	-
Due to Primary Government (Note 6)	-	-	-	2,962,236
Internal balances (Note 4)	-	4,613,504	4,613,504	-
Long-term liabilities:				
Due within one year:				
Bonds, notes, leases, subscriptions, compensated absences (Note 10)	1,162,636	7,221,697	8,384,333	-
Due in more than one year:				
Net pension liability (Note 15)	716,857	131,145	848,002	-
Net OPEB liabilities (Notes 16, 17, 18)	615,780	112,653	728,433	-
Bonds, notes, leases, subscriptions, compensated absences (Note 10)	7,712,066	22,239,375	29,951,441	-
Total liabilities	<u>12,615,416</u>	<u>34,801,730</u>	<u>47,417,146</u>	<u>2,962,236</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension (Note 15)	600,429	109,845	710,274	-
Deferred inflows related to OPEB (Notes 16, 17, 18)	194,953	35,665	230,618	-
Deferred inflows related to long-term receivable (Note 3)	2,750,000	-	2,750,000	-
Deferred inflows related to unbilled taxes (Note 3)	2,480,123	-	2,480,123	-
Deferred inflows related to leases (Note 7)	-	-	-	24,911
Total deferred inflows of resources	<u>6,025,505</u>	<u>145,510</u>	<u>6,171,015</u>	<u>24,911</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,375,181	3,861,267	8,236,448	\$ 4,103,383
Restricted	30,778	-	30,778	-
Unrestricted (deficit)	<u>13,015,794</u>	<u>(3,279,512)</u>	<u>9,736,282</u>	<u>(2,761,146)</u>
Total net position	<u>17,421,753</u>	<u>581,755</u>	<u>18,003,508</u>	<u>1,342,237</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 36,062,674</u>	<u>\$ 35,528,995</u>	<u>\$ 71,591,669</u>	<u>\$ 4,329,384</u>

City of Emporia, Virginia

Exhibit B

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
Governmental activities:								
General government administration	\$ 3,743,837	\$ -	253,078	\$ -	\$ (3,490,759)	\$ -	\$ (3,490,759)	\$ -
Judicial administration	3,798,878	-	125,244	-	(3,673,634)	-	(3,673,634)	-
Public safety	5,005,597	664,767	687,282	-	(3,653,548)	-	(3,653,548)	-
Public works	3,204,856	985,084	1,544,328	-	(675,444)	-	(675,444)	-
Health and welfare	526,525	-	894,362	-	367,837	-	367,837	-
Education	5,630,421	1,236,357	-	-	(4,394,064)	-	(4,394,064)	-
Parks, recreation and cultural	449,180	335,429	-	-	(113,751)	-	(113,751)	-
Community development	801,189	724,533	-	-	(76,656)	-	(76,656)	-
Interest on long-term debt	205,930	-	-	-	(205,930)	-	(205,930)	-
Total governmental activities	23,366,413	3,946,170	3,504,294	-	(15,915,949)	-	(15,915,949)	-
Business-type activities:								
Water and Sewer Fund	4,859,422	4,497,902	-	586,169	-	224,649	224,649	-
Total business-type activities	4,859,422	4,497,902	-	586,169	-	224,649	224,649	-
Total primary government	<u>\$ 28,225,835</u>	<u>\$ 8,444,072</u>	<u>\$ 3,504,294</u>	<u>\$ 586,169</u>	<u>(15,915,949)</u>	<u>224,649</u>	<u>(15,691,300)</u>	<u>-</u>
<b>COMPONENT UNITS</b>								
Redevelopment and Housing Authority	\$ 137,575	\$ 46,968	\$ 25,000	\$ -				(65,607)
Economic Development Authority	355,888	10,163	25,000	-				(320,725)
Total component units	<u>\$ 493,463</u>	<u>\$ 57,131</u>	<u>\$ 50,000</u>	<u>\$ -</u>				<u>(386,332)</u>
<b>GENERAL REVENUES</b>								
Real estate and personal property taxes					6,368,161	-	6,368,161	-
Other local taxes					8,277,714	-	8,277,714	-
Grants and contributions not restricted to specific programs					1,530,154	-	1,530,154	-
Use of money and property					371,789	-	371,789	-
Payments from the City of Emporia					-	-	-	50,000
Miscellaneous					584,863	22,472	607,335	212,687
Total general revenues, transfers, and miscellaneous					<u>17,132,681</u>	<u>22,472</u>	<u>17,155,153</u>	<u>262,687</u>
Change in net position					<u>1,216,732</u>	<u>247,121</u>	<u>1,463,853</u>	<u>(123,645)</u>
<b>NET POSITION</b>								
Beginning of year, as previously presented					25,328,700	6,100,048	31,428,748	-
Restatements (Note 22)					(9,123,679)	(5,765,414)	(14,889,093)	1,465,882
Beginning of year, as restated					<u>16,205,021</u>	<u>334,634</u>	<u>16,539,655</u>	<u>1,465,882</u>
End of year					<u>\$ 17,421,753</u>	<u>\$ 581,755</u>	<u>\$ 18,003,508</u>	<u>\$ 1,342,237</u>

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

# City of Emporia, Virginia

Exhibit C

## Balance Sheet - Governmental Fund

June 30, 2024

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,454,781
Property taxes receivable, net	2,672,031
Accounts receivable, net	647,453
Due from other funds	4,613,504
Due from component units	2,962,236
Due from other governmental units	1,389,420
Other assets	11,105
Total assets	<u><b>\$ 21,750,530</b></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 793,314
Accrued liabilities	254,091
Unearned grants	1,285,979
Total liabilities	<u>2,333,384</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Long-term receivable	2,750,000
Deferred property tax revenue	2,480,123
Unavailable revenue, property taxes	275,893
Total deferred inflows of resources	<u>5,506,016</u>
<b>FUND BALANCES (Note 20)</b>	
Nonspendable	11,105
Restricted	30,778
Unassigned	13,869,247
Total fund balances	<u>13,911,130</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><b>\$ 21,750,530</b></u>

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

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 13,911,130
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT BECAUSE:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.	13,158,959
Deferred outflows of resources for OPEB and pension are not financial resources and, therefore, are not reported in the funds.	1,153,185
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.	275,893
Other liabilities not paid from current period revenues are reported in funds for:	
Accrued interest	(74,693)
Pension liability	(716,857)
OPEB liability	(615,780)
Compensated absences	(491,070)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(8,383,632)
Deferred inflows of resources for OPEB and pension are not financial resources and, therefore, are not reported in the funds.	(795,382)
Net position of governmental activities	<u>\$ 17,421,753</u>

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

	General Fund	Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 6,491,432	\$ -	\$ 6,491,432
Other local taxes	8,277,714	-	8,277,714
Permits, privilege fees, and regulatory licenses	22,988	-	22,988
Fines and forfeitures	616,096	-	616,096
Use of money and property	371,789	-	371,789
Charges for services	972,571	-	972,571
Public works	12,513	-	12,513
Miscellaneous	584,863	-	584,863
Community development	1,960,890	-	1,960,890
Recovered costs	335,429	-	335,429
Welfare and social services	691,391	-	691,391
Intergovernmental:			
Revenue from the Commonwealth of VA	3,565,037	-	3,565,037
Revenue from the Federal government	778,020	-	778,020
Total revenues	<u>24,680,733</u>	<u>-</u>	<u>24,680,733</u>
<b>EXPENDITURES</b>			
General government administration	2,217,533	-	2,217,533
Judicial administration	3,796,816	-	3,796,816
Public safety	5,225,659	-	5,225,659
Public works	2,990,484	-	2,990,484
Health and welfare	531,825	-	531,825
Education	5,630,421	-	5,630,421
Parks, recreation, and cultural	726,052	-	726,052
Community development	817,566	-	817,566
Nondepartmental	1,192,624	-	1,192,624
Capital outlay	31,559	-	31,559
Debt service:			
Principal retirement	866,306	-	866,306
Interest and fiscal charges	74,893	-	74,893
Total expenditures	<u>24,101,738</u>	<u>-</u>	<u>24,101,738</u>
Excess of revenues over expenditures	<u>578,995</u>	<u>-</u>	<u>578,995</u>
<b>OTHER FINANCING SOURCES</b>			
Subscription proceeds	35,303	-	35,303
Total other financing sources	<u>35,303</u>	<u>-</u>	<u>35,303</u>
Net change in fund balances	<u>614,298</u>	<u>-</u>	<u>614,298</u>
<b>FUND BALANCES</b>			
Beginning of year, as previously presented	9,816,387	1,616,930	11,433,317
Restatements (Note 22)	3,480,445	(1,616,930)	1,863,515
Beginning of year, as restated	<u>13,296,832</u>	<u>-</u>	<u>13,296,832</u>
End of year	<u>\$ 13,911,130</u>	<u>\$ -</u>	<u>\$ 13,911,130</u>

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 614,298
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives:		
Acquisition of capital assets	1,393,991	
Depreciation and amortization	<u>(1,647,587)</u>	
Net adjustment		(253,596)
Revenues in the statement of activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements but recognized in the statement of activities.		
		(123,271)
Bond and capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the statement of net position; however, issuing debt increases the long-term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the statement of net position.		
Debt issuance	(34,828)	
Repayments on debt	855,359	
Amortization of premium	<u>10,947</u>	
Net adjustment		831,478
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that do not represent the consumption of current financial resources. In the statement of activities; however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available or consumed. This adjustment combines the net changes of the following:		
Accrued interest expense	(74,693)	
Compensated absences	(7,270)	
Net pension liability and related deferred amounts	237,496	
Net OPEB liability and related deferred amounts	<u>(7,710)</u>	
Net adjustment		147,823
Change in net position of governmental activities		<u><u>\$ 1,216,732</u></u>

# City of Emporia, Virginia

Exhibit E

## Statement of Net Position - Proprietary Fund

June 30, 2024

	<b>Business-Type Activities Enterprise Fund Water and Sewer Fund</b>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,645,318
Accounts receivable, net	508,118
Total current assets	2,153,436
NONCURRENT ASSETS	
Land and land improvements	103,471
Construction in progress	897,372
Building and systems	47,576,930
Furniture, equipment, and vehicles	1,986,313
Vehicles, leased	66,661
Equipment, leased	2,624
Less accumulated depreciation and amortization	(17,468,780)
Total noncurrent assets	33,164,591
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	192,059
Deferred outflows related to OPEB	18,909
Total deferred outflows of resources	210,968
Total assets and deferred outflows of resources	\$ 35,528,995
<b>LIABILITIES</b>	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 338,388
Customer deposits	144,968
Due to general fund	4,613,504
Compensated absences, current portion	130,311
Notes payable, current portion	43,664
Bonds payable, current portion	7,033,674
Lease liability, current portion	14,048
Total current liabilities	12,318,557
NONCURRENT LIABILITIES	
Compensated absences	43,437
Net pension liability	131,145
Net OPEB liabilities	112,653
Notes payable	139,511
Bond premium	772,967
Bonds payable	21,265,144
Lease liability	18,316
Total noncurrent liabilities	22,483,173
Total liabilities	34,801,730
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	109,845
Deferred inflows related to OPEB	35,665
Total deferred inflows of resources	145,510
<b>NET POSITION</b>	
Net investment in capital assets	3,861,267
Unrestricted (deficit)	(3,279,512)
Total net position	581,755
Total liabilities, deferred inflows of resources and net position	\$ 35,528,995

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

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

	<b>Business-Type Activities Enterprise Fund Water and Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services, net	\$ 4,497,902
Total operating revenues	<u>4,497,902</u>
<b>EXPENSES</b>	
Personnel services and benefits	1,408,800
Maintenance, supplies, and vehicle	383,719
Professional services	298,058
Chemicals	192,636
Electrical services	256,103
Depreciation and amortization	1,523,836
Total operating expenses	<u>4,063,152</u>
Operating income	<u>434,750</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Capital contributions	586,169
Miscellaneous revenues	6,299
Interest income	16,173
Interest expense	(796,270)
Total nonoperating revenues (expenses)	<u>(187,629)</u>
Change in net position	<u>247,121</u>
<b>NET POSITION</b>	
Beginning of year, as previously presented	6,100,048
Restatements (Note 22)	(5,765,414)
Beginning of year, as restated	<u>334,634</u>
End of year	<u><u>\$ 581,755</u></u>

**City of Emporia, Virginia**

Exhibit G

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

	<u>Business-Type Activities Enterprise Fund Water and Sewer Fund</u>
<b>OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,478,937
Payments to employees	(1,461,399)
Payments to suppliers for goods and services	(571,748)
Net cash provided by operating activities	<u>2,445,790</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>	
Miscellaneous revenues	6,299
Net cash provided by financing activities	<u>6,299</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases and construction of capital assets	(1,796,804)
Principal paid on bonds payable	(996,887)
Principal paid on notes payable	(65,978)
Payment of leases	(13,880)
Interest payments on debt	(846,139)
Grant revenue	586,169
Net cash used by capital and related financing activities	<u>(3,133,519)</u>
<b>INVESTING ACTIVITIES</b>	
Interest received	16,173
Net decrease in cash and investments	<u>(665,257)</u>
<b>CASH AND INVESTMENTS</b>	
Beginning of year	2,310,575
End of year	<u>\$ 1,645,318</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 434,750
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,523,836
Pension recovery, net of employer contributions	(44,043)
OPEB recovery, net of employer contributions	1,653
Changes in assets and liabilities:	
Receivables, net	(16,740)
Prepaid expenses	(22)
Accounts payable and accrued expenses	26,530
Compensated absences	(10,209)
Customer deposits	(2,225)
Due to general fund	532,260
Net cash provided by operating activities	<u>\$ 2,445,790</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets on account	<u>\$ 16,000</u>

City of Emporia, Virginia

Exhibit H

Combining Statement of Net Position - Component Units  
June 30, 2024

	Redevelopment and Housing Authority	Economic Development Authority	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 47,213	\$ 102,108	\$ 149,321
Lease receivable	38,004	-	38,004
Other receivables	38,676	-	38,676
Capital assets:			
Nondepreciable/nonamortizable	-	2,657,096	2,657,096
Depreciable/amortizable, net	1,047,876	398,411	1,446,287
Total assets	<u>\$ 1,171,769</u>	<u>\$ 3,157,615</u>	<u>\$ 4,329,384</u>
<b>LIABILITIES</b>			
Due to primary government	\$ -	\$ 2,962,236	\$ 2,962,236
Total liabilities	<u>-</u>	<u>2,962,236</u>	<u>2,962,236</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to leases	24,911	-	24,911
Total deferred inflows of resources	<u>24,911</u>	<u>-</u>	<u>24,911</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,047,876	3,055,507	4,103,383
Unrestricted (deficit)	98,982	(2,860,128)	(2,761,146)
Total net position	<u>\$ 1,146,858</u>	<u>\$ 195,379</u>	<u>\$ 1,342,237</u>

City of Emporia, Virginia

Exhibit I

Combining Statement of Activities - Component Units

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net		
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Redevelopment and Housing Authority	Economic Development Authority	Total
Redevelopment and Housing Authority	\$ 137,575	\$ 46,968	\$ 25,000	\$ -	\$ (65,607)	\$ -	\$ (65,607)
Economic Development Authority	355,888	10,163	25,000	-	-	(320,725)	(320,725)
	<b>\$ 493,463</b>	<b>\$ 57,131</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>(65,607)</b>	<b>(320,725)</b>	<b>(386,332)</b>
<b>GENERAL REVENUES</b>							
City of Emporia					50,000	-	50,000
Miscellaneous					6,000	206,687	212,687
Total general revenues					56,000	206,687	262,687
Change in net position					(9,607)	(114,038)	(123,645)
<b>NET POSITION</b>							
Beginning of year, as previously presented					-	-	-
Restatements (Note 22)					1,156,465	309,417	1,465,882
Beginning of year, as restated					1,156,465	309,417	1,465,882
End of year					<b>\$ 1,146,858</b>	<b>\$ 195,379</b>	<b>\$ 1,342,237</b>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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**Note 1 – Summary of Significant Accounting Policies**

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*Narrative Profile*

The City of Emporia, Virginia (the “City”) has a population of approximately 5,601 living within its corporate limits. The City is located in the Southside area in Southeastern Virginia. The City is governed by an appointed City Manager and a seven-member City Council with each serving administrative and legislative functions.

The City is governed under the City Executive – City Council form of government. The City engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation, and cultural, and community development.

The financial statements of the City have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts of the Commonwealth of Virginia and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). The more significant of the government’s accounting policies are described below:

*Financial Reporting Entity*

The City’s financial reporting entity is defined, and its financial statements are presented in accordance with GAAP where in it defines the distinction between the City as a Primary Government and its related entities. The financial reporting entity consists of the Primary Government and its discretely presented component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability to impose will by the Primary Government, or b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government. The Primary Government may also be financially accountable if the component unit is fiscally dependent on the Primary Government regardless of whether the component unit has a separately elected governing board.

*Discretely Presented Component Units*

**Emporia Redevelopment and Housing Authority** was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation, and redevelopment of areas within the territorial limits of the City. City staff provided management assistance to the Authority. Members of the Authority are approved by the City Council.

**Emporia Economic Development Authority** was established for the purpose of carrying out commercial development activities for certain areas of the City. City staff provide management assistance to the Authority. Members of the Authority are approved by the City Council.

*Jointly Governed Organizations*

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

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The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

Greensville County School Board

The Greensville County School Board provides educational services to the City and the County of Greensville, Virginia. The two localities provide annual contributions for operations and capital improvements based upon an agreed-upon shared services agreement. The City appoints two representatives to a six-member School Board, with the remaining representatives coming from the County of Greensville, Virginia. The City appropriated to the School Board \$5,558,908 and final expenditures after adjustments were \$5,557,983, which included \$1,260,552 in Sales taxes allocated to education during fiscal year 2024.

Greensville-Emporia Department of Social Services

The Greensville-Emporia Department of Social Services (“the Department”) provides social services to the residents of the City and the County of Greensville, Virginia. The County of Greensville, Virginia reports the entity as a discretely presented component unit due to its financial accountability and majority representation on the governing body of the Department. The City appropriated \$257,665 during fiscal year 2024 to the Department and final adjusted expenditures for the year were \$164,917.

Southside Regional Jail Authority

The Southside Regional Jail Authority was created by the participating localities of the City of Emporia, Virginia and the County of Greensville, Virginia in May 1995. The jail is considered a jointly governed organization of the localities with each locality represented on the Board of the Authority. The City appropriated \$794,100 during fiscal year 2024 to the Authority for services rendered and final expenditures for the year were \$799,818.

*Financial Reporting Model*

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

**Government-wide Financial Statements** – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City’s general revenues, from business -type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year end.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

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

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

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

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

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

**Reconciliation of Government-wide and Fund Financial Statements** – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide statement of net position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances, and the change in net position of governmental activities as shown on the government-wide statement of activities is presented.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

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*Financial Statement Presentation*

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

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following is the City’s major governmental fund:
  - *General Fund* – The General Fund is the primary operating fund of the City and accounts for all revenues and expenditures applicable to the general operations of the City which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.
- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City has one enterprise fund, the Water and Sewer Fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City is that the cost of providing services to the general public be financed or recovered through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*Measurement Focus and Basis of Accounting*

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

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

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
**June 30, 2024**

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

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

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 City, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the City.

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

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

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

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity*

Cash and Cash Equivalents

The City operates a cash account for each fund and its related activities. Therefore, all cash and deposit accounts are essentially demand deposits and are considered cash and cash equivalents. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

Receivables

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

All trade and property tax receivables are shown net of an allowance for un-collectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The receivable amounts were as follows at June 30, 2024:

General Fund – taxes receivable	\$ 2,672,031
General Fund – accounts receivables	\$ 647,453
Water and Sewer Fund – accounts receivables	\$ 508,118

Real and Personal Property Tax Data

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

	Real Property	Personal Property
Levy	September 1	June 1
Due Date	December 5	July 1

The City bills and collects its own property taxes.

An interest charge of 10% per annum is also levied on real property taxes not collected on or before their due date. An interest charge of 10% per annum is also levied on personal property taxes not collected on or before August 1.

*Prepaid Items*

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

*Capital Assets*

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City’s infrastructure consists primarily of roads and bridges. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

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Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and systems	25 – 50 years
Furniture and other equipment	3 – 10 years
Vehicles	5 – 15 years
Infrastructure	15 – 50 years
Vehicles and equipment, leased	term of lease
Subscriptions	term of arrangement

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

*Deferred Outflows/Inflows of Resources*

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

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

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

*Compensated Absences*

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

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*Pensions*

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

*Group Life Insurance Program*

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

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

*Other Postemployment Benefits Plans*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan for Retiree's Health Insurance and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. See Notes to the financial statement for more information regarding the Plan.

*Fund Equity*

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

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
**June 30, 2024**

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

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

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

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

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

Unassigned – all amounts not classified as non-spendable, restricted, committed, or assigned.

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

In the event expenditures qualify for disbursement from more than one fund balance category, the most constrained or limited fund balance available will be used first.

City Council has adopted a fund balance policy to maintain a General Fund unassigned fund balance equal to 35% of total General Fund operating expenditures. If the fund balance falls below the minimum target level, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within 24 months.

*Operating Revenues and Expenses*

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

*Interfund Activity*

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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

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*Long-Term Obligations*

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

*Estimates*

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

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**Note 2 – 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.

*Investments*

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

The City of Emporia, Virginia only invests in Certificates of Deposit at local banks. Therefore, there is no custodial risk, credit risk of debt securities, concentration of credit risk, or foreign currency risk. The only risk of interest rates is that associated with short-term rates at the local banks, which are generally invested in Certificates of Deposit held less than one year.

The following is a summary of cash and cash equivalents:

Asset Type	Balance June 30, 2024
Petty cash	\$ 1,600
Deposit accounts	5,087,475
Certificates of deposit	6,160,345
Total cash and cash equivalents	\$ 11,249,420

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 2 – Deposits and Investments (Continued)**

Asset Type	Balance June 30, 2024
Governmental activities	\$ 9,454,781
Business-type activities	1,645,318
Total primary government	11,100,099
Aggregate discretely presented component units	149,321
Total reporting entity	<b>\$ 11,249,420</b>

**Note 3 – Revenues Receivable, Unavailable, and Deferred**

Receivables at June 30, 2024, consist of the following:

	Governmental Activities	Business Type Activities
Property taxes	\$ 2,737,042	\$ -
Meals and lodging taxes	453,395	-
Sanitation	148,198	-
Other	106,859	-
Water and sewer	-	553,074
Total	3,445,494	553,074
Allowance for uncollectibles	(126,010)	(44,956)
Net receivables	<b>\$ 3,319,484</b>	<b>\$ 508,118</b>

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue at the fund level arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized. Deferred inflows represent an acquisition of net assets that applies to future periods. Unearned revenues and deferred inflows of resources, excluding deferred inflows of resources related to leases, OPEB, and pension costs, are provided in the table below.

	Governmental Activities	General Fund
Unearned revenues:		
Grant funding received in advance	\$ 1,285,979	\$ 1,285,979
Deferred inflows of resources:		
Unavailable property taxes and fees	2,304,598	2,580,491
Prepaid taxes and services	175,525	175,525
Total deferred inflows of resources, unavailable revenues	<b>\$ 2,480,123</b>	2,756,016
Long-term notes receivable	n/a	2,750,000
Total deferred inflows of resources		<b>\$ 5,506,016</b>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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**Note 4 – Interfund Balances and Transfers**

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At June 30, 2024, the Water and Sewer Fund owed the General Fund \$4,613,504, which represents the cumulative balance of operating funds borrowed over the years. The balance will be repaid through future operating surpluses in the Water and Sewer Fund. There were no transfers made during 2024.

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**Note 5 – Due from Other Governmental Units**

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

*County of Greensville, Virginia*

School Board - Education	\$ <u><u>40,902</u></u>
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*Greensville-Emporia Department of Social Services*

Operating true-up	\$ <u><u>172,414</u></u>
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*Commonwealth of Virginia*

Personal Property Tax Relief Act (PPTRA )	\$ 145,728
Local sales tax	406,345
Communication sales and use taxes	27,371
Education state sales tax	212,069
Constitutional officers	57,159
Railroad rolling stock taxes	12,810
Local Government grants	34,341
Total Commonwealth of Virginia	\$ <u><u>895,823</u></u>

*Federal Government*

Department of Criminal Justice services grants	\$ 63,490
Department of Social Services grants	153,235
Other	63,556
Total Federal Government	\$ <u><u>280,281</u></u>

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**Note 6 – Intragovernmental Balances**

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Details of the City’s receivables from and payables to discretely presented component units are as follows as of June 30, 2024:

	Receivable	Payable
Primary Government:		
Economic Development Authority	\$ <u><u>2,962,236</u></u>	\$ <u><u>-</u></u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 6 – Intragovernmental Balances (Continued)**

The EDA owes the City \$2,750,000 for a loan which the EDA utilized to purchase land. The City issued a \$2,750,000 bond anticipation note to fund this loan. See Note 10 for further details. The EDA’s repayment schedule and terms to the City mimics the City’s repayment schedule and terms to the note holder.

Additionally, the EDA owes the City \$212,236, which represents lease payments remitted by the EDA’s lessees to the EDA that are owed to the City.

**Note 7 – Leases**

*Component Unit as a Lessor*

The Emporia Redevelopment and Housing Authority, as a lessor, has entered into an agreement for the lease of real property to be used by the lessee as retail space. As of June 30, 2024, the value of the lease receivable is \$38,004. The lessee was required to make monthly payments ranging from \$750 to \$1,750 based on the lease agreement. The lease carries an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2024, was \$24,911, and the City recognized lease revenue of \$12,456 during the year.

The future payments under this lease agreement are as follows at June 30:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 17,070	\$ 180	\$ 17,250
2026	20,934	66	21,000
	<u>\$ 38,004</u>	<u>\$ 246</u>	<u>\$ 38,250</u>

*City as a Lessee*

The City, as a lessee, has entered into multiple noncancellable lease agreements. The leases have payments that range from \$1,625 to \$71,108 and interest rates that range from 0.00% to 3.32%. The leases had no variable payments and other payments not included in the lease liability.

Annual requirements to amortize leases and related interest are as follows at June 30:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 208,932	\$ 4,434	\$ 14,048	\$ 316
2026	161,803	2,272	13,748	147
2027	60,066	571	4,568	12
2028	11,648	143	-	-
2029	3,032	9	-	-
	<u>\$ 445,481</u>	<u>\$ 7,429</u>	<u>\$ 32,364</u>	<u>\$ 475</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 8 – Capital Assets**

Details of the City’s capital asset activity are as follows for the year ended June 30, 2024:

	(Restated) Balance July 1, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
<b>Governmental Activities</b>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,277,333	\$ -	\$ -	\$ 2,277,333
Construction in progress	221,786	466,722	(288,362)	400,146
Total capital assets not subject to depreciation	<u>2,499,119</u>	<u>466,722</u>	<u>(288,362)</u>	<u>2,677,479</u>
Other capital assets:				
Buildings and systems	6,865,374	337,396	-	7,202,770
Infrastructure	21,687,872	418,121	-	22,105,993
Vehicles, leased	733,029	-	-	733,029
Equipment, leased	482,358	-	-	482,358
Furniture, equipment, and vehicles	12,422,183	424,811	-	12,846,994
Subscriptions	539,921	35,303	-	575,224
Total other capital assets	<u>42,730,737</u>	<u>1,215,631</u>	<u>-</u>	<u>43,946,368</u>
Accumulated depreciation and amortization:				
Buildings and systems	(4,764,022)	(157,863)	-	(4,921,885)
Infrastructure	(17,311,015)	(359,216)	-	(17,670,231)
Vehicles, leased	(317,390)	(148,524)	-	(465,914)
Equipment, leased	(208,690)	(103,819)	-	(312,509)
Furniture, equipment, and vehicles	(9,124,121)	(675,409)	-	(9,799,530)
Subscriptions	(92,063)	(202,756)	-	(294,819)
Total accumulated depreciation	<u>(31,817,301)</u>	<u>(1,647,587)</u>	<u>-</u>	<u>(33,464,888)</u>
Other capital assets, net	10,913,436	(431,956)	-	10,481,480
Total capital assets, net	<u>\$ 13,412,555</u>	<u>\$ 34,766</u>	<u>\$ (288,362)</u>	<u>\$ 13,158,959</u>
<b>Business-Type Activities</b>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 103,471	\$ -	\$ -	\$ 103,471
Construction in progress	2,345,112	746,571	(2,194,311)	897,372
Total capital assets not subject to depreciation	<u>2,448,583</u>	<u>746,571</u>	<u>(2,194,311)</u>	<u>1,000,843</u>
Other capital assets:				
Buildings and systems	44,458,020	3,118,910	-	47,576,930
Furniture, equipment, and vehicles	1,844,679	141,634	-	1,986,313
Vehicles, leased	66,661	-	-	66,661
Equipment, leased	2,624	-	-	2,624
Total other capital assets	<u>46,371,984</u>	<u>3,260,544</u>	<u>-</u>	<u>49,632,528</u>
Accumulated depreciation and amortization:				
Buildings and systems	(14,462,315)	(1,432,258)	-	(15,894,573)
Furniture, equipment, and vehicles	(1,459,371)	(77,653)	-	(1,537,024)
Vehicles, leased	(22,072)	(13,332)	-	(35,404)
Equipment, leased	(1,186)	(593)	-	(1,779)
Total accumulated depreciation	<u>(15,944,944)</u>	<u>(1,523,836)</u>	<u>-</u>	<u>(17,468,780)</u>
Other capital assets, net	30,427,040	1,736,708	-	32,163,748
Total capital assets, net	<u>\$ 32,875,623</u>	<u>\$ 2,483,279</u>	<u>\$ (2,194,311)</u>	<u>\$ 33,164,591</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 8 – Capital Assets (Continued)**

Component Units	(Restated) Balance July 1, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
<b>Economic Development Authority</b>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,657,096	\$ -	\$ -	\$ 2,657,096
Total capital assets not subject to depreciation	<u>2,657,096</u>	<u>-</u>	<u>-</u>	<u>2,657,096</u>
Other capital assets:				
Buildings and systems	485,624	-	-	485,624
Total other capital assets	<u>485,624</u>	<u>-</u>	<u>-</u>	<u>485,624</u>
Accumulated depreciation and amortization:				
Buildings and systems	(75,039)	(12,174)	-	(87,213)
Total accumulated depreciation	<u>(75,039)</u>	<u>(12,174)</u>	<u>-</u>	<u>(87,213)</u>
Other capital assets, net	410,585	(12,174)	-	398,411
Total capital assets, net	<u>\$ 3,067,681</u>	<u>\$ (12,174)</u>	<u>\$ -</u>	<u>\$ 3,055,507</u>
<b>Housing and Development Authority</b>				
Capital assets:				
Buildings and systems	\$ 1,565,375	\$ -	\$ -	\$ 1,565,375
Total capital assets	<u>1,565,375</u>	<u>-</u>	<u>-</u>	<u>1,565,375</u>
Accumulated depreciation and amortization:				
Buildings and systems	(478,364)	(39,135)	-	(517,499)
Total accumulated depreciation	<u>(478,364)</u>	<u>(39,135)</u>	<u>-</u>	<u>(517,499)</u>
Total capital assets, net	<u>\$ 1,087,011</u>	<u>\$ (39,135)</u>	<u>\$ -</u>	<u>\$ 1,047,876</u>

The City has various construction projects in process as of year-end under which it is committed to payments to contractors not included in accounts payable at year-end. The total outstanding commitment for these projects at June 30, 2024 is \$286,127.

**Note 9 – Compensated Absences**

All regular, full-time employees hired January 1, 2024, and after, excluding police officers hired prior to 2015, shall be covered under the provisions of a general leave policy of paid time off (PTO) in lieu of accruing sick an annual leave. Each City employee earns PTO based on years of service as follows:

Years of Service	Hours Accrued Per Month
Under 5 years	12 hours
5 – 9 years	14 hours
10 – 14 years	16 hours
15 – 19 years	18 hours
20 – 24 years	10 hours
25 years or more	22 hours

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 9 – Compensated Absences (Continued)**

Accrued PTO may be paid based on years of service as follows:

Years of Service	Maximum Payment
Under 5 years	36 days
5 – 9 years	42 days
10 – 14 years	48 days
15 – 19 years	54 days
20 – 24 years	60 days
25 years or more	68 days

The City has reported outstanding compensated absences totaling \$491,070 and \$173,748 resulting from governmental activities and business-type activities, respectively, at June 30, 2024. These are expected to be liquidated from the General Fund and Water and Sewer Fund, respectively.

**Note 10 – Long-Term Debt**

*Changes in Long-Term Bond Debt*

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

	(Restated) Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 4,805,330	\$ -	\$ 342,737	\$ 4,462,593	\$ 348,862
Unamortized bond premium	180,623	-	10,947	169,676	-
Bond anticipation note	2,750,000	-	-	2,750,000	-
Direct financing arrangements	564,987	-	156,116	408,871	159,685
Leases	698,891	-	253,410	445,481	208,931
Subscription-based information technology arrangements	215,279	34,828	103,096	147,011	76,855
Subtotal	9,215,110	34,828	866,306	8,383,632	794,333
Compensated absences	483,800	370,120	362,850	491,070	368,303
Total Governmental activities	<u>\$ 9,698,910</u>	<u>\$ 404,948</u>	<u>\$ 1,229,156</u>	<u>\$ 8,874,702</u>	<u>\$ 1,162,636</u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 9,378,927	\$ -	\$ 543,417	\$ 8,835,510	\$ 565,938
Unamortized bond premium	822,836	-	49,869	772,967	-
Bond anticipation note	6,000,000	-	-	6,000,000	6,000,000
Revenue bonds	4,960,000	-	228,000	4,732,000	237,000
General obligation and revenue bonds	8,956,778	-	225,470	8,731,308	230,736
Direct financing notes	249,153	-	65,978	183,175	43,664
Leases	46,244	-	13,880	32,364	14,048
Subtotal	30,413,938	-	1,126,614	29,287,324	7,091,386
Compensated absences	148,801	136,548	111,601	173,748	130,311
Total Business-type activities	<u>30,562,739</u>	<u>136,548</u>	<u>1,238,215</u>	<u>29,461,072</u>	<u>7,221,697</u>
Total Primary Government	<u>\$ 40,261,649</u>	<u>\$ 541,496</u>	<u>\$ 2,467,371</u>	<u>\$ 38,335,774</u>	<u>\$ 8,384,333</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 10 – Long-Term Debt (Continued)**

Primary Government	Original Balance	Issue	Maturity Date	Interest Rate	Balance June 30, 2024
<b>Governmental Activities</b>					
General Obligation Refunding Bond	\$ 2,352,672	2006	5/1/2036	1.21%	\$ 1,338,235
General Obligation Bond	1,215,000	2020A	8/1/2040	3.00-5.00%	1,085,400
General Obligation Refunding Bond	1,240,000	2020B	8/1/2032	0.60-2.25%	1,010,000
General Obligation Bond	1,800,000	2015A	9/1/2033	2.95%	1,028,958
Total general obligation bonds					<u>4,462,593</u>
General obligation bond anticipation note	2,750,000	2023	4/1/2028	5.10%	2,750,000
Equipment loan, snow plow and spreader	34,249	2018	2/1/2025	2.50%	3,528
Equipment loan, refuse and dump trucks	334,105	2019	11/5/2026	1.99%	120,679
Vehicle loan, police	227,500	2022	11/4/2025	2.99%	154,256
Equipment loan, bucket truck and dump truck	159,827	2022	11/4/2027	3.49%	130,398
Total direct financing arrangements					<u>408,861</u>
Various leases for equipment	Various	Various	Various	1.00-3.32%	170,729
Various leases for vehicles	Various	Various	Various	1.01-1.77%	274,752
Total leases					<u>445,481</u>
Subscription-based information technology arrangements	Various	Various	Various	2.35-3.21%	147,011
<b>Business-Type Activities</b>					
General Obligation Refunding Bond	\$ 5,207,328	2006	5/1/2036	1.21%	\$ 2,820,910
General Obligation Bond	1,712,000	2014B	11/1/2034	3.10%	1,070,000
General Obligation Bond BT	5,535,000	2020A	8/1/2040	3.00-5.00%	4,944,600
Total general obligation bonds					<u>8,835,510</u>
USDA Rural Development General Obligation and Water System Revenue Bond	1,837,000	2012	7/1/2052	2.00%	1,478,660
USDA Rural Development General Obligation and Water System Revenue Bond	10,837,000	2013	7/1/2053	2.375%	7,252,648
Total general obligation and revenue bonds					<u>8,731,308</u>
Water and Wastewater Revenue Bond	5,593,000	2018	10/1/2038	3.88%	4,732,000
Equipment loan, meter utility and WWTP Sup.	70,000	2022	10/18/2027	3.49%	54,150
Equipment loan, bucket truck and dump truck	158,173	2022	11/4/2027	3.49%	129,025
Total direct financing notes					<u>183,175</u>
General obligation bond anticipation note	6,000,000	2020	12/1/2024	6.46%	6,000,000
Various leases for equipment	Various	Various	Various	0.00%	778
Various leases for vehicles	Various	Various	Various	1.23%	31,586
Total leases					<u>32,364</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 10 – Long-Term Debt (Continued)**

Annual requirements to amortize long-term debt (general obligation bonds, bond anticipation notes, revenue bonds, and direct financing arrangements) and related interest are as follows at June 30:

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 508,547	\$ 254,446	\$ 7,077,338	\$ 850,142
2026	518,507	241,897	1,107,012	620,782
2027	423,634	228,857	1,145,479	583,820
2028	3,166,795	218,318	1,195,539	543,405
2029	389,972	67,009	1,190,971	502,702
2030-2034	1,984,403	182,689	6,407,275	1,931,349
2035-2039	537,127	35,869	5,018,761	1,072,921
2040-2044	92,479	2,889	2,027,904	569,597
2045-2049	-	-	1,787,807	361,933
2050-2054	-	-	1,523,907	150,043
	<b>\$ 7,621,464</b>	<b>\$ 1,231,974</b>	<b>\$ 28,481,993</b>	<b>\$ 7,186,694</b>

**Note 11 – Risk Management**

The City 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 City joined together with other local governments in Virginia to form the Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bear to the total premiums of all members in the year in which such deficit occurs.

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

The following constitutional and appointed officers are insured through the Commonwealth of Virginia, Department of the Treasury, and Division of Risk Management in effect at June 30, 2024:

Karen A. Taylor, Treasurer	\$500,000
Joyce E. Prince, Commissioner of Revenue	\$30,000
D. Keith Prince, Jr., City Sheriff	\$30,000

Also, all employees, volunteers, and members of Council of the City of Emporia, Virginia are insured for \$100,000 through the Virginia Municipal League.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 12 – Commitments and Contingencies**

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

**Note 13 – Litigation**

There were several matters of litigation involving the city of which one reached a final agreement as noted in Note 23. At June 30, 2024, there were no other matters of litigation involving the City of Emporia that would materially affect the net position of the City at June 30, 2024, or subsequent to June 30, 2024, the financial statement date.

**Note 14 – Legal Compliance**

Computation of legal debt margin:	
Total value of tax real property	<u><u>\$ 398,835,996</u></u>
Debt limit per Constitution of Virginia – 10% assessed value	39,883,600
Amount of debt applicable to debt limit	<u>(31,371,457)</u>
Legal debt margin - June 30, 2024	<u><u>\$ 8,512,143</u></u>

Note: Includes all long-term general obligation bonded debt as disclosed in Note 10. Excludes leases, SBITAs, and compensated absences.

**Note 15 – Defined Benefit Pension Plan**

*Plan Description*

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

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

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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**Note 15 – Defined Benefit Pension Plan (Continued)**

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*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.

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	93
Inactive members:	
Vested	18
Non-vested	36
LTD	-
Inactive members active elsewhere in VRS	46
Total inactive members	100
Active members	104
Total covered employees	<b>297</b>

*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 City's contractually required contribution rate for the year ended June 30, 2024, was 11.99% of covered employee compensation. This rate was based on an actuarially determined rate from 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 City of Emporia, Virginia were, \$728,888 and \$683,684 for the years ended June 30, 2024 and 2023, respectively.

*Net Pension Liability*

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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**Note 15 – Defined Benefit Pension Plan (Continued)**

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*Actuarial Assumptions – General Employees*

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

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

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

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

*Long-Term Expected Rate of Return*

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
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**Note 15 – Defined Benefit Pension Plan (Continued)**

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

\* The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 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, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
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**Note 15 – Defined Benefit Pension Plan (Continued)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2022	\$ 31,565,401	\$ 31,452,535	\$ 112,866
Changes for the year:			
Service cost	750,871	-	750,871
Interest	2,125,862	-	2,125,862
Benefit changes	-	-	-
Assumption changes	-	-	-
Difference between expected and actual	818,344	-	818,344
Contributions - employer	-	683,644	(683,644)
Contributions - employee	-	279,399	(279,399)
Net investment income	-	2,016,267	(2,016,267)
Benefit payments, including refunds of employee contributions	(1,644,031)	(1,644,031)	-
Administrative expense	-	(20,181)	20,181
Other changes	-	812	(812)
Net changes	2,051,046	1,315,910	735,136
Balances at June 30, 2023	<b>\$ 33,616,447</b>	<b>\$ 32,768,445</b>	<b>\$ 848,002</b>

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

The following presents the net pension liability of the City using the discount rate of 6.75% as well as what the City'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:

	<b>1% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
Net pension liability (asset)	<b>\$ 5,011,566</b>	<b>\$ 848,002</b>	<b>\$ (2,677,601)</b>

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

For the year ended June 30, 2024, the City recognized pension expense of \$444,099. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Differences between expected and actual experience	\$ 512,992	\$ 204,256
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	506,018
Employer contributions subsequent to the measurement date	728,888	-
	<b>\$ 1,241,880</b>	<b>\$ 710,274</b>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

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**Note 15 – Defined Benefit Pension Plan (Continued)**

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Amounts reported as deferred inflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows at June 30:

<u>Year Ending</u>	<u>Effect on Pension Expense</u>
2025	\$ (261,645)
2026	(404,657)
2027	452,390
2028	16,630
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](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, Virginia 23218-2500.

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**Note 16 – Other Post-Employment Benefits – Group Life Insurance Program**

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*Plan Description*

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

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

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 16 – Other Post-Employment Benefits – Group Life Insurance Program (Continued)**

*Contributions*

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$34,725 and \$32,356 for the years ended June 30, 2024 and 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.

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

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer’s proportion of the net OPEB liability was based on the covered employer’s actuarially determined employer contributions for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

*Group Life Insurance Program*

June 30, 2024 proportionate share of liability	\$ 305,105
<b>June 30, 2023</b> proportion	0.02544%
<b>June 30, 2022</b> proportion	0.02474%
June 30, 2024 expense	\$ 18,100

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

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 16 – Other Post-Employment Benefits – Group Life Insurance Program (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 30,473	\$ 9,262
Change in assumptions	6,522	21,139
Net difference between projected and actual earnings on OPEB plan investments	-	12,261
Changes in proportion	14,120	7,135
Employer contributions subsequent to the measurement date	34,725	-
	<b>\$ 85,840</b>	<b>\$ 49,797</b>

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

<b>Year Ending</b>	<b>Effect on Pension Expense</b>
2025	\$ (827)
2026	(12,014)
2027	7,720
2028	1,972
2029	4,467
Thereafter	-

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
Locality - general employees	3.50% - 5.35%
Locality - hazardous duty employees	3.50% - 4.75%
Teachers	3.50% - 5.95%
Healthcare cost trend rates:	
Under age 65	7.00 - 4.75%
Ages 65 and older	5.25 - 4.75%
Investment rate of return, net of expenses, Including inflation	6.75%

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
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**Note 16 – Other Post-Employment Benefits – Group Life Insurance Program (Continued)**

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 15.

*Net GLI OPEB liabilities*

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

	<b>Group Life Insurance Program</b>
Total OPEB Liability	\$ 3,907,052
Plan fiduciary net position	2,707,739
Employers’ net OPEB liability	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on VRS 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 OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	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%

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 16 – Other Post-Employment Benefits – Group Life Insurance Program (Continued)**

\*The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

*Discount Rate*

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

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

The following presents the City’s proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the City’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:

	<b>1% Decrease (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
GLI net OPEB liability:			
Primary Government	\$ 452,261	\$ 305,105	\$ 186,129

*Group Life Insurance Program Fiduciary Net Position*

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://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.

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
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**Note 17 – Other Post-Employment Benefits – Retiree Healthcare Plan**

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*Plan Description*

In addition to pension benefits provided by the Virginia Retirement System, the City offers post-employment healthcare benefits. These benefits are governed by the City and may be amended by City Council. Employees who are eligible for retirement benefits and are covered by the active plan at the time of retirement, along with their eligible dependents who are covered by the active plan, are eligible to continue healthcare insurance under the City's plan for active employees until age 65 when they become eligible for Medicare.

The retiree must pay 100% of all premiums.

Health Benefits include medical, dental, and vision. Retirees who are not eligible for Medicare may elect one of the following medical options:

- Anthem KA 500
- Anthem KA Expanded

Retirees who are Medicare eligible may only elect the Medicare supplement

*Relationship between Valuation Date, Measurement Date, and Reporting Date*

The valuation date is July 1, 2023. This is the date as of which the actuarial valuation is performed. The measurement date is June 30, 2024. This is the date as of which the total OPEB liability is determined. The reporting date is June 30, 2024, the employer's fiscal year end date.

*Significant Changes*

There have been no significant changes between the valuation and measurement dates.

*Participant Data as of July 1, 2023*

Active members	110
Retirees	-
Spouses of retirees	-
LTD	-
Beneficiaries	-
Total covered employees	<u><u>110</u></u>

**City of Emporia, Virginia**  
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**Note 17 – Other Post-Employment Benefits – Retiree Healthcare Plan (Continued)**

*Changes in Total OPEB Liability*

	<b>Increase (Decrease) in Total OPEB Liability</b>
Balance at June 30, 2023	\$ 480,351
Changes for the year:	
Service cost	32,632
Interest on total OPEB liability	18,679
Effect of Plan changes	-
Effect of economic/demographic gains or losses	(81,474)
Effect of assumptions, changes or inputs	(24,357)
Benefit payments	(2,503)
Balance as of June 30, 2024	<u><u>\$ 423,328</u></u>

*Sensitivity Analysis*

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.93% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate.

	<b>1% Decrease 2.93%</b>	<b>Discount Rate 3.93%</b>	<b>1% Increase 4.93%</b>
Total OPEB liability	<u>\$ 463,609</u>	<u>\$ 423,328</u>	<u>\$ 386,507</u>

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

*Using Current Healthcare Cost Trend Rates*

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 370,436</u>	<u>\$ 423,328</u>	<u>\$ 485,427</u>

As of June 30, 2024, the deferred outflows and inflows of resources are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 29,505	\$ 157,404
Changes of assumptions	6,928	23,417
	<u>\$ 36,433</u>	<u>\$ 180,821</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 17 – Other Post-Employment Benefits – Retiree Healthcare Plan (Continued)**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	\$ (20,481)
2026	(26,739)
2027	(41,345)
2028	(33,982)
2029	(16,798)
Thereafter	(5,043)

*Total OPEB Liability*

	<b>June 30, 2024</b>
Total OPEB liability	\$ 423,328
Covered payroll	5,931,215
Total OPEB liability as a percentage of covered payroll	7.14%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and GASB 75.

*Discount Rate*

	<b>June 30, 2024</b>
Discount rate	3.93%
20-year tax-exempt municipal bond yield	3.93%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index .

*Other Key Actuarial Assumptions*

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2024, were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

Valuation date	7/1/2023
Measurement date	6/30/2024
Actuarial cost method	Entry age normal
Inflation	2.50%
Healthcare trend rates	8.40% - 3.90%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
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**Note 18 – Aggregate OPEB Information**

	Primary Government			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance	\$ 85,840	\$ 49,797	\$ 305,105	\$ 18,100
Local Retiree Health Insurance	36,433	180,821	423,328	30,830
Totals	<u>\$ 122,273</u>	<u>\$ 230,618</u>	<u>\$ 728,433</u>	<u>\$ 48,930</u>

**Note 19 – Subscription-Based Information Technology Arrangements**

The City has multiple subscription-based information technology arrangements. The subscriptions have payments that range from \$1,188 to \$53,565 and interest rates that range from 2.35% to 3.21%. The subscriptions have no variable payment or other payments not included in the subscription liability.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 76,855	\$ 4,554	\$ 81,409
2027	63,129	2,176	65,305
2028	7,027	198	7,225
	<u>\$ 147,011</u>	<u>\$ 6,928</u>	<u>\$ 153,939</u>

**Note 20 – Fund Balances – Governmental Funds**

	Primary Government	General Fund
Nonspendable:		
Prepays		\$ 11,105
Restricted for:		
Opioid abatement		30,778
Unassigned		13,869,247
Total fund balances		<u>\$ 13,911,130</u>

**Note 21 – Tax Abatements**

The Machinery and Tools Investment Grant Program is an initiative of the City of Emporia and Emporia Economic Development Authority aimed at assisting both new and expanding businesses within the Enterprise Zone area.

Type of Business	Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Manufacturing	Machinery and tools tax	50%	<u>\$ 193,387</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
June 30, 2024

**Note 22 – Restatement**

	<b>Governmental Activities Net Position</b>	<b>Business Type Activities Net Position</b>	<b>Total Primary Government</b>	<b>Aggregate Discretely Presented Component Units</b>
Balances as previously reported	\$ 25,328,700	\$ 6,100,048	\$ 31,428,748	\$ -
Restatements for:				
Reclassification of component units from blended to discretely presented	(4,356,456)	-	(4,356,456)	4,356,456
Net restatements to proprietary fund balance below	-	(5,765,414)	(5,765,414)	-
Balance due to City from EDA	2,899,686	-	2,899,686	(2,899,686)
Taxes receivable, deferred to subsequent year	2,296,363	-	2,296,363	-
Capital asset balances and related accumulated depreciation and amortization	(7,269,577)	-	(7,269,577)	-
Long-term debt balances	(1,402,810)	-	(1,402,810)	-
Deferred inflows, taxes unavailable	(1,776,094)	-	(1,776,094)	-
Various accrual-related account balances	485,209	-	485,209	9,112
Net restatements	(9,123,679)	(5,765,414)	(14,889,093)	1,465,882
Total balances, as restated	<u>\$ 16,205,021</u>	<u>\$ 334,634</u>	<u>\$ 16,539,655</u>	<u>\$ 1,465,882</u>

	<b>Primary Government</b>			
	<b>General Fund Fund Balance</b>	<b>Special Revenue Funds Fund Balance</b>	<b>Total Governmental Funds</b>	<b>Water and Sewer Fund Fund Balance</b>
Balances as previously reported	\$ 9,816,387	\$ 1,616,930	\$ 11,433,317	\$ 6,100,048
Restatements for:				
Reclassification of component units from blended to discretely presented	-	(1,616,930)	(1,616,930)	-
Balance due to City from EDA	2,899,686	-	2,899,686	-
Taxes receivable, deferred to subsequent year	2,296,363	-	2,296,363	-
Deferred inflows, taxes unavailable	(2,473,256)	-	(2,473,256)	-
Liabilities that do not meet criteria for recognition under modified accrual basis of accounting	1,154,624	-	1,154,624	-
Correction of various accrual-related account balances	(396,972)	-	(396,972)	(841,732)
Correction to capital asset balances and related accumulated depreciation and amortization	-	-	-	(5,940,528)
Correction to debt balances and allocation between activities	-	-	-	1,518,501
Correction to pension balances and allocation between activities	-	-	-	112,599
Correction to cash balances	-	-	-	(684,285)
Correction to deposit on hand balance	-	-	-	70,031
Net restatements	3,480,445	(1,616,930)	1,863,515	(5,765,414)
Total balances, as restated	<u>\$ 13,296,832</u>	<u>\$ -</u>	<u>\$ 13,296,832</u>	<u>\$ 334,634</u>

**City of Emporia, Virginia**  
**Notes to Financial Statements**  
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**Note 23 – Subsequent Events**

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In October 2025, the City and the County of Greensville reached a final agreement in their legal dispute regarding the City's proportionate share of related expenses with the County. They concluded that the amount due from the City to the County is \$256,040 for fiscal year 2021-2026. The amount due from the City to the County is for the Sheriff's budget, City's overpayment for shared school costs and the City's overpayment for construction on the new Sheriff building. The City agreed to pay the County in eight monthly installments during fiscal year 2025. The 2023 audited financial statements numbers were an estimate of the balance owed since it was not known at the time. The 2024 audited financial statements showed a receivable balance of \$40,902 due from the County for the City as at that point in time the City's overpayments to the County were greater than the costs due to the County for the Sheriff's budget.

In December 2024, the City issued \$9,500,000 million in general obligation bonds bearing 4.81% interest with interest-only payments through June 1, 2029. Commencing December 1, 2029, through December 1, 2034, debt service will be structured with annual principal payments along with semiannual interest payments.

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through March 30, 2026, and did not determine the need for adjustments to the June 30, 2024, financial statements.



**Required  
Supplementary  
Information  
(Unaudited)**

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City of Emporia, Virginia

Budgetary Comparison Schedule  
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>REVENUES</b>				
General property taxes:				
Real property taxes	\$ 3,495,546	\$ 3,495,546	\$ 3,262,330	\$ (233,216)
Personal property	2,335,643	2,335,643	2,413,846	78,203
Public service corporation property taxes	267,761	267,761	225,771	(41,990)
Machinery and tool taxes	486,980	486,980	455,382	(31,598)
Penalties and interest	76,000	76,000	134,103	58,103
Total general property taxes	<u>6,661,930</u>	<u>6,661,930</u>	<u>6,491,432</u>	<u>(170,498)</u>
Other local taxes:				
Local sales and use taxes	2,769,150	2,769,150	2,389,581	(379,569)
Consumers utility tax	400,000	400,000	384,631	(15,369)
Business license taxes	850,000	850,000	928,803	78,803
Motor vehicle license taxes	115,000	115,000	124,295	9,295
Bank stock taxes	200,000	200,000	259,551	59,551
Recordation taxes	29,500	29,500	41,874	12,374
Hotel and motel room taxes	1,500,000	1,500,000	1,407,845	(92,155)
Meals taxes	2,441,869	2,441,869	2,567,637	125,768
Communications sales and use taxes	180,000	180,000	173,497	(6,503)
Franchise tax	39,000	39,000	-	(39,000)
Total other local taxes	<u>8,524,519</u>	<u>8,524,519</u>	<u>8,277,714</u>	<u>(246,805)</u>
Permits, privilege fees and regulatory licenses:				
Animal license	1,800	1,800	3,370	1,570
Permits and other licenses	17,200	17,200	19,618	2,418
Total permits, privilege fees, and and regulatory licenses	<u>19,000</u>	<u>19,000</u>	<u>22,988</u>	<u>3,988</u>
Fines and forfeitures	<u>870,000</u>	<u>870,000</u>	<u>616,096</u>	<u>(253,904)</u>
Revenue from use of money and property:				
Interest on bank deposits	-	-	67,386	67,386
Interest on investments	160,000	160,000	304,403	144,403
Total revenue from use of money and property	<u>160,000</u>	<u>160,000</u>	<u>371,789</u>	<u>211,789</u>
Charges for services:				
Law library	1,600	1,600	1,648	48
Fire and rescue service	-	5,149	48,864	43,715
Animal control	200	200	354	154
Sanitation services	1,018,000	1,018,000	905,832	(112,168)
Health fee and opioid settlement	-	-	15,873	15,873
Fiscal agent services	500	500	-	(500)
Management Services	3,000	3,000	-	(3,000)
Miscellaneous	1,500	1,500	-	(1,500)
Total charges for services	<u>1,024,800</u>	<u>1,029,949</u>	<u>972,571</u>	<u>(57,378)</u>
Miscellaneous revenue	<u>185,301</u>	<u>2,712,933</u>	<u>584,863</u>	<u>(2,128,070)</u>
Recovered costs	<u>268,083</u>	<u>268,083</u>	<u>335,429</u>	<u>67,346</u>
Fire program revenue	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Public works:				
Litter control	9,570	22,083	12,513	(9,570)
Total public works	<u>9,570</u>	<u>22,083</u>	<u>12,513</u>	<u>(9,570)</u>

City of Emporia, Virginia

Exhibit J

Budgetary Comparison Schedule  
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Welfare and social services:				
Family Violence Prevention Program	125,410	125,410	164,720	39,310
DCJS - Victim Services - State	-	-	9,547	9,547
DCJS - Victim Services - Federal	-	-	235,351	235,351
VSP HEAT Grant	-	-	12,500	12,500
VA 911 Services Board	-	237,500	37,500	(200,000)
VDSS Child Advocacy Services - state	258,434	258,434	227,273	(31,161)
VA Community for the Arts	4,500	4,500	4,500	-
Total welfare and social services	388,344	625,844	691,391	65,547
Community Development:				
Education - state sales tax	1,260,552	1,260,552	1,236,357	(24,195)
Community Development Block Grants:				
CIG Program income	-	-	5,757	5,757
VDOT-E. Atlantic St. Sidewalk Project	178,000	178,000	280,225	102,225
VDOT-state of good repair funds	-	1,350,000	28,700	(1,321,300)
DHCD - South Main Street Project	-	-	409,851	409,851
Total Comm. Development Block Grants	178,000	1,528,000	724,533	(803,467)
Total community development	1,438,552	2,788,552	1,960,890	(827,662)
Intergovernmental:				
Revenues from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	-	-	3,411	3,411
State recordation taxes	6,480	6,480	102	(6,378)
Railroad rolling stock taxes	11,000	11,000	25,602	14,602
PPTRA reimbursement	648,653	648,653	558,560	(90,093)
Streets and highways	1,191,416	1,191,416	1,544,328	352,912
Gaming revenue tax	-	-	444,104	444,104
Auto rental taxes	18,000	18,000	11,167	(6,833)
Total noncategorical aid	1,875,549	1,875,549	2,587,274	711,725
Categorical aid:				
Shared expenses:				
DC Sexual Assault Grant - state	42,000	42,000	11,496	(30,504)
Sheriff	175,009	175,009	191,824	16,815
Commissioner of the revenue	97,993	97,993	99,186	1,193
Treasurer	73,743	73,743	82,339	8,596
Registrar/electoral board	57,000	57,000	61,838	4,838
Total shared expenses	445,745	445,745	446,683	938
Public safety:				
DCJS Sexual Assault Grant	-	-	8,016	8,016
Victim/Witness Grant	31,350	31,350	37,403	6,053
Assistance to localities Oper. P.D.	220,148	220,148	264,507	44,359
VA Juvenile Community Crime Control	63,101	63,101	87,974	24,873
CANP Grant	36,590	36,590	2,251	(34,339)
ED911 - wireless board	45,000	45,000	52,563	7,563
Emergency services	80,000	80,000	-	(80,000)
DC JS ARPA funds	-	-	14,762	14,762
CAC ARPA funds	-	-	7,464	7,464

City of Emporia, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Public safety: (Continued)				
Wireless 911	-	-	50,385	50,385
LOLE Block Grant	-	-	5,755	5,755
Total public safety	476,189	476,189	531,080	54,891
Total categorical aid	921,934	921,934	977,763	55,829
Total revenue from the Commonwealth of Virginia	2,797,483	2,797,483	3,565,037	767,554
Federal categorical aid:				
DSS ARPA	-	-	57,708	57,708
CSLFRF NEU (Covid recovery funds - rev)	122,000	122,000	487,208	365,208
Victim/Witness Grant - federal	73,150	73,150	48,190	(24,960)
Emergency services - federal	10,285	10,285	-	(10,285)
DCJS Firearm Violence Prevention	-	200,000	-	(200,000)
DOJ Justice Assistance Grant (JAG)	-	5,575	-	(5,575)
DCJS Special Sexual Assault Grant - federal	252,000	252,000	-	(252,000)
VDSS child advocacy services - federal	217,295	217,295	145,263	(72,032)
DCJS Sexual Assault Grant - federal	322,000	322,000	39,651	(282,349)
Total revenue from the Federal Government	996,730	1,202,305	778,020	(424,285)
Total Intergovernmental revenues	3,794,213	3,999,788	4,343,057	343,269
Total revenues	23,374,312	27,712,681	24,680,733	(3,031,948)
<b>EXPENDITURES</b>				
General government administration:				
City Council	323,107	323,107	200,602	122,505
General administration	716,222	716,222	724,588	(8,366)
Legal services	172,000	172,000	112,793	59,207
Commissioner of Revenue	367,985	367,986	378,885	(10,899)
Treasurer	174,215	174,215	180,229	(6,014)
Director of Finance	245,045	245,045	239,331	5,714
Data Processing	136,187	136,187	177,409	(41,222)
Board of Elections/Registrar	221,432	221,432	203,696	17,736
Total general and financial administration	2,356,193	2,356,194	2,217,533	138,661
Judicial administration:				
Circuit Court - shared services	1,595,638	2,222,126	2,362,039	(139,913)
Magistrate	1,300	1,300	1,300	-
Juvenile and Domestic Relations Court	156,865	156,865	178,098	(21,233)
Sheriff's Department	349,414	349,414	335,337	14,077
Law library	2,000	2,000	1,414	586
Victim witness - state	33,263	33,263	73,925	(40,662)
VDSS Child Advocacy services	241,654	241,654	256,798	(15,144)
Family Violence/Sexual Assault Grant	152,214	152,214	151,180	1,034
Sexual assault - victim witness	252,000	252,000	228,808	23,192
Sexual assault - victim witness (SASP)	-	-	28,716	(28,716)
Sexual assault - victim witness (State Grant)	42,000	42,000	35,496	6,504
Victim witness - federal	69,852	69,852	10,284	59,568
VJCCC Grant	109,515	109,515	106,684	2,831
DCJS ARPA	134,330	134,330	26,737	107,593
Total judicial administration	3,140,045	3,766,533	3,796,816	(30,283)

City of Emporia, Virginia

Budgetary Comparison Schedule  
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Public safety:				
Police Department	4,831,410	5,326,951	4,563,560	763,391
Volunteer Fire Department	216,112	216,112	212,172	3,940
Ambulance and rescue service	22,308	27,457	27,812	(355)
Juvenile Court Services Unit	35,340	35,340	3,494	31,846
Building inspections	195,568	195,568	180,844	14,724
Animal control	143,840	143,840	128,318	15,522
Emergency services	124,655	124,655	109,459	15,196
Total public safety	<u>5,569,233</u>	<u>6,069,923</u>	<u>5,225,659</u>	<u>844,264</u>
Public works:				
Highways, bridges and sidewalks - gen. admin	191,787	433,200	326,065	107,135
Highways, bridges and sidewalks	1,328,798	2,569,305	863,118	1,706,187
Sanitation and waste removal	1,235,228	1,247,741	1,160,565	87,176
Maintenance buildings and grounds fleet maintenance	814,873	814,873	640,736	174,137
Total public works	<u>3,570,686</u>	<u>5,065,119</u>	<u>2,990,484</u>	<u>2,074,635</u>
Health and welfare:				
State health department	96,521	96,521	78,411	18,110
Mental health	55,917	55,917	62,446	(6,529)
Welfare services	257,665	257,665	164,917	92,748
Agency on aging	237,768	237,768	226,051	11,717
Total health and welfare	<u>647,871</u>	<u>647,871</u>	<u>531,825</u>	<u>116,046</u>
Education:				
School support	4,296,704	4,296,704	4,296,931	(227)
Sales tax	1,261,704	1,261,704	1,260,552	1,152
School Superintendent	500	500	500	-
Community colleges	64,826	64,826	72,438	(7,612)
Total education	<u>5,623,734</u>	<u>5,623,734</u>	<u>5,630,421</u>	<u>(6,687)</u>
Parks, recreation, and cultural:				
Grounds maintenance	337,254	337,254	279,322	57,932
EGRA	51,000	51,000	321,854	(270,854)
Library	51,050	51,050	124,876	(73,826)
Total parks, recreation, and cultural	<u>439,304</u>	<u>439,304</u>	<u>726,052</u>	<u>(286,748)</u>
Community development:				
Development services	486,717	511,717	363,049	148,668
Planning Commissions	-	1,614,282	201,526	1,412,756
Economic Development Authority	-	25,000	-	25,000
Airport	64,800	99,040	99,040	-
Planning and Zoning	165,807	165,807	153,951	11,856
Total community development	<u>717,324</u>	<u>2,415,846</u>	<u>817,566</u>	<u>1,598,280</u>
Nondepartmental:				
Cooperative Extension Program Contribution:				
Salaries and Wages	-	-	7,449	(7,449)
FICA	-	-	2,442	(2,442)
Temporary help service fees	-	-	30,307	(30,307)
Ext office shred services	7,700	7,700	7,700	-
4-H Scholars Program	5,250	5,250	5,250	-
Contributions	55,194	55,194	-	55,194
Debt Service Extension Office	1,112	1,112	1,194	(82)
Total Cooperative Extension Program	<u>69,256</u>	<u>69,256</u>	<u>54,342</u>	<u>14,914</u>

City of Emporia, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Nondepartmental: (Continued)				
TopHand Foundation	15,000	15,000	15,000	-
Village View	3,800	3,800	3,800	-
Virginia Legal Aid Society	2,600	2,600	-	2,600
The Improvement Association	16,000	16,000	16,000	-
Chamber of Commerce	2,000	2,000	1,600	400
Peanut Festival	4,000	4,000	4,000	-
Meherrin River Arts Council	10,000	10,000	10,000	-
Emporia/Greenville Literacy Council	2,736	2,736	-	2,736
Family YMCA of Emporia - Greens Inc.	40,000	40,000	40,000	-
American Red Cross	2,500	2,500	-	2,500
Community Youth Center Limited	17,939	17,939	17,939	-
Citizens United to Preserve Training	15,000	15,000	190,000	(175,000)
Emporia - Greenville Fuller Center House	4,000	4,000	4,000	-
Crater Planning District Commission	13,748	13,748	13,748	-
6th Judicial Circuit Contribution	5,600	5,600	5,600	-
Contingency	209,525	209,525	30,000	179,525
Covid recovery funds	122,000	122,000	487,208	(365,208)
Refunds	-	12,235	-	12,235
Transfers to other funds	-	6,000	-	6,000
Payments to housing fund	-	-	81,000	(81,000)
Payments to EDA	-	-	218,387	(218,387)
Total nondepartmental	<u>555,704</u>	<u>573,939</u>	<u>1,192,624</u>	<u>(618,685)</u>
Capital outlay	-	-	31,559	(31,559)
Debt service and capital leases	468,438	468,438	941,199	(472,761)
Total expenditures	<u>23,088,532</u>	<u>27,426,901</u>	<u>24,101,738</u>	<u>3,325,163</u>
Excess of revenues over expenditures	<u>285,780</u>	<u>285,780</u>	<u>578,995</u>	<u>293,215</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Subscription proceeds	158,000	158,000	35,303	(122,697)
Total other financing sources (uses)	<u>158,000</u>	<u>158,000</u>	<u>35,303</u>	<u>(122,697)</u>
Net changes in fund balance	443,780	443,780	614,298	170,518
From surplus	(443,780)	(443,780)	-	-
Net change in fund balance after surplus	<u>\$ -</u>	<u>\$ -</u>	<u>614,298</u>	<u>\$ 170,518</u>
<b>FUND BALANCE</b>				
Beginning of year, as restated			13,296,832	
End of year			<u>\$ 13,911,130</u>	

City of Emporia, Virginia

Exhibit K

Schedule of Changes in Net Pension Liability and Related Ratios

	Plan Year							
	2023	2022	2021	2020	2019	2018	2017	2016
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 750,871	\$ 650,229	\$ 643,025	\$ 655,207	\$ 618,606	\$ 540,486	\$ 558,549	\$ 539,612
Interest	2,125,862	2,092,385	1,938,687	1,858,560	1,813,886	1,746,013	1,718,299	1,620,434
Difference between expected and actual experience	818,344	(721,358)	(322,941)	231,899	(127,060)	81,374	(599,615)	288,704
Changes of assumptions	-	-	1,013,861	-	769,325	-	(94,063)	-
Benefit payments	(1,644,031)	(1,607,830)	(1,683,902)	(1,433,274)	(1,473,125)	(1,323,396)	(1,051,117)	(1,050,238)
Net change in total pension liability	2,051,046	413,426	1,588,730	1,312,392	1,601,632	1,044,477	532,053	1,398,512
Total pension liability, beginning	31,565,401	31,151,975	29,563,245	28,250,853	26,649,221	25,604,744	25,072,691	23,674,179
Total pension liability, ending (a)	<b>\$ 33,616,447</b>	<b>\$ 31,565,401</b>	<b>\$ 31,151,975</b>	<b>\$ 29,563,245</b>	<b>\$ 28,250,853</b>	<b>\$ 26,649,221</b>	<b>\$ 25,604,744</b>	<b>\$ 25,072,691</b>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions - employer	\$ 683,644	\$ 623,429	\$ 595,482	\$ 503,840	\$ 508,551	\$ 528,732	\$ 494,818	\$ 506,409
Contributions - employee	279,399	253,769	244,301	237,063	238,219	236,618	219,230	204,860
Net investment income	2,016,267	(28,534)	7,052,088	500,163	1,672,873	1,776,476	2,650,279	378,168
Benefit payments	(1,644,031)	(1,607,830)	(1,683,902)	(1,433,274)	(1,473,125)	(1,323,396)	(1,051,117)	(1,050,238)
Administrative expenses	(20,181)	(20,086)	(17,904)	(17,214)	(16,915)	(15,472)	(15,335)	(13,592)
Other changes	812	739	661	(587)	(1,048)	(1,572)	(2,357)	(160)
Net change in plan fiduciary net position	1,315,910	(778,513)	6,190,726	(210,009)	928,555	1,201,386	2,295,518	25,447
Plan fiduciary net position, beginning	31,452,535	32,231,048	26,040,322	26,250,331	25,321,776	24,120,390	21,824,872	21,799,425
Plan fiduciary net position, ending (b)	<b>\$ 32,768,445</b>	<b>\$ 31,452,535</b>	<b>\$ 32,231,048</b>	<b>\$ 26,040,322</b>	<b>\$ 26,250,331</b>	<b>\$ 25,321,776</b>	<b>\$ 24,120,390</b>	<b>\$ 21,824,872</b>
Net pension liability, ending (a) - (b)	<b>\$ 848,002</b>	<b>\$ 112,866</b>	<b>\$ (1,079,073)</b>	<b>\$ 3,522,923</b>	<b>\$ 2,000,522</b>	<b>\$ 1,327,445</b>	<b>\$ 1,484,354</b>	<b>\$ 3,247,819</b>
Plan fiduciary net position as a percentage of the total pension liability	97.48%	99.64%	103.46%	88.08%	92.92%	95.02%	94.20%	87.05%
Covered payroll	\$ 5,987,271	\$ 5,398,735	\$ 5,125,970	\$ 4,955,030	\$ 4,925,969	\$ 4,806,696	\$ 4,475,770	\$ 4,147,860
Net pension liability (asset) as a percentage of covered payroll	14.16%	2.09%	-21.05%	71.10%	40.61%	27.62%	33.16%	78.30%

Notes to schedule:

Schedule is intended to show information for 10 years. June 30, 2017, was the first year for the proportion schedule. Information prior to June 30, 2017, is not available; however, additional years will be included as they become available.

Schedule of Employer Contributions Pension Plan

<u>Fiscal Year Ending June 30,</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contributions (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employers Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2024	\$ 771,025	\$ 728,888	\$ 42,137	\$ 6,430,565	11.33%
2023	717,874	683,684	34,190	5,987,271	11.42%
2022	650,548	650,548	-	5,398,735	12.05%
2021	617,679	617,679	-	5,125,970	12.05%
2020	521,765	521,765	-	4,955,030	10.53%
2019	518,704	518,704	-	4,925,969	10.53%
2018	537,388	537,388	-	4,806,696	11.18%
2017	500,390	500,390	-	4,475,770	11.18%
2016	508,943	508,943	-	4,147,860	12.27%
2015	510,074	510,074	-	4,157,086	12.27%

**For reference only:**

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

Column 2 - Employer contributions as referenced in Covered Payroll and Contributions report on VRS website

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

Schedules of Employer Share of Net Group Life Insurance Program OPEB Liability and Related Ratios

	Plan Year						
	2023	2022	2021	2020	2019	2018	2017
<b>TOTAL GLI OPEB LIABILITY</b>							
Employer's proportion of the net GLI OPEB liability	0.02544%	0.02474%	0.02483%	0.02000%	0.25000%	0.03000%	0.02000%
Employer's proportionate share of the net							
GLI OPEB liability	\$ 305,105	\$ 297,893	\$ 445,848	\$ 401,855	\$ 408,932	\$ 384,000	\$ 365,000
Employers covered payroll	\$ 5,991,889	\$ 5,398,735	\$ 5,125,970	\$ 4,955,030	\$ 4,925,969	\$ 4,806,696	\$ 4,475,770
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.09%	5.52%	8.70%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Notes to schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for the proportion schedule. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

Schedule of Contributions Group Life Insurance Program

<u>Fiscal Year Ending June 30,</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contributions (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employers Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2024	\$ 34,725	\$ 34,725	\$ -	\$ 6,430,565	0.54%
2023	32,356	32,356	-	5,991,889	0.54%
2022	28,761	32,356	(3,595)	5,398,735	0.60%
2021	27,680	27,680	-	5,125,970	0.54%
2020	25,766	25,766	-	4,955,030	0.52%
2019	25,615	25,615	-	4,925,969	0.52%
2018	24,995	24,995	-	4,806,696	0.52%
2017	23,374	23,374	-	4,475,770	0.52%
2016	19,927	19,927	-	4,147,860	0.48%
2015	19,954	19,954	-	4,157,086	0.48%

**For reference only:**

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

Column 2 - Employer contributions as referenced in Covered Payroll and Contributions report on VRS website

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

Schedule of Changes in Retiree Health Insurance OPEB Liability and Related Ratios

	Plan Year						
	2024	2023	2022	2021	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>							
Service cost	\$ 32,632	\$ 29,242	\$ 32,552	\$ 28,324	\$ 22,759	\$ 16,042	\$ 16,679
Interest on total OPEB liability	18,679	16,696	12,814	12,390	14,116	14,144	12,843
Effect of economic/demographic gains (losses)	(81,474)	-	(160,910)	-	-	-	-
Effect of assumption changes or inputs	(24,357)	(18,362)	1,743	2,105	137,316	13,061	(12,705)
Benefit payments	(2,503)	6,927	(2,102)	(26,531)	(18,416)	(5,941)	(29,198)
Net change in total OPEB liability	(57,023)	34,503	(115,903)	16,288	155,775	37,306	(12,381)
Total OPEB liability, beginning	480,351	445,848	561,751	545,463	389,688	352,382	364,763
Total OPEB liability, ending (a)	<b>\$ 423,328</b>	<b>\$ 480,351</b>	<b>\$ 445,848</b>	<b>\$ 561,751</b>	<b>\$ 545,463</b>	<b>\$ 389,688</b>	<b>\$ 352,382</b>
Covered payroll	\$ 5,931,215	\$ 5,043,851	\$ 5,043,851	\$ 4,876,404	\$ 4,876,404	\$ 4,876,760	\$ 4,876,760
Net OPEB liability as a percentage of covered payroll	7.14%	9.52%	8.84%	11.52%	11.19%	7.99%	7.23%

Notes to schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for this presentation. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

Schedule of Contributions Retiree Health Insurance OPEB Program

<b>Fiscal Year Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employers Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2024	\$ -	\$ -	\$ -	\$ 5,931,215	0.00%
2023	-	-	-	5,043,851	0.00%
2022	-	-	-	5,043,851	0.00%
2021	-	-	-	4,876,404	0.00%
2020	-	-	-	4,876,404	0.00%
2019	-	-	-	4,786,760	0.00%
2018	-	-	-	4,876,760	0.00%
2017	-	-	-	4,512,300	0.00%
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A

**City of Emporia, Virginia**  
**Notes to Required Supplementary Information**  
**June 30, 2024**

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**Note 1 – Budgets and Budgetary Accounting**

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The City Council annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the department level for the primary Government Funds. Unexpended appropriations lapse at the end of each fiscal year.

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

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

A budget was not legally adopted for the EDA Fund or Emporia Redevelopment and Housing Authority Fund; as such, expenditures exceeded appropriations at the fund level.

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**Note 2 – Changes of Benefit Terms**

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*Pension and Other Post-Employment Benefits*

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

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**Note 3 – Changes Assumptions**

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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-Hazardous Duty:

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

# City of Emporia, Virginia

## Notes to Required Supplementary Information June 30, 2024

### Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

### All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal 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.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.



# **Compliance Section**

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards**

To the Honorable Members of the City Council of  
City of Emporia, Virginia  
Emporia, 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, the aggregate discretely presented component units, and each major fund of the City of Emporia, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Emporia, Virginia’s basic financial statements, and have issued our report thereon dated March 30, 2026.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Emporia, Virginia’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Emporia, Virginia’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Emporia, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as Items 2024-001 through 2024-006, that we consider to be material weaknesses.**

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Emporia, Virginia’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses, as Items VA-2024-001 through VA-2024-003.**

## City of Emporia, Virginia’s Response to Findings

City of Emporia, Virginia’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Emporia, Virginia’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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 City of Emporia, Virginia’s internal control and compliance. Accordingly, this communication is not suitable for any other purposes.



CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia  
March 30, 2026

**City of Emporia, Virginia**  
**Summary of Compliance Matters**  
**June 30, 2024**

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

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**State Compliance Matters**

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Code of Virginia

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Debt Provisions
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Sheriff Internal Controls

State Agency Requirements

- Education
- Social Services
- Urban Highway Maintenance
- Fire Programs Aid to Localities
- Opioid Abatement Program

**City of Emporia, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2024**

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**A – Summary of Auditor’s Results**

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1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **Six material weaknesses** relating to the audit of the financial statements were reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **Three instances of noncompliance** material to the financial statements were disclosed.

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**B – Findings – Financial Statement Audit**

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*2024-001 Capital Asset Proper Reporting (Material Weakness)*

Condition: There were several instances where capital assets were being recognized in the wrong accounting period which led to misstatements. We posted adjustments to correct known misstatements, but due to the population being sampled, there is still a projected misstatement of approximately \$63,000.

Criteria: Capital asset activity including capital expenditures should be appropriately tracked and reconciled monthly to ensure existence, occurrence, completeness and cut-off are properly accessed. Additionally, a review of capital additions should be performed to ensure additions are appropriately reported.

Cause: Processes and procedures over capital assets are not designed appropriately to prevent or detect and correct such misstatements.

Effect: Capital asset balances were misstated.

Recommendation: We recommend that the City create a process to review capital expenditures for capital assets and to review capital asset additions to ensure they are properly capitalized in the appropriate period.

View of Responsible Officials: The issue identified during the FY2024 audit occurred primarily due to the lack of a formalized process for reviewing capital expenditures and ensuring capital asset additions were recorded in the correct accounting period. During the audit, the City worked with the auditors to identify and correct known misstatements and evaluated the underlying process that led to the issue. As a result, the Finance Department has implemented a monthly capital asset review and reconciliation process, along with written procedures and a standardized reconciliation template, to ensure capital expenditures are reviewed, properly capitalized, and recorded in the appropriate period.

**City of Emporia, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2024**

*2024-002 Journal Entry Posting (Material Weakness)*

Condition: During our testing of journal entries there were 8 out of 9 entries tested that did not have proper approval by an individual other than who was preparing the entry. There were 4 out of 9 entries that did not contain proper documentation. Lastly, during the journal entry testing 7 out of 9 entries were not in balance.

Criteria: All journal entries should be reviewed by a qualified individual other than the preparer prior to posting on the general ledger and contain the proper support for why the entry was being posted.

Cause: Journal entry processes and procedures are not designed to require a separate approval or documentation prior to posting an entry to the general ledger.

Effect: Unauthorized or inappropriate journal entries could be posted directly to the general ledger leading to misstated financial statements and reports.

Recommendation: We recommend that the City have journal entries reviewed by someone other than the preparer and the review of journal entries to include proper supporting documentation.

View of Responsible Officials: The unbalanced journal entries identified during testing were primarily related to adjustments needed to correct beginning balances while the City works through completing prior-year audits. Because multiple fiscal years remain open in the accounting system during this process, certain prior-year adjusting entries did not carry forward correctly into the subsequent fiscal year. As a result, corrective journal entries were required to align beginning balances with the audited financial information. While these entries were necessary to ensure accurate financial reporting, the City recognizes the need for stronger documentation and review procedures. The Finance Department has since implemented a standardized journal entry form requiring supporting documentation and independent review prior to posting, which reduces the risk of unsupported or unreviewed entries going forward. As the City completes the outstanding audits and returns to a normal fiscal year close cycle, the need for these types of corrective entries is expected to be significantly reduced.

**City of Emporia, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2024**

*2024-003 Internal Control Narratives (Material Weakness)*

Condition: During our testing of internal controls there was no written process or specified defined controls over some of the internal control areas including, but not limited to, payroll, financial reporting, debt, system processing, and general ledger access.

Criteria: All financial statement areas should have internal controls documented to address the proper procedures as to who will perform the duties of the processes and who will oversee the processes and review them.

Cause: Processes and procedures are not designed to lay out the duties of financial statement sections.

Effect: Unauthorized or inappropriate activity could be posted to the general ledger and cause misstatements to the financial statements as a whole.

Recommendation: We recommend that the City document in writing the processes of the internal controls performed for each financial statement section.

View of Responsible Officials: The condition identified during the audit relates primarily to the lack of formal written documentation of certain internal control procedures rather than the absence of controls. Many of the controls identified by the auditors are currently performed as part of the City's normal financial processes but had not been formally documented. The Finance Department has begun developing written internal control narratives and standard operating procedures to clearly document these processes, responsibilities, and review procedures. Formalizing this documentation will strengthen the City's internal control environment and provide clearer guidance for staff and future audits.

*2024-004 Segregation of Duties (Material Weakness)*

Condition: During our testing of internal controls, it was noted that there was no segregation of duties within the bank reconciliation and wire transfer process, grant process, payroll process, accounts payable process, revenue and receivables process and general ledger posting process.

Criteria: All internal controls processes should have segregation of duties within the process to ensure individuals do not have the ability to record the transaction, have custody of the asset, and authorization within a transaction class.

Cause: A lack of properly designed segregation of duties.

Effect: Unauthorized or inappropriate activity could be posted to the general ledger and cause for misstatements to the financial statements as a whole or misappropriation of assets.

Recommendation: We recommend that the City create a system where individuals at each level do not have the ability to perform all the functions of that specific area.

View of Responsible Officials: The City recognizes the importance of segregation of duties; however, due to the limited number of personnel within the Finance Department, complete segregation of all financial responsibilities is not always feasible. To mitigate this risk, the City will implement controls including review of key financial transactions, standard documentation procedures, and periodic monitoring of financial activity. These procedures will provide additional oversight and reduce the risk of unauthorized or inappropriate transactions.

**City of Emporia, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2024**

*2024-005 Intergovernmental Agreements (Material Weakness)*

Condition: During our testing of intergovernmental agreements, we noted misstatements of balances due to a lack of agreements in place providing guidance in how to record the intergovernmental transactions. One example is that we noted that there is no agreement in place between the City and the Greensville County Schools despite costs being shared.

Criteria: Management should have intergovernmental agreements in place in order for both parties to understand the relationship and the effects on financial statement balances.

Cause: There is a lack of intergovernmental agreements in place to provide guidance.

Effect: There were misstatements of balances for intergovernmental transactions.

Recommendation: We recommend that the City re-evaluate all intergovernmental relationships in place and establish written agreements so as to be able to meet the criteria.

View of Responsible Officials: The condition identified during the audit was primarily related to the absence of formal written agreements documenting certain shared service and cost allocation arrangements between the City and related governmental entities. In prior years, the City and County of Greensville discussed establishing a formal agreement but were unable to reach final terms. The City will continue working with the County and other related entities to establish written agreements or memorandums of understanding that clearly define responsibilities and cost-sharing arrangements. The City will make every effort to reach agreement on these arrangements, and all efforts to establish and formalize these agreements will be documented.

*2024-006 Financial Reporting (Material Weakness)*

Condition: Complete and accurate financial information for the fiscal year-end annual financial report was not able to be produced timely. Material misstatements within the financial statements were identified throughout the audit.

Criteria: Management should have processes and procedures in place so as to be able to generate financial statements and reports that are complete and accurate on a timely basis and in accordance with generally accepted accounting principles (GAAP).

Cause: The current size of the finance staffing of the City may not be sufficient to detect and prevent material errors.

Effect: Financial statements and reports prepared in accordance with GAAP were not able to be generated accurately on a timely basis.

Recommendation: We recommend that management re-evaluate the current staff structure and assignment of responsibilities in order to re-align roles and responsibilities with appropriate personnel or otherwise bolster their resource base so as to be able to meet the criteria.

View of Responsible Officials: The issues identified during the FY2024 audit were largely attributable to the City working through outstanding audit periods while also strengthening internal control procedures. As the City completes prior-year audit work, continues implementing improved documentation and review procedures, and transitions to the Edmunds GovTech ERP system in April 2026, management expects the financial reporting process to improve in both accuracy and timeliness.

**City of Emporia, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2024**

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**C – Findings – Commonwealth of Virginia**

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*VA-2024-001: Highway Maintenance Tracking*

Condition: During testing of highway maintenance expenditures, there were expenditures not related to highway maintenance coded as highway maintenance expenditures. In addition, the expenditures did not tie to the original annual U-3 Local Finance Survey for the audit year, therefore the City resubmitted the U-3 Local Finance Survey.

Recommendation: The City should have separate tracking codes for expenditures related to highway maintenance expenditures and expenditures related to normal operations of the City. The City should review the survey for accuracy prior to submission.

View of Responsible Officials: The City will implement separate general ledger account codes to distinguish expenditures related to the Virginia Department of Transportation Urban Highway Maintenance Program from normal City operating expenditures. Finance and Public Works staff will coordinate to ensure highway maintenance expenditures are coded appropriately, and periodic reviews will be performed to verify that costs recorded in highway maintenance accounts relate to eligible program activities. In addition, the City will implement a review process for the U-3 Local Finance Survey prior to submission to ensure that reported amounts are accurate, supported by the general ledger, and consistent with recorded highway maintenance expenditures. The Survey will be reviewed and approved by management prior to submission.

*VA-2024-002: Highway Maintenance Cost*

Condition: During testing of highway maintenance expenditures, 14 out of 20 expenditures tested did not meet one or more attributes of the testing. The attributes included testing for costs incurred for the maintenance, construction, or reconstruction of the street as defined by the Urban Highway Manual; whether the costs are "acceptable" under the program as defined by the Urban Highway Manual; whether the street is an eligible street included on the Department of Transportation's annual listing of eligible streets; and whether charges have been allocated to eligible maintenance, construction, and reconstruction, are supported by adequate documentation to justify amounts allocated.

Recommendation: The City should implement a process to ensure that support for all costs related to highway maintenance includes the street name the expenditure was related to, the employee who worked on the job, and a description of the work being performed. The City should also ensure that the expenditures allocated to highway maintenance fall under the acceptable costs of the Urban Highway Manual.

View of Responsible Officials: The City will implement procedures to improve documentation and review of highway maintenance expenditures. Public Works staff will maintain documentation supporting work performed, including the street name, description of work, and employees performing the work. Finance staff will review highway maintenance expenditures to ensure costs relate to eligible streets and allowable activities under the Urban Highway Manual.

**City of Emporia, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2024**

*VA-2024-003: Financial Reporting Timeliness*

Condition: The fiscal year 2023 and 2024 financial reports were due to be submitted to the Auditor of Public Accounts by December 15<sup>th</sup> following the end of the respective fiscal year and presented to Members of the Council by December 31 of the same year. These report submissions and presentations were not made on time.

Recommendation: The City should continue to work with their auditors to get caught up on their audits and file timely.

View of Responsible Officials: The City is continuing to work with its auditors to complete outstanding audit periods and return to the required financial reporting timeline. As the City completes prior-year audit work and strengthens internal financial reporting procedures, management expects to return to the statutory reporting schedule for submission of the annual financial report to the Auditor of Public Accounts and presentation to City Council.

**City of Emporia, Virginia**  
**Summary Schedule of Prior Year Findings**  
**June 30, 2024**

*2023-001*

Audit reports and submission of the completed audit report and the Annual Comprehensive Financial Report to the Auditor of Public Accounts and the Federal Clearinghouse is not in compliance with the Commonwealth of Virginia Statutes and Federal guidelines.

Condition Emporia has not met its report submission requirements. The Commonwealth of Virginia requires that the ACFR be completed and submitted by the December 15th following the end of the jurisdiction's fiscal year. The Federal Clearinghouse required report submission is within nine months of the close of the jurisdiction's fiscal year.

Recommendation We recommend that the city work as expeditiously as possible to put in place all that is required to timely complete its recordkeeping, which would facilitate the timely completion and submission of the Annual Comprehensive Financial Report and the submission of the Schedule of Expenditures of Federal Awards.

Current Status See current year finding VA-2024-003.

Management's Response Please see current year response as written.