

Financial Report

June 30, 2025

Town of Appomattox, Virginia

Contents

Introductory Section

Directory of Principal Officials i

Financial Section

Independent Auditor's Report 1

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1: Statement of Net Position 5

Exhibit 2: Statement of Activities 6

Fund Financial Statements

Exhibit 3: Balance Sheet – Governmental Fund 7

Exhibit 4: Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position 8

Exhibit 5: Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund 9

Exhibit 6: Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities 10

Exhibit 7: Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 11

Exhibit 8: Statement of Net Position – Proprietary Funds 12

Exhibit 9: Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 13

Exhibit 10: Statement of Cash Flows – Proprietary Funds 14

Exhibit 11: Statement of Fiduciary Net Position 16

Exhibit 12: Statement of Changes in Fiduciary Net Position 17

Notes to Financial Statements 18

Required Supplementary Information

Exhibit 13: Schedule of Changes in Net Pension Liability (Asset) and Related Ratios 42

Exhibit 14: Schedule of Pension Contributions 43

Exhibit 15: Schedule of Employer's Share of Net OPEB Liability – VRS 44

Exhibit 16: Schedule of OPEB Contributions – VRS 45

Notes to Required Supplementary Information 46

Other Supplementary Information

Discretely Presented Component Unit – Appomattox Economic Development Authority

Exhibit 17: Statement of Net Position – Proprietary Fund 47

Exhibit 18: Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund 48

Exhibit 19: Statement of Cash Flows – Proprietary Fund 49

Supporting Schedules

Schedule 1: Schedule of Revenues – Budget and Actual – General Fund 50

Schedule 2: Schedule of Expenditures – Budget and Actual – General Fund 52

Other Information

Table 1: Government-Wide Revenues 53

Table 2: Government-Wide Expenses by Function 54

Table 3: General Governmental Revenues by Source 55

Table 4: General Governmental Expenditures by Function 56

Table 5: Property Tax Levies and Collections 57

Table 6: Assessed Value and Actual Value of Taxable Property 58

Table 7: Property Tax Rates 59

Table 8: Computation of Legal Debt Margin 60

Compliance Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 61

Summary of Compliance Matters 63

Schedule of Findings and Responses 64

Introductory Section

Town of Appomattox, Virginia

Directory of Principal Officials

June 30, 2025

Town Council

Richard C. Conner, Mayor
Timothy W. Garrett
James Boyce, Sr.
McKinley Cardwell
Jack Hensley
Nathan A. Simpson
Mary Lou Spiggle

Economic Development Authority Board

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

Appointed Officials

Michael Campbell ..... Town Manager
Frank Wright, Jr. ..... Town Attorney
Kim Ray ..... Treasurer
Cindy Miller ..... Town Clerk

Independent Auditors

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

Financial Section

BROWNEDWARDS
certified public accountants

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Appomattox, Virginia (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 17, 2025

Basic Financial Statements

Town of Appomattox, Virginia

Exhibit 1

Statement of Net Position

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents (Note 2)	$ 6,966,119	$ 3,720,326	$ 10,686,445	$ 13,312
Receivables, net (Note 3)	199,364	201,669	401,033	-
Due from other governments (Note 5)	25,539	174,829	200,368	-
Inventories	-	153,161	153,161	-
Prepaid expenses	6,706	1,285	7,991	-
Capital assets (Note 7)				
Nondepreciable	177,559	4,050,932	4,228,491	-
Depreciable, net	1,995,957	14,592,331	16,588,288	-
Right-of-use assets, net	26,509	1,149	27,658	-
Lease receivable (Note 9)				
Receivable within one year	-	11,615	11,615	-
Receivable in more than one year	-	102,054	102,054	-
Total assets	9,397,753	23,009,351	32,407,104	13,312
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows (Note 11)	181,152	41,272	222,424	-
Other postemployment benefits-related deferred outflows (Note 12)	13,690	3,240	16,930	-
Total deferred outflows of resources	194,842	44,512	239,354	-
LIABILITIES				
Accounts payable and accrued liabilities	185,973	237,569	423,542	-
Accrued payroll and related liabilities	48,192	10,789	58,981	-
Accrued interest payable	-	4,905	4,905	-
Customer security deposits	-	37,120	37,120	-
Unearned revenue	493,521	-	493,521	-
Long-term liabilities				
Net pension liability (Note 11)	152,552	34,756	187,308	-
Net other postemployment benefits liability (Note 12)	36,184	8,564	44,748	-
Due within one year (Note 8)	36,522	171,969	208,491	-
Due in more than one year (Note 8)	44,436	5,061,373	5,105,809	-
Total liabilities	997,380	5,567,045	6,564,425	-
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows (Note 11)	83,619	19,051	102,670	-
Other postemployment benefits-related deferred inflows (Note 12)	6,248	1,479	7,727	-
Leases-related deferred inflows (Notes 1 and 9)	-	94,300	94,300	-
Unearned revenue (Note 4)	-	791,700	791,700	-
Total deferred inflows of resources	89,867	906,530	996,397	-
NET POSITION				
Net investment in capital assets	2,134,009	13,172,972	15,306,981	-
Unrestricted	6,371,339	3,407,316	9,778,655	13,312
Total net position	**$ 8,505,348**	**$ 16,580,288**	**$ 25,085,636**	**$ 13,312**

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

Town of Appomattox, Virginia

Exhibit 2

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Economic Development Authority
Primary Government								
Governmental activities								
General government administration	$ 1,004,537	$ -	$ 878,730	$ -	$ (125,807)	$ -	$ (125,807)	$ -
Public safety	222,061	-	70,159	-	(151,902)	-	(151,902)	-
Public works	1,795,185	600	-	-	(1,794,585)	-	(1,794,585)	-
Community development	221,417	-	-	-	(221,417)	-	(221,417)	-
Interest on long-term debt	1,300	-	-	-	(1,300)	-	(1,300)	-
Total governmental activities	3,244,500	600	948,889	-	(2,295,011)	-	(2,295,011)	-
Business-type activities								
Water	831,656	557,669	-	1,442,640	-	1,168,653	1,168,653	-
Sewer	980,754	1,016,625	-	22,368	-	58,239	58,239	-
Total business-type activities	1,812,410	1,574,294	-	1,465,008	-	1,226,892	1,226,892	-
Total primary government	**$ 5,056,910**	**$ 1,574,894**	**$ 948,889**	**$ 1,465,008**	(2,295,011)	1,226,892	(1,068,119)	-
Component Unit								
Economic Development Authority	**$ 8,144**	**$ -**	**$ -**	**$ -**	-	-	-	(8,144)
General revenues:								
Property taxes					276,568	-	276,568	-
Meals taxes					1,657,817	-	1,657,817	-
Sales and use taxes					141,531	-	141,531	-
Bank stock taxes					250,721	-	250,721	-
Business license taxes					255,938	-	255,938	-
Cigarette taxes					113,223	-	113,223	-
Other local taxes					153,552	-	153,552	-
Intergovernmental revenue not restricted to specific programs					32,324	-	32,324	-
Investment earnings					68,327	52,698	121,025	10
Other					86,325	85,267	171,592	-
Transfers (Note 6)					(215,923)	215,923	-	-
Total general revenues					2,820,403	353,888	3,174,291	10
Change in net position					525,392	1,580,780	2,106,172	(8,134)
NET POSITION AT JULY 1, AS RESTATED (NOTE 18)					7,979,956	14,999,508	22,979,464	21,446
NET POSITION AT JUNE 30					**$ 8,505,348**	**$ 16,580,288**	**$ 25,085,636**	**$ 13,312**

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

Town of Appomattox, Virginia

Exhibit 3

Balance Sheet – Governmental Fund

June 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	$ 6,966,119
Receivables, net	199,364
Prepaid expenses	6,706
Due from other governments	25,539
Total assets	**$ 7,197,728**
LIABILITIES	
Accounts payable and accrued liabilities	$ 185,973
Accrued payroll and related liabilities	48,192
Unearned revenue	493,521
Total liabilities	727,686
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	20,127
FUND BALANCE (Note 16)	
Nonspendable	6,706
Committed	360,758
Unassigned	6,082,451
Total fund balance	6,449,915
Total liabilities, deferred inflows of resources, and fund balance	**$ 7,197,728**

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

Town of Appomattox, Virginia

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

June 30, 2025

Ending fund balance – governmental fund		$ 6,449,915
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the fund.		
Governmental capital assets	$ 4,005,016	
Less: accumulated depreciation and amortization	(1,804,991)	
		2,200,025
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the fund.		20,127
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the fund.		
Deferred outflows of resources		
Pensions	181,152	
Other postemployment benefits	13,690	
Deferred inflows of resources		
Pensions	(83,619)	
Other postemployment benefits	(6,248)	
Net pension liability	(152,552)	
Net other postemployment benefits liability	(36,184)	
		(83,761)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.		
General obligation bond	(5,211)	
Compensated absences	(49,026)	
Leases	(26,721)	
		(80,958)
Total net position – governmental activities		**$ 8,505,348**

Town of Appomattox, Virginia

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund

Year Ended June 30, 2025

	General Fund
REVENUES	
General property taxes (Note 13)	$ 294,375
Other local taxes	2,572,782
Permits, privilege fees, and regulatory licenses	600
Revenue from use of money and property	68,327
Other	86,325
Intergovernmental	981,213
Total revenues	4,003,622
EXPENDITURES	
Current	
General government administration	1,017,353
Public safety	222,061
Public works	1,690,445
Community development	201,435
Debt service	
Principal retirement	19,349
Interest and other fiscal charges	1,300
Total expenditures	3,151,943
Excess of revenues over expenditures	851,679
OTHER FINANCING SOURCES (USES)	
Transfers out (Note 6)	(215,923)
Total other financing sources (uses)	(215,923)
Net change in fund balance	635,756
FUND BALANCE AT JULY 1	5,814,159
FUND BALANCE AT JUNE 30	**$ 6,449,915**

Town of Appomattox, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Year Ended June 30, 2025

Net change in fund balance – governmental fund		$ 635,756
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 278,808	
Depreciation and amortization expense	(244,715)	
		34,093
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Unavailable revenue		(17,807)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Employer pension contributions	(72,395)	
Pension expense	(62,426)	
		(134,821)
Governmental funds report employer other postemployment benefits contributions as expenditures. However, in the statement of activities the cost of benefits earned net of employee contributions is reported as other postemployment benefits expense.		
Employer other postemployment benefits contributions	(5,551)	
Other postemployment benefits expense	292	
		(5,259)
The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has an effect on net position.		
Principal repayments on general obligation bond, lease, and subscription liabilities	19,349	
		19,349
Long-term compensated absences are reported in the statement of activities, but they do not require the use of current financial resources and, therefore, are not recorded as expenditures in governmental funds.		(5,919)
Change in net position of governmental activities		**$ 525,392**

Town of Appomattox, Virginia

Exhibit 7

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
General property taxes	$ 268,000	$ 268,000	$ 294,375	$ 26,375
Other local taxes	2,216,200	2,216,200	2,572,782	356,582
Permits, privilege fees, and regulatory licenses	1,000	1,000	600	(400)
Revenue from use of money and property	27,000	27,000	68,327	41,327
Other	241,655	329,267	86,325	(242,942)
Intergovernmental	98,607	941,995	981,213	39,218
Total revenues	2,852,462	3,783,462	4,003,622	220,160
EXPENDITURES				
Current				
General government administration	975,303	1,018,915	1,017,353	1,562
Public safety	219,838	219,838	222,061	(2,223)
Public works	1,434,480	2,321,468	1,690,445	631,023
Community development	219,950	220,350	201,435	18,915
Debt service				
Principal retirement	2,891	2,891	19,349	(16,458)
Interest and other fiscal charges	-	-	1,300	(1,300)
Total expenditures	2,852,462	3,783,462	3,151,943	631,519
Excess of revenues over expenditures	-	-	851,679	851,679
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(215,923)	(215,923)
Total other financing sources (uses)	-	-	(215,923)	(215,923)
Net change in fund balance	**$ -**	**$ -**	**$ 635,756**	**$ 635,756**

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

Town of Appomattox, Virginia

Exhibit 8

Statement of Net Position – Proprietary Funds

June 30, 2025

	Business-Type Activities Enterprise Funds		
	Water	**Sewer**	**Total**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 1,394,755	$ 2,325,571	$ 3,720,326
Receivables, net	66,808	134,861	201,669
Due from other governments	174,778	51	174,829
Inventories	136,987	16,174	153,161
Current portion of lease receivable	11,615	-	11,615
Prepaid expenses	1,285	-	1,285
Total current assets	1,786,228	2,476,657	4,262,885
NONCURRENT ASSETS			
Capital assets, net	5,015,880	13,628,532	18,644,412
Lease receivable	102,054	-	102,054
Total noncurrent assets	5,117,934	13,628,532	18,746,466
Total assets	6,904,162	16,105,189	23,009,351
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	23,723	17,549	41,272
Other postemployment benefits-related deferred outflows	1,870	1,370	3,240
Total deferred outflows of resources	25,593	18,919	44,512
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	217,192	20,377	237,569
Accrued payroll and related liabilities	7,120	3,669	10,789
Accrued interest payable	1,022	3,883	4,905
Customer security deposits	37,120	-	37,120
Current portion of long-term debt	56,383	109,371	165,754
Current portion of compensated absences	4,966	1,249	6,215
Total current liabilities	323,803	138,549	462,352
NONCURRENT LIABILITIES			
Net pension liability	19,977	14,779	34,756
Net other postemployment benefits liability	4,943	3,621	8,564
Long-term debt	1,555,809	3,494,982	5,050,791
Compensated absences	8,456	2,126	10,582
Total noncurrent liabilities	1,589,185	3,515,508	5,104,693
Total liabilities	1,912,988	3,654,057	5,567,045
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	10,950	8,101	19,051
Other postemployment benefits-related deferred outflows	854	625	1,479
Leases-related deferred inflows	94,300	-	94,300
Unearned revenue	791,700	-	791,700
Total deferred inflows of resources	897,804	8,726	906,530
NET POSITION			
Net investment in capital assets	3,215,741	9,957,231	13,172,972
Unrestricted	903,222	2,504,094	3,407,316
Total net position	**$ 4,118,963**	**$ 12,461,325**	**$ 16,580,288**

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

Town of Appomattox, Virginia

Exhibit 9

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds		
	Water	**Sewer**	**Total**
OPERATING REVENUES			
Charges for services	$ 557,669	$ 1,016,625	$ 1,574,294
Other	32,734	22,362	55,096
Total operating revenues	590,403	1,038,987	1,629,390
OPERATING EXPENSES			
Salaries	156,210	91,101	247,311
Fringe benefits	70,225	54,439	124,664
Maintenance	114,996	133,833	248,829
Utilities	-	45,720	45,720
Materials and supplies	16,410	160,657	177,067
Sample testing	7,026	22,659	29,685
Professional services	47,955	39,301	87,256
Other	80,853	3,215	84,068
Purchased water	219,072	-	219,072
Amortization	-	574	574
Depreciation	87,911	427,402	515,313
Total operating expenses	800,658	978,901	1,779,559
Operating income (loss)	(210,255)	60,086	(150,169)
NONOPERATING REVENUES (EXPENSES)			
Federal revenues	1,442,640	22,368	1,465,008
Interest income	29,452	23,246	52,698
Interest expense	(30,998)	(1,853)	(32,851)
Rent income	29,817	-	29,817
Other income	354	-	354
Net nonoperating revenues	1,471,265	43,761	1,515,026
Transfers in (Note 6)	90,708	125,215	215,923
Change in net position	1,351,718	229,062	1,580,780
NET POSITION AT JULY 1, AS RESTATED (Note 18)	2,767,245	12,232,263	14,999,508
NET POSITION AT JUNE 30	**$ 4,118,963**	**$ 12,461,325**	**$ 16,580,288**

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

Town of Appomattox, Virginia

Exhibit 10

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds		
	Water	**Sewer**	**Total**
OPERATING ACTIVITIES			
Receipts from customers	$ 554,480	$ 1,013,795	$ 1,568,275
Payments to suppliers	(711,196)	(547,703)	(1,258,899)
Payments to and for employees	(198,828)	(131,176)	(330,004)
Other receipts	32,734	22,362	55,096
Net cash provided by (used in) operating activities	(322,810)	357,278	34,468
NON-CAPITAL FINANCING ACTIVITIES			
Federal grants	1,399,214	22,317	1,421,531
Transfers from other funds	90,708	125,215	215,923
Net cash provided by non-capital financing activities	1,489,922	147,532	1,637,454
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,100,563)	(153,686)	(1,254,249)
Proceeds from issuance of debt	204,234	-	204,234
Principal paid on debt	(48,851)	(111,629)	(160,480)
Interest paid on debt	(31,806)	(2,547)	(34,353)
Net cash used in capital and related financing activities	(976,986)	(267,862)	(1,244,848)
INVESTING ACTIVITIES			
Water tower rent	6,263	-	6,263
Other reimbursable water	354	-	354
Interest received	29,452	23,246	52,698
Net cash provided by investing activities	36,069	23,246	59,315
Net increase in cash and cash equivalents	226,195	260,194	486,389
CASH AND CASH EQUIVALENTS			
Beginning of year	1,168,560	2,065,377	3,233,937
Ending of year	**$ 1,394,755**	**$ 2,325,571**	**$ 3,720,326**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	$ (210,255)	$ 60,086	$ (150,169)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	87,911	427,976	515,887
Pension expense, net of employer contribution	16,548	14,009	30,557
Other postemployment benefit expense, net of employer contribution	629	(290)	339
Change in certain assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(6,464)	(2,830)	(9,294)
Inventory	4,840	480	5,320
Prepaid expenses	(1,035)	250	(785)

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

Town of Appomattox, Virginia

Exhibit 10

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds		
	Water	**Sewer**	**Total**
Increase (decrease) in:			
Accounts payable and accrued liabilities	(227,215)	(144,222)	(371,437)
Compensated absences	8,956	1,819	10,775
Customer security deposits	3,275	-	3,275
Net cash provided by (used in) operating activities	**$ (322,810)**	**$ 357,278**	**$ 34,468**
NON-CASH TRANSACTIONS			
Capital asset construction financed by accounts payable	**$ 187,947**	**$ 66,948**	**$ 254,895**

Town of Appomattox, Virginia

Exhibit 11

Statement of Fiduciary Net Position

June 30, 2025

	Custodial Funds		
	Tree Board	ROSE Project	Total
ASSETS			
Cash and cash equivalents	$ 410	$ 7,721	$ 8,131
NET POSITION			
Restricted			
Amounts held for others	$ 410	$ 7,721	$ 8,131

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

Town of Appomattox, Virginia

Exhibit 12

Statement of Changes in Fiduciary Net Position

June 30, 2025

	Custodial Funds		
	Tree Board	ROSE Project	Total
ADDITIONS			
Interest income	$ 1	$ 4	$ 5
Total additions	1	4	5
DEDUCTIONS			
Payments to vendors	-	955	955
Total deductions	-	955	955
Net increase (decrease) in fiduciary net position	1	(951)	(950)
NET POSITION – AT JULY 1	409	8,672	9,081
NET POSITION – AT JUNE 30	**$ 410**	**$ 7,721**	**$ 8,131**

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

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Discretely Presented Component Unit

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

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

The Town has no related or jointly governed organizations.

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, meals taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

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

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include custodial funds; custodial funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The Town's custodial funds include amounts held for others in a fiduciary capacity, which includes the Tree Board and the ROSE Project.

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

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

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

Budgets and Budgetary Accounting

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

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

Cash and Cash Equivalents

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

Inventories

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

Prepaids

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

Allowance for Uncollectible Accounts

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

Real estate taxes	$	1,748
Personal property taxes		24,009
Community Development Block Grant Program loans receivable		86,411
Water fund receivables		2,295
Sewer fund receivables		7,188
	$	**121,651**

Capital Assets

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

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

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

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

Lease and subscription assets are amortized over the shorter of the lease or subscription term or useful life of the underlying asset. In leases and subscriptions where a purchase option is reasonably certain of being exercised, the asset is amortized over the useful life, unless the underlying asset is non-depreciable, in which the lease or subscription asset is not amortized.

Compensated Absences

The Town allows for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported for leave that has not been used if the leave is attributable to services already rendered, as the leave accumulates, and if the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Town's Plans and the additions to/deductions from the Town's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

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

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

Net Position

Net position in government-wide and proprietary financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Net investment in capital assets represents capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

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

The Town is a lessee for non-cancellable leases of equipment, motor vehicles, and software subscriptions. The Town recognizes an intangible right-to-use asset and a related liability on the financial statements. At the commencement of a lease or SBITA, the Town initially measures a liability at the present value of payments expected to be made during the

lease or SBITA period. Subsequently, the liability is reduced by the principal portion of lease or SBITA payments made. The asset is initially measured as the initial amount of the liability, adjusted for lease or SBITA payments made at or before the commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the asset is amortized on a straight-line basis over its useful life.

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

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

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

Lease Receivable and Deferred Inflow of Resources

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

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

Fund Balances

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

The classifications are as follows:

- **Non-spendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.

- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body or by the Town Manager, who has been designated this authority.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

Restricted Amounts

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

Minimum Fund Balance Policy

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

Estimates

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

Change in Accounting Principle

During 2025, the Town adopted GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 established new guidance by updating the recognition and measurement for compensated absences. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As stated in GASB Statement No. 100, *Accounting Changes and Error Corrections*, a change in accounting principle should be reported retroactively by restating beginning net position for the cumulative effect of the change of the newly adopted accounting principle on prior periods. The Town determined the cumulative effect on beginning net position was immaterial and therefore, no restatement of the prior year net position was necessary.

Note 2 – Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section §2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two

collateralization methodologies and depending on that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

The Town had no investments at June 30, 2025.

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

	Fair Value
Deposits	
Demand deposits	$ 8,100,288
Certificates of deposit	2,599,269
Cash on hand	200
Total deposits and investments	**$ 10,699,757**

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

Cash and cash equivalents – primary government	$ 10,686,445
Cash and cash equivalents – component unit	13,312
Total deposits and investments	**$ 10,699,757**

Note 3 – Receivables

Receivables are as follows:

	Governmental Activities	Business-Type Activities	Total
Receivables			
Taxes	$ 224,530	$ -	$ 224,530
Accounts	87,002	211,152	298,154
Gross receivables	311,532	211,152	522,684
Less allowance for uncollectibles	(112,168)	(9,483)	(121,651)
Net receivables	**$ 199,364**	**$ 201,669**	**$ 401,033**

Note 4 – Sale of Future Rent Revenues

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

The total proceeds have been recorded as a deferred inflow of resources in the Town's business-type activities and water fund. The proceeds will be recognized as revenues over the fifty-year life of the agreement.

The Town assigned approximately $1,421,000 of future rents based on the existing lease agreements with terms ending from 2026 to 2039. All four leases have increases tied to the consumer price index, which for purposes of this calculation has been assumed to increase 3% annually. These rent revenues assigned constitute all of the Town's rental revenues related to water tower sites. The estimated present value of the rent revenues under the existing leases, assuming a 4% interest rate and even collections over 25 years, is approximately $791,700. No assumptions were made regarding future renewals.

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

Note 5 – Due from Other Governments

Amounts due from other governmental units in governmental activities totals $25,539, which consists of amounts due from County of Appomattox for sales tax and amounts due from the State for communications taxes.

Amounts due from other governmental units in the business-type activities are related to the Community Development Block Grant for the Church Street waterline project. The Town expects to receive reimbursement for their expenditures related to this project from awarded grants and loans. Current year outstanding reimbursement totaled $174,829, for which the Town expects full reimbursement.

Note 6 – Transfers

Interfund transfers consist of the following:

	Transfers In	Transfers Out	Net Transfers
Governmental Fund			
General Fund	$ -	$ (215,923)	$ (215,923)
	$ -	**$ (215,923)**	**$ (215,923)**
Enterprise Funds			
Water Fund	$ 90,708	$ -	$ 90,708
Sewer Fund	125,215	-	125,215
	$ 215,923	**$ -**	**$ 215,923**

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

Note 7 – Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not depreciated				
Land	$ 118,749	$ -	$ -	$ 118,749
Construction in progress	-	58,810	-	58,810
Total capital assets, not depreciated	118,749	58,810	-	177,559
Capital assets, depreciated				
Buildings and improvements	2,229,099	-	-	2,229,099
Machinery and equipment	1,304,275	219,998	-	1,524,273
Total capital assets, depreciated	3,533,374	219,998	-	3,753,372
Less accumulated depreciation for				
Buildings and improvements	787,580	76,651	-	864,231
Machinery and equipment	742,897	150,287	-	893,184
Total accumulated, depreciation	1,530,477	226,938	-	1,757,415
Total capital assets, depreciated, net	2,002,897	(6,940)	-	1,995,957
Lease assets				
Equipment	64,219	-	-	64,219
Less accumulated amortization	25,688	12,844	-	38,532
Total lease assets being amortized, net	38,531	(12,844)	-	25,687
Subscription asset				
Software	9,866	-	-	9,866
Less accumulated amortization	4,111	4,933	-	9,044
Total subscription asset being amortized, net	5,755	(4,933)	-	822
Governmental activities capital assets, net	**$ 2,165,932**	**$ 34,093**	**$ -**	**$ 2,200,025**

Business-Type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not depreciated				
Land	$ 64,710	$ -	$ -	$ 64,710
Construction in progress	10,061,001*	1,301,198	7,375,977	3,986,222
Total capital assets, not depreciated	10,125,711	1,301,198	7,375,977	4,050,932
Capital assets, depreciated				
Utility plant in service	18,199,251	7,438,377	-	25,637,628
Machinery and equipment	650,451	145,546	-	795,997
Total capital assets, depreciated	18,849,702	7,583,923	-	26,433,625
Less accumulated depreciation for				
Utility plant in service	10,898,672	444,872	-	11,343,544
Machinery and equipment	427,309	70,441	-	497,750
Total accumulated, depreciation	11,325,981	515,313	-	11,841,294
Total capital assets, depreciated, net	7,523,721	7,068,610	-	14,592,331
Lease assets				
Equipment	2,871	-	-	2,871
Less accumulated amortization	1,148	574	-	1,722
Total lease assets being amortized, net	1,723	(574)	-	1,149
Business-type activities capital assets, net	**$ 17,651,155**	**$ 8,369,234**	**$ 7,375,977**	**$ 18,644,412**

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

Governmental activities:	
General government	$ 193,076
Public works	31,657
Community development	19,982
Total depreciation and amortization expense – governmental activities	**$ 244,715**
Business-type activities:	
Water	$ 87,911
Sewer	427,976
Total depreciation and amortization expense – business-type activities	**$ 515,887**

* As restated. See Note 18.

Note 8 – Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bond	$ 7,891	$ -	$ 2,680	$ 5,211	$ 5,211
Compensated absences	43,107	5,919*	-	49,026	18,140
Subscriptions	3,866	-	3,866	-	-
Leases	39,524	-	12,803	26,721	13,171
	$ 94,388	**$ 5,919**	**$ 19,349**	**$ 80,958**	**$ 36,522**
Business-type activities:					
General obligation bond	$ 5,171,024	$ 204,234	$ 159,908	$ 5,215,350	$ 165,165
Compensated absences	6,022	10,775*	-	16,797	6,215
Leases	1,767	-	572	1,195	589
	$ 5,178,813	**$ 215,009**	**$ 160,480**	**$ 5,233,342**	**$ 171,969**

*The change in the compensated absences liability is presented as a net change.

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

	Governmental Activities			
	General Obligation Bond		Leases	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ 5,211	$ 116	$ 13,171	$ 588
2027	-	-	13,550	209
	$ 5,211	**$ 116**	**$ 26,721**	**$ 797**

	Business-Type Activities			
	General Obligation Bond		Leases	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ 165,165	$ 76,160	$ 589	$ 26
2027	111,900	72,564	606	9
2028	113,383	71,081	-	-
2029	115,119	69,345	-	-
2030	116,765	67,699	-	-
2031-2035	609,299	313,021	-	-
2036-2040	654,021	268,029	-	-
2041-2045	702,993	219,327	-	-
2046-2050	755,442	166,878	-	-
2051-2055	812,053	110,267	-	-
2056-2060	873,180	49,140	-	-
2061-2064	186,030	3,687	-	-
	$ 5,215,350	**$ 1,487,198**	**$ 1,195**	**$ 35**

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
General obligation bonds:						
Truist	3.84%	12-10	12-25	$ 650,000	**$ 5,211**	**$ 50,365**
USDA - Sewer	1.25%	11-20	11-60	3,780,000	**$ -**	**$ 3,575,342**
USDA - Water	2.13%	08-23	08-63	1,156,000	**$ -**	**$ 1,107,157**
USDA - Water	1.38%	08-23	08-63	500,000	**$ -**	**$ 482,486**

Note 9 – Leases

Town as Lessee

The Town, as a lessee, has entered into a lease agreement involving printing equipment. The Town uses its incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in each lease. This lease includes monthly payments of $1,198 and an interest rate of 2.84%. The value of the right-to-use lease asset balance and related accumulated amortization at year end are disclosed in Note 7. The related debt as well as principal and interest requirements to maturity are disclosed in Note 8.

Town as Lessor

The Town, as a lessor, has entered into lease agreements involving water towers. The water towers are leased by Lumos Networks and PEG Bandwidth. Monthly rent payments range from $358 to $380 and interest rates range from 2.96% to 3.43%. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was $9,055. This total includes variable and other payments not previously included in the measurement of the lease receivable.

Lease	Contract Date	Maturity Date
Lumos Networks – Water tower*	10/10/2014	10/01/2026
PEG Bandwidth – Water tower*	05/21/2015	03/31/2044

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

Note 10 – Subscriptions

The Town has a subscription for software that creates open lines of communication with local government agencies and citizens. This subscription includes annual payments of $4,000 and an interest rate of 3.48%. The Town uses its incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in the subscription. The value of the right-to-use subscription asset balance and related accumulated amortization at year end is disclosed in Note 7. The related debt, as well as principal and interest requirements to maturity, is disclosed in Note 8.

Note 11 – Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

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

	Members
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested inactive members	5
Non-vested inactive members	15
Inactive members active elsewhere in VRS	9
Total inactive members	29
Active members	18
Total covered employees	**57**

Contributions

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

The Political Subdivision's contractually required contribution rate for the year ended June 30, 2025 was 7.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the

pension plan from the Political Subdivision were $72,395 and $49,449 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $4,755 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $4,713 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $462,877 for the year ended June 30, 2025.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions because of the experience study are as follows:

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

Long-Term Expected Rate of Return

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00%		7.07%
*Expected arithmetic nominal return			**7.07%**

* The above allocation provides for a one-year return of 7.07% (Includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the employer contribution was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	$ 3,776,844	$ 3,714,321	$ 62,523
Changes for the year			
Service cost	104,574	-	104,574
Interest	257,208	-	257,208
Differences between expected and actual experience	220,212	-	220,212
Contributions – employer	-	49,449	(49,449)
Contributions – employee	-	49,226	(49,226)
Net investment income	-	360,768	(360,768)
Benefit payments, including refund of employee contributions	(141,845)	(141,845)	-
Administrative expenses	-	(2,313)	2,313
Other changes	-	79	(79)
Net changes	440,149	315,364	124,785
Balances at June 30, 2024	**$ 4,216,993**	**$ 4,029,685**	**$ 187,308**

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political Subdivision's net pension liability (asset)	**$ 776,756**	**$ 187,308**	**$ (290,911)**

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

For the year ended June 30, 2025, the Political Subdivision recognized a pension expense of $237,688. At June 30, 2025, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 150,029	$ -
Net difference between projected and actual earnings on pension plan investments	-	102,670
Employer contributions subsequent to the measurement date	72,395	-
	$ 222,424	**$ 102,670**

The $72,395 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2026	$ 58,577
2027	31,878
2028	(20,781)
2029	(22,315)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2025, approximately $4,000 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

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

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

Plan Description

Group Life Insurance Program

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

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

Specific information for the GLI is available at https://www.varetire.org/benefits-and-programs/benefits/life-insurance/.

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

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2023. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability, with the exception of GLI, which was also combined with employee contributions. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	$5,551
June 30, 2024 Contribution	$5,553

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

The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2025 proportionate share of liability	$	44,748
June 30, 2024 proportion		0.00401%
June 30, 2023 proportion		0.00407%
June 30, 2022 expense	$	11,150

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

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,058	$ 1,093
Change in assumptions	255	2,218
Net difference between projected and actual earnings on OPEB plan investments	-	3,772
Changes in proportion	4,066	644
Employer contributions subsequent to the measurement date	5,551	-
	$ 16,930	**$ 7,727**

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ending June 30,	Effect on OPEB Expense
2026	$ 1,512
2027	910
2028	151
2029	494
2030	585

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

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

Net OPEB Liabilities

The net OPEB liability represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	$ 4,196,055
Plan fiduciary net position	3,080,133
Employers' net OPEB liability	1,115,922
Plan fiduciary net position as a percentage of total OPEB liability	73.41%

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined as described in Note 11.

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the employer for the OPEB liability will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	**$ 69,590**	**$ 44,748**	**$ 24,680**

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13 – Property Taxes

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

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

The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section §6621(b). The effective tax rates per $100 of assessed value for the year ended June 30, 2025 were as follows:

Real estate	$	0.11
Personal property		0.45
Machinery and tools		0.45

Note 14 – Service Contracts

Water Purchase Agreement

The Town entered into an agreement with the County of Appomattox, Virginia whereby the Town will purchase all water to supply the Town's customers from the County through the Concord-Appomattox 460 Waterline. The County agrees to provide the Town up to 250,000 gallons of water per day, with additional available provided the County has capacity. The contract further provides that all County residents who are customers of the Town's water system now and in the future will receive services at the same rate the Town charges in-Town customers. The provisional rate charged to the Town each fiscal year is based on the estimated usage for the year. The Town is billed monthly for usage. Annually, subsequent to year end, usage will be analyzed, the average daily usage will be determined, and any necessary true-up of billings will be made at that time. This true-up adjustment is not estimable and is therefore accounted for in the year it is charged to the Town. The initial term of this agreement is January 1, 2012 through December 31, 2030, with automatic ten year renewals thereafter, unless either party provides notice of intent to terminate at least two years prior to any expiration.

Water Maintenance Agreement

Along with the water purchase agreement, the Town entered into a maintenance and service agreement with the County of Appomattox, Virginia for waterlines constructed by the County. The Town agrees to operate and maintain the County water system using the same standard of care and expertise as it operates its own system and in accordance with the requirements of the Virginia Waterworks Regulations. This includes maintaining the required inventory of spare parts to maintain the County water system and providing services such as utility marking, water tank inspections, and maintenance of the water tank, pump station, and their respective ground areas. The initial term of this agreement is January 1, 2012

through December 31, 2016, with automatic two five year renewals thereafter, unless either party provides notice of intent to terminate at least six months prior to any expiration. At the end of the term including the renewals, the Town can purchase the water system from the County for the sum of $1. The Town intends to purchase the water system from the County in fiscal year 2026.

Note 15 – Risk Management

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

Workers' Compensation Insurance is provided through the Virginia Risk Sharing Association. During the year ended June 30, 2025, total premiums paid were $20,361. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section §65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General liability and other insurance is provided through policies with the Virginia Risk Sharing Association. General liability and business automobile coverage have a $1,000,000 limit per occurrence. Boiler and machinery has a $3,000,000 limit. Property insurance is covered per statement of values and is approximately $8,400,000. Police professional liability and public officials' liability insurance with a $1,000,000 limit are covered through a policy with the Commonwealth of Virginia. Total premiums paid for the year ended June 30, 2025 were $41,114.

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

Note 16 – Fund Balances

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

	General
Non-spendable:	
Prepaid expenses	$ 6,706
Committed for:	
Public safety	59,944
Public works	300,000
Other capital projects	814
Total committed	360,758
Unassigned	6,082,451
Total fund balances	**$ 6,449,915**

Note 17 – Commitments and Contingencies

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

Note 18 – Prior Period Restatement

In fiscal year 2024, there was $91,388 in the water fund that was incorrectly expensed that should have been placed in construction in progress relating to the Church Street waterline replacement project. The water fund included in business-type activities has recorded a prior period adjustment to correct this.

The following is a summary of the restatement to beginning fund balance/net position.

	Business-Type Activities	Water Fund
Net position July 1, 2024, as previously reported	$ 14,908,120	$ 2,675,857
Construction in progress expenditures	91,388	91,388
Net position July 1, 2024, as restated	**$ 14,999,508**	**$ 2,767,245**

Note 19 – New Accounting Standards

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

Required Supplementary Information

Town of Appomattox, Virginia

Exhibit 13

Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
June 30, 2025

	Plan Year			
	2024	**2023**	**2022**	**2021**
Total Pension Liability				
Service cost	$ 104,574	$ 94,874	$ 80,079	$ 82,464
Interest on total pension liability	257,208	222,705	211,484	192,351
Difference between expected and actual experience	220,212	307,506	(38,915)	(44,955)
Changes in assumptions	-	-	-	61,375
Benefit payments, including refunds of employee contributions	(141,845)	(105,391)	(97,029)	(78,699)
Net change in total pension liability	440,149	519,694	155,619	212,536
Total pension liability – beginning	3,776,844	3,257,150	3,101,531	2,888,995
Total pension liability – ending	4,216,993	3,776,844	3,257,150	3,101,531
Plan Fiduciary Net Position				
Contributions – employer	49,449	45,867	44,019	41,739
Contributions – employee	49,226	45,837	42,012	39,908
Net investment income (loss)	360,768	228,177	(4,585)	759,722
Benefit payments, including refunds of employee contributions	(141,845)	(105,391)	(97,029)	(78,699)
Administrative expenses	(2,313)	(2,230)	(2,172)	(1,835)
Other	79	92	82	72
Net change in plan fiduciary net position	315,364	212,352	(17,673)	760,907
Plan fiduciary net position – beginning	3,714,321	3,501,969	3,519,642	2,758,735
Plan fiduciary net position – ending	4,029,685	3,714,321	3,501,969	3,519,642
Net pension liability (asset) – ending	**$ 187,308**	**$ 62,523**	**$ (244,819)**	**$ (418,111)**
Plan fiduciary net position as a percentage of total pension liability	**96%**	**98%**	**108%**	**113%**
Covered employee payroll	**$ 1,028,083**	**$ 958,446**	**$ 945,970**	**$ 974,814**
Net pension liability (asset) as a percentage of covered employee payroll	**18%**	**7%**	**-26%**	**-43%**

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

Plan Year					
2020	**2019**	**2018**	**2017**	**2016**	**2015**
$ 77,302	$ 77,132	$ 49,858	$ 67,024	$ 61,255	$ 53,578
178,570	162,156	152,432	140,760	131,061	121,582
23,502	74,409	8,011	74,216	20,799	31,720
-	86,696	-	(42,148)	-	-
(71,722)	(71,118)	(71,663)	(74,563)	(74,555)	(68,380)
207,652	329,275	138,638	165,289	138,560	138,500
2,681,343	2,352,068	2,213,430	2,048,141	1,909,581	1,771,081
2,888,995	2,681,343	2,352,068	2,213,430	2,048,141	1,909,581
46,614	44,899	43,920	34,348	33,126	32,855
39,476	37,370	36,665	28,588	48,924	27,379
51,738	170,017	173,363	255,629	37,234	90,217
(71,722)	(71,118)	(71,663)	(74,563)	(74,555)	(68,380)
(1,710)	(1,622)	(1,459)	(1,458)	(1,259)	(1,226)
(62)	(108)	(156)	(228)	(15)	(19)
64,334	179,438	180,670	242,316	43,455	80,826
2,694,401	2,514,963	2,334,293	2,091,977	2,048,522	1,967,696
2,758,735	2,694,401	2,514,963	2,334,293	2,091,977	2,048,522
$ 130,260	**$ (13,058)**	**$ (162,895)**	**$ (120,863)**	**$ (43,836)**	**$ (138,941)**
95%	**100%**	**107%**	**105%**	**102%**	**107%**
$ 822,462	**$ 757,569**	**$ 755,882**	**$ 597,359**	**$ 553,179**	**$ 547,579**
16%	**-2%**	**-22%**	**-20%**	**-8%**	**-25%**

Town of Appomattox, Virginia

Exhibit 14

Required Supplementary Information
Schedule of Pension Contributions
June 30, 2025

Town Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 72,395	$ 72,395	$ -	$ 961,417	7.53 %
2024	49,449	49,449	-	1,028,083	4.81
2023	45,943	45,943	-	958,446	4.79
2022	45,149	45,149	-	945,970	4.77
2021	41,783	41,783	-	974,814	4.29
2020	46,614	46,614	-	822,462	5.67
2019	44,899	44,899	-	757,569	5.93
2018	43,920	43,920	-	755,882	5.81
2017	34,852	34,852	-	597,359	5.83
2016	33,127	33,127	-	553,179	5.99

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

Town of Appomattox, Virginia

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability – VRS
June 30, 2025

Town Plan Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Group Life Insurance					
2024	0.00401 %	$ 44,748	$ 1,028,083	4.35 %	73.41 %
2023	0.00407	48,812	958,446	5.09	69.30
2022	0.00401	48,284	945,970	5.10	67.21
2021	0.00400	46,572	974,814	4.78	67.45
2020	0.00400	66,754	822,462	8.12	52.64
2019	0.00392	64,000	757,569	8.45	52.00

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

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

Town of Appomattox, Virginia

Required Supplementary Information
Schedule of OPEB Contributions – VRS
June 30, 2025

Town Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance					
2025	$ 5,551	$ 5,551	$ -	$ 961,417	0.58 %
2024	5,553	5,553	-	1,028,083	0.54
2023	5,176	5,176	-	958,446	0.54
2022	5,195	5,195	-	945,970	0.55
2021	4,456	4,456	-	974,814	0.46
2020	4,278	4,278	-	822,462	0.52

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

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

Town of Appomattox, Virginia

Notes to Required Supplementary Information

June 30, 2025

Note 1 – Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 and all others – Non-Hazardous Duty:

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

Other Supplementary Information

Discretely Presented Component Unit – Appomattox Economic Development Authority

Exhibit 17

Town of Appomattox, Virginia

Discretely Presented Component Unit – Appomattox Economic Development Authority
Statement of Net Position – Proprietary Fund
June 30, 2025

	Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 13,312
Total assets	13,312
NET POSITION	
Unrestricted	13,312
Total net position	**$ 13,312**

Town of Appomattox, Virginia

Exhibit 18

Discretely Presented Component Unit –
Appomattox Economic Development Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Fund
Year Ended June 30, 2025

	Enterprise Fund
OPERATING EXPENSES	
Incentive grants	$ 1,150
Other operating expenses	6,994
Total operating expenses	8,144
Operating loss	(8,144)
NONOPERATING REVENUES	
Interest income	10
Total nonoperating revenues	10
Change in net position	(8,134)
NET POSITION JULY 1	21,446
NET POSITION JUNE 30	**$ 13,312**

Town of Appomattox, Virginia

Exhibit 19

Discretely Presented Component Unit – Appomattox Economic Development Authority
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2025

	Enterprise Fund
OPERATING ACTIVITIES	
Incentive payments	$ (1,150)
Other operating expenses	(6,994)
Net cash used in operating activities	(8,144)
NONCAPITAL FINANCING ACTIVITIES	
Interest received	10
Net cash provided by noncapital financing activities	10
Net decrease in cash and cash equivalents	(8,134)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	21,446
Ending at June 30	**$ 13,312**

Supporting Schedules

Town of Appomattox, Virginia

Schedule 1

Schedule of Revenues – Budget and Actual – General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 167,000	$ 167,000	$ 177,589	$ 10,589
Personal property taxes	93,000	93,000	105,512	12,512
Penalties and interest	8,000	8,000	11,274	3,274
Total general property taxes	268,000	268,000	294,375	26,375
Other local taxes:				
Local sales and use taxes	90,000	90,000	141,531	51,531
Consumption taxes	7,000	7,000	7,429	429
Communications sales and use taxes	4,000	4,000	4,102	102
Business license taxes	230,000	230,000	255,938	25,938
Motor vehicle licenses	30,000	30,000	38,606	8,606
Bank stock taxes	190,000	190,000	250,721	60,721
Lodging taxes	80,000	80,000	98,177	18,177
Meals tax	1,450,000	1,450,000	1,657,817	207,817
Mobile home tilting taxes	200	200	5,238	5,038
Cigarette tax	135,000	135,000	113,223	(21,777)
Total other local taxes	2,216,200	2,216,200	2,572,782	356,582
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	1,000	1,000	600	(400)
Revenue from use of money and property:				
Revenue from use of money	21,000	21,000	62,227	41,227
Revenue from use of property	6,000	6,000	6,100	100
Total revenue from use of money and property	27,000	27,000	68,327	41,327
Miscellaneous revenue:				
Miscellaneous	241,655	329,267	86,325	(242,942)
Total revenue from local sources	2,753,855	2,841,467	3,022,409	180,942
Revenue from the Commonwealth:				
Non-categorical aid:				
Auto rental taxes and fees	7,500	7,500	9,217	1,717
Personal property tax relief funds	23,107	23,107	23,107	-
Total non-categorical aid	30,607	30,607	32,324	1,717

Town of Appomattox, Virginia

Schedule 1

Schedule of Revenues – Budget and Actual – General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Categorical aid:				
Fire programs	15,000	15,000	15,000	-
DCJS grants for law enforcement	53,000	55,159	55,159	-
Total categorical aid	68,000	70,159	70,159	-
Total revenue from the Commonwealth	98,607	100,766	102,483	1,717
Revenue from the Federal Government:				
Categorical aid:				
Downtown revitalization grant	-	91,229	91,229	-
ARPA – Coronavirus State and Local Fiscal Stabilization Fund	-	750,000	787,501	37,501
Total categorical aid	-	841,229	878,730	37,501
Total revenue from the Federal Government	-	841,229	878,730	37,501
Total general fund	**$ 2,852,462**	**$ 3,783,462**	**$ 4,003,622**	**$ 220,160**

Town of Appomattox, Virginia

Schedule 2

Schedule of Expenditures – Budget and Actual – General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General government administration:				
Legislative:				
Town council	$ 59,403	$ 72,908	$ 64,241	$ 8,667
General and financial administration:				
Town manager and financial administration	765,900	794,007	808,341	(14,334)
Legal services	60,000	62,000	49,044	12,956
Other professional services	90,000	90,000	95,727	(5,727)
Total general and financial administration	915,900	946,007	953,112	(7,105)
Total general government administration	975,303	1,018,915	1,017,353	1,562
Public safety:				
Law enforcement and traffic control:				
Police department	161,838	161,838	164,561	(2,723)
Fire and rescue services:				
Fire department	58,000	58,000	57,500	500
Total public safety	219,838	219,838	222,061	(2,223)
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street maintenance	1,217,030	1,216,630	847,668	368,962
Sanitation and waste removal:				
Refuse collection and disposal	175,450	175,181	139,169	36,012
Maintenance of general buildings, grounds, and equipment:				
Town office	-	-	211	(211)
Other properties	42,000	929,657	703,397	226,260
Total maintenance of general buildings, grounds, and equipment	42,000	929,657	703,608	226,049
Total public works	1,434,480	2,321,468	1,690,445	631,023
Community development:				
Planning and community development:				
Tourism	80,800	81,200	82,249	(1,049)
Zoning	56,150	56,150	39,201	16,949
Civic organization contributions	83,000	83,000	79,985	3,015
Total community development	219,950	220,350	201,435	18,915
Debt service:				
Principal retirement	2,891	2,891	19,349	(16,458)
Interest and fiscal charges	-	-	1,300	(1,300)
Total debt service	2,891	2,891	20,649	(17,758)
Other financing uses:				
Transfers out	-	-	215,923	(215,923)
Total other financing uses	-	-	215,923	(215,923)
Total general fund	**$ 2,852,462**	**$ 3,783,462**	**$ 3,367,866**	**$ 415,596**

Other Information

Town of Appomattox, Virginia

Table 1

Government-Wide Revenues

Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Totals
2025	$ 1,574,894	$ 948,889	$ 1,465,008	$ 276,568	$ 2,572,782	$ 121,025	$ 171,592	$ 32,324	$ 7,163,082
2024	1,529,054	587,673	1,019,219	283,399	2,465,215	93,312	118,911	34,538	6,131,321
2023	1,460,258	295,883	293,280	283,575	2,373,233	51,389	178,435	32,890	4,968,943
2022	1,392,636	127,248	2,858,029	284,417	2,250,311	45,307	226,840	296,908	7,481,696
2021	1,386,370	61,052	279,123	290,148	2,113,903	35,534	257,290	70,710	4,494,130
2020	1,265,851	86,789	229,232	293,819	1,887,305	33,838	189,833	48,279	4,034,946
2019	1,267,548	96,383	103,311	264,865	1,871,916	30,269	205,282	31,013	3,870,587
2018	1,254,666	106,066	1,768,778	264,996	1,842,902	30,464	162,328	34,333	5,464,533
2017	1,238,338	99,175	267,630	278,958	1,838,414	27,172	143,812	31,242	3,924,741
2016	1,204,922	97,043	-	279,971	1,630,607	24,996	199,848	32,253	3,469,640

Town of Appomattox, Virginia

Table 2

Government-Wide Expenses by Function

Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Government Administration	Public Safety	Public Works	Community Development	Interest on Long-Term Debt	Enterprise Funds	Totals
2025	$ 1,004,537	$ 222,061	$ 1,795,185	$ 221,417	$ 1,300	$ 1,812,410	$ 5,056,910
2024	424,669	169,972	2,665,635	178,139	1,621	1,832,146	5,272,182
2023	141,398	170,525	1,891,412	160,540	422	1,447,649	3,811,946
2022	669,112	146,649	1,549,037	131,253	497	1,644,824	4,141,372
2021	923,522	142,543	1,196,297	84,711	584	1,532,648	3,880,305
2020	555,242	138,149	1,562,345	175,895	670	1,440,882	3,873,183
2019	584,089	143,074	965,792	152,316	752	1,449,404	3,295,427
2018	554,814	130,692	1,333,019	131,022	759	1,382,800	3,533,106
2017	433,305	129,267	1,165,383	131,832	907	1,348,455	3,209,149
2016	387,692	72,776	706,056	72,738	979	1,439,273	2,679,514

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

Town of Appomattox, Virginia

General Governmental Revenues by Source

Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Investment Earnings	Inter-Governmental	Other	Totals
2025	$ 294,375	$ 2,572,782	$ 600	$ 68,327	$ 981,213	$ 86,325	$ 4,003,622
2024	274,237	2,465,215	2,625	53,840	622,211	53,228	3,471,356
2023	279,045	2,373,233	1,575	28,029	328,773	94,676	3,105,331
2022	277,915	2,250,311	775	24,634	424,156	133,591	3,111,382
2021	283,275	2,113,903	1,400	23,416	134,114	85,634	2,641,742
2020	289,278	1,887,305	15,125	24,139	333,563	45,819	2,595,229
2019	276,737	1,871,916	1,900	22,244	188,648	61,695	2,423,140
2018	269,896	1,842,902	750	22,481	456,468	28,165	2,620,662
2017	265,408	1,838,414	2,325	19,440	351,613	12,554	2,489,754
2016	285,858	1,630,607	725	18,275	81,661	56,739	2,073,865

Town of Appomattox, Virginia

Table 4

General Governmental Expenditures by Function

Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Government Administration	Public Safety	Public Works	Community Development	Debt Service	Capital Outlay	Totals
2025	$ 1,017,353	$ 222,061	$ 1,690,445	$ 201,435	$ 20,649	$ -	$ 3,151,943
2024	874,018	169,972	2,605,513	156,907	21,157	-	3,827,567
2023	706,574	170,525	1,878,286	139,309	7,208	-	2,901,902
2022	711,958	146,649	1,431,221	109,234	2,890	11,915	2,413,867
2021	627,083	142,543	1,018,525	62,620	2,891	243,333	2,096,995
2020	725,900	138,149	1,397,296	153,804	2,890	-	2,418,039
2019	593,501	143,074	925,053	130,225	2,890	-	1,794,743
2018	528,445	130,692	1,377,913	113,204	2,890	-	2,153,144
2017	420,056	129,267	1,210,430	102,519	2,890	-	1,865,162
2016	364,635	72,776	987,729	66,586	2,890	-	1,494,616

Town of Appomattox, Virginia

Property Tax Levies and Collections

Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Current Tax Collections	Percentage of Levy	Delinquent Tax Collections	Total Tax Collections	Percentage of Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
2025	$ 299,302	$ 281,382	94.01 %	$ 1,720	$ 283,102	94.59 %	$ 50,291	16.80 %
2024	289,478	261,901	90.47	1,801	263,702	91.10	53,329	18.42
2023	290,754	268,070	92.20	2,870	270,940	93.19	45,106	15.51
2022	293,590	266,411	90.74	2,589	269,000	91.62	37,507	12.78
2021	281,748	271,415	96.33	-	271,415	96.33	36,964	13.12
2020	288,806	273,066	94.55	3,282	276,348	95.69	64,396	22.30
2019	283,601	273,495	96.44	5,835	279,330	98.49	89,782	31.66
2018	282,045	267,660	94.90	10,266	277,926	98.54	96,775	34.31
2017	292,680	267,385	91.36	4,596	271,981	92.93	87,132	29.77
2016	284,968	243,379	85.41	46,447	289,826	101.70	75,834	26.61

Source: Tax Records of the Town.

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

Town of Appomattox, Virginia

Table 6

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years
Unaudited

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utilities Real Estate	Public Utilities Personal Property	Total Assessed Value
2025	$ 161,629,900	$ 26,128,329	$ 687,247	$ 759,721	$ 4,483,187	$ -	$ 193,688,384
2024	160,554,800	24,247,642	677,583	640,137	4,340,421	-	190,460,583
2023	158,566,200	25,232,042	460,321	647,687	5,790,513	-	190,696,763
2022	157,255,700	20,241,754	465,486	648,389	5,423,580	35,957	184,070,866
2021	155,733,600	18,450,606	448,911	574,911	5,290,214	35,957	180,534,199
2020	150,889,500	17,913,329	413,561	683,163	5,062,517	35,957	174,998,027
2019	148,956,400	17,491,567	401,801	658,329	4,670,068	35,957	172,214,122
2018	146,653,200	17,842,282	246,659	629,653	4,808,743	35,957	170,216,494
2017	146,028,900	19,694,582	390,960	620,110	5,488,043	35,957	172,258,552
2016	141,805,800	19,168,920	447,546	620,210	5,100,751	35,957	167,179,184

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

Town of Appomattox, Virginia

Table 7

Property Tax Rates

Last Ten Fiscal Years
Unaudited

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utilities Real Estate	Public Utilities Personal Property
2025	$ 0.11	$ 0.45	$ 0.45	$ 0.11	$ 0.11	$ -
2024	0.11	0.45	0.45	0.11	0.11	-
2023	0.11	0.45	0.45	0.11	0.11	-
2022	0.11	0.55	0.55	0.11	0.11	0.55
2021	0.12	0.55	0.55	0.12	0.12	0.55
2020	0.12	0.55	0.55	0.12	0.12	0.55
2019	0.12	0.55	0.55	0.12	0.12	0.55
2018	0.12	0.55	0.55	0.12	0.12	0.55
2017	0.12	0.55	0.55	0.12	0.12	0.55
2016	0.13	0.55	0.55	0.13	0.13	0.55

Town of Appomattox, Virginia

Table 8

Computation of Legal Debt Margin

June 30, 2025
Unaudited

Assessed value of real estate, January 1, 2024		$ 161,629,900
Legal debt limit, (10% of assessed value)		16,162,990
Total bonded debt	$ 5,248,477	
		5,248,477
Legal debt margin		**$ 10,914,513**

Compliance Section

BROWNEDWARDS
certified public accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the Town of Appomattox, Virginia (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 17, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2025-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*; which is described in the accompanying schedule of findings and responses as item 2025-002.**

Town's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 17, 2025

Town of Appomattox, Virginia

Summary of Compliance Matters

June 30, 2025

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

State Compliance Matters

Code of Virginia

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

Local Compliance Matters

Town Charter

Town of Appomattox, Virginia

Schedule of Findings and Responses

June 30, 2025

A – Findings – Financial Statement Audit

2025-001 – Segregation of Duties (Significant Deficiency)

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

Criteria: The Town Treasurer is an authorized signer for accounts payable checks, can access the accounts payable module, has access to blank check stock, has general ledger access and manages the main financial application, has administrative access, controls access permissions, and is responsible for reconciling bank accounts. Ideally, all of these functions would be performed by separate individuals. The Treasurer's current functions give them complete access to the disbursement process and could potentially allow them to complete a transaction without the involvement of any other Town employee or a member of Council.

The Office Manager and Customer Service Representative bill water and sewer services, collect water and sewer receipts, and can post adjustments to accounts.

Cause: The size of the Town's staff prohibits complete adherence to segregation of duties.

Effect: Internal controls are designed to safeguard assets and detect losses from employee dishonesty or error.

Recommendation: Steps should be taken to eliminate the performance of conflicting duties where possible. Segregating incompatible functions reduces the risk of exposure to errors and fraud.

Management's Response (Unaudited): We are currently segregated as staffing allows and continue to apply segregation of duties as much as possible with limited staffing.

B – Findings – Commonwealth of Virginia

2025-002 – Commonwealth of Virginia Disclosure Statements

Condition: Statement of economic interest forms were not all dated and signed by the Town Clerk upon receipt. Four of the seven statement of economic interest forms did not include the date and the Town Clerk's signature upon receipt.

Criteria: Section 2.2-3115 of the *Code of Virginia* stipulates that certain local government employees are required to file statement of economic interest forms with their respective local body by February 1 for each calendar year. There should be controls in place to document when the forms are returned to the appropriate person who files them.

Cause: Proper controls are not in place to verify timely receipt of the statement of economic interest forms.

Effect	The Economic Development Authority of the Town of Appomattox, Virginia would not be compliant with Section 2.2-3115 of the *Code of Virginia*.
Recommendation	When completed forms are received by the Town Clerk, the Town Clerk should date and sign forms as proof of timely receipt.
Management's Response (Unaudited)	We agree with the recommendation and have put in steps to ensure this occurs going forward.