Town of VINTON

VIRIGINIA

TOWN OF VINTON, VIRGINIA · 1884 ·

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR END
JUNE 30, 2024

Town of Vinton, Virginia

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Introductory Section

Town of Vinton, Virginia

Directory of Principal Officials
June 30, 2024

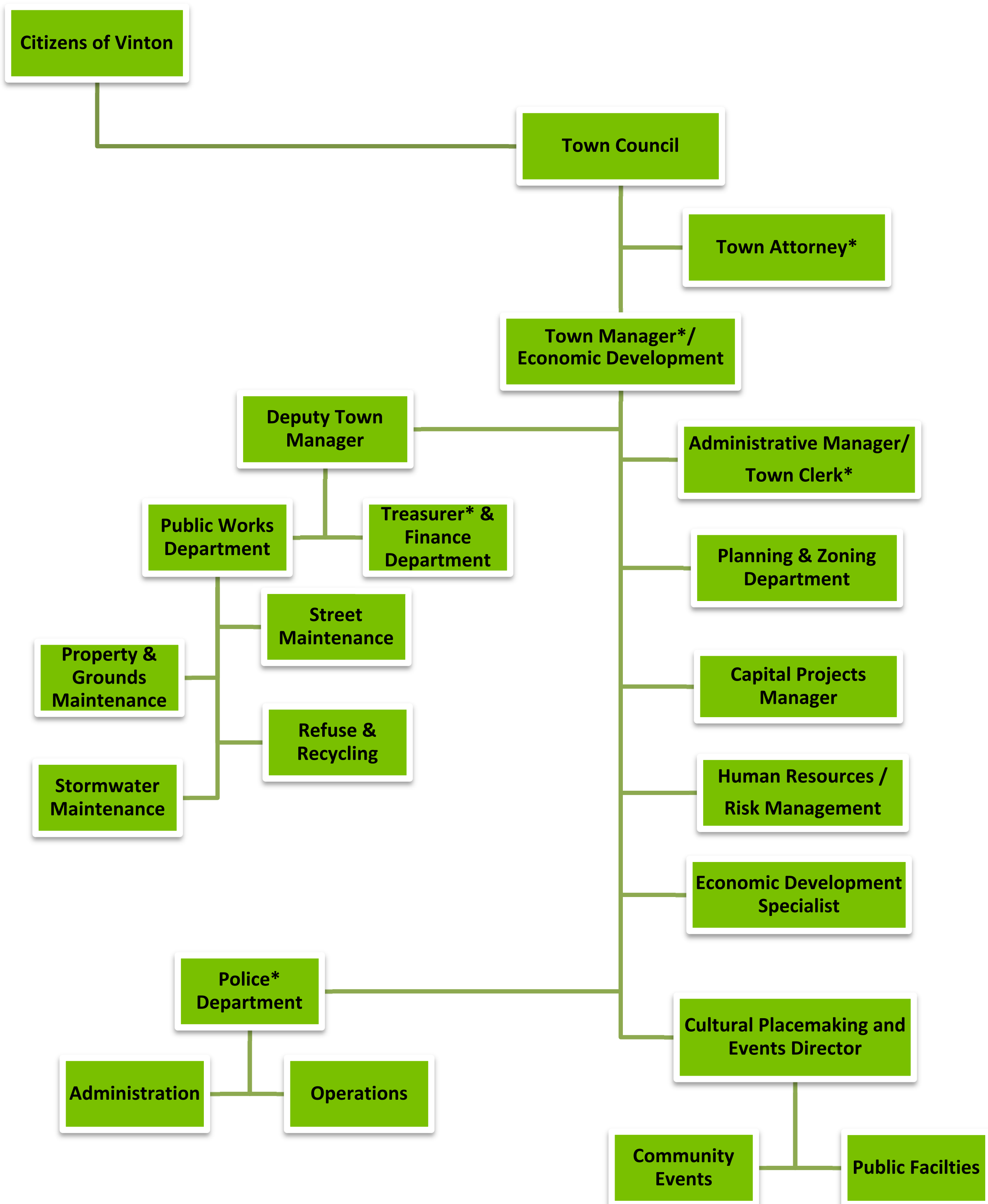
Town Council

Bradley E. Grose, Mayor
Michael W. Stovall, Vice Mayor
Keith N. Liles
Laurie J. Mullins
Sabrina M. McCarty

Appointed Officials

Richard Peters .... Town Manager
Andrew Keen .... Finance Director
Fabricio Drumond .... Chief of Police

Organizational Chart



*Town Attorney, Town Manager, Town Clerk, Treasurer and Police Chief are positions within the department appointed by Town Council.

Financial Section

BROWN EDWARDS
certified public accountants

Independent Auditor's Report

To the Honorable Members of Town Council
Town of Vinton, 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, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter – Transfer of Remaining Water and Sewer Balances to the General Fund

As discussed in Note 19 to the financial statements, the Town transferred its water and sewer system to Western Virginia Water Authority ("WVWA") on July 1, 2022. The Town wrote off balances and moved the remaining balances of the Water and Sewer Fund to General Fund in the current fiscal year. Our opinion is not modified with respect to that matter.

Emphasis of Matter – Restatement of Beginning Net Position

As discussed in Note 20 to the financial statements, the Town restated beginning net position to correct an error in previously issued financial statements related to capital assets and Highway Construction funds. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 management's discussion and analysis and other required supplementary information 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.

Management has omitted the management's discussion and analysis, required budget to actual schedules, and required pension and other postemployment benefit schedules 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 schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is 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 section 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 July 6, 2026, 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

Roanoke, Virginia
July 6, 2026

Basic Financial Statements

Town of Vinton, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	$ 10,601,638	$ -	$ 10,601,638
Receivables, net (Note 3)	762,598	-	762,598
Internal balances (Note 17)	110,944	(110,944)	-
Due from other governmental units within one year (Note 4)	1,077,429	-	1,077,429
Due from WVWA within one year (Notes 19 and 4)	1,442,414	-	1,442,414
Inventories	-	20,704	20,704
Land held for resale	495,239	-	495,239
Prepaids	103,639	3,570	107,209
Loans receivable	7,255	-	7,255
Cash and cash equivalents, restricted (Note 2)	26,585	-	26,585
Net pension asset (Notes 8 and 11)	86,086	4,713	90,799
Due from WVWA in more than one year (Notes 19 and 4)	5,280,724	-	5,280,724
Capital assets: (Note 5)			
Nondepreciable	6,517,772	42,103	6,559,875
Depreciable, net	13,571,955	288,673	13,860,628
Total assets	40,084,278	248,819	40,333,097
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	10,664	-	10,664
Deferred outflows related to pensions (Notes 8 and 11)	433,125	23,710	456,835
Deferred outflows related to other postemployment benefits (Notes 9, 10, and 11)	73,959	4,772	78,731
Total deferred outflows of resources	517,748	28,482	546,230
LIABILITIES			
Accounts payable and accrued liabilities	1,261,029	51,505	1,312,534
Accrued payroll and related liabilities	155,670	6,853	162,523
Accrued interest payable	5,277	-	5,277
Due to WVWA within one year (Note 19)	442,414	-	442,414
Property taxes collected in advance (Note 3)	916,849	-	916,849
Unearned revenue (Note 3)	16,715	-	16,715
Long-term liabilities due within one year (Note 6)	873,604	8,224	881,828
Noncurrent liabilities due in more than one year			
Due to WVWA in more than one year (Note 19)	4,780,724	-	4,780,724
Net other postemployment benefit liability (Notes 9, 10, and 11)	380,525	24,550	405,075
Long-term liabilities due in more than one year (Note 6)	1,380,931	23,408	1,404,339
Total liabilities	10,213,738	114,540	10,328,278
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Notes 8 and 11)	395,537	21,652	417,189
Deferred inflow related to other postemployment benefits (Notes 9, 10, and 11)	231,514	14,936	246,450
Total deferred inflows of resources	627,051	36,588	663,639
NET POSITION			
Net investment in capital assets	18,155,146	330,776	18,485,922
Restricted for:			
Public safety	330,413	-	330,413
Pensions	86,086	4,713	90,799
Unrestricted	11,189,592	(209,316)	10,980,276
Total net position	**$ 29,761,237**	**$ 126,173**	**$ 29,887,410**

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

Town of Vinton, Virginia

Exhibit 2

Statement of Activities

Year Ended June 30, 2024

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: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities							
General government administration	$ 1,567,847	$ 13,984	$ 38	$ -	$ (1,553,825)		$ (1,553,825)
Public safety	2,869,867	98,537	629,051	49,214	(2,093,065)		(2,093,065)
Public works	3,690,811	248,491	1,615,524	1,022,434	(804,362)		(804,362)
Parks, recreation, and cultural	816,731	196,455	128,004	1,626	(490,646)		(490,646)
Community development	450,292	6,431	-	877,499	433,638		433,638
Interest on long-term debt	113,404	-	-	-	(113,404)		(113,404)
Total governmental activities	9,508,952	563,898	2,372,617	1,950,773	(4,621,664)		(4,621,664)
Business-type activities							
Water and sewer	227,494	-	-	-	-	$ (227,494)	(227,494)
Stormwater management	527,080	-	-	-	-	(527,080)	(527,080)
Total business-type activities	754,574	-	-	-	-	(754,574)	(754,574)
Total	**$ 10,263,526**	**$ 563,898**	**$ 2,372,617**	**$ 1,950,773**	(4,621,664)	(754,574)	(5,376,238)
		General revenues					
		Property taxes (Note 14)			1,497,872	-	1,497,872
		Sales tax			1,492,841	-	1,492,841
		Meals tax			1,990,833	-	1,990,833
		Utilities tax			686,214	-	686,214
		Pari-mutuel tax			1,503,741	-	1,503,741
		Business license tax			822,633	-	822,633
		Bank stock tax			353,413	-	353,413
		Cigarette tax			178,230	-	178,230
		Vehicle license fee			213,212	-	213,212
		Other local taxes			25,290	-	25,290
		Intergovernmental revenue not program specific			370,652	-	370,652
		Unrestricted investment earnings			446,855	25,952	472,807
		Rebates			65,163	-	65,163
		Reimbursement from WVWA			1,500,000	-	1,500,000
		Other			63,864	(4,244,901)	(4,181,037)
		Transfers (Note 17)			1,983,322	(1,983,322)	-
		Total general revenues			13,194,135	(6,202,271)	6,991,864
		Change in net position			8,572,471	(6,956,845)	1,615,626
		NET POSITION AT JULY 1, as previously presented			21,873,741	(7,083,018)	28,956,759
		RESTATEMENT (Note 20)			(684,975)	-	(684,975)
		NET POSITION AT JULY 1, RESTATED (NOTE 20)			21,188,766	7,083,018	28,271,784
		NET POSITION AT JUNE 30			**$ 29,761,237**	**$ 126,173**	**$ 29,887,410**

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

Town of Vinton, Virginia

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Capital Projects Fund	Grant Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,631,963	$ 5,969,675	$ -	$ 10,601,638
Receivables, net	717,321	-	45,277	762,598
Due from other governmental units (Note 4)	421,636	-	655,793	1,077,429
Due from other funds	554,349	-	-	554,349
Land held for resale	495,239	-	-	495,239
Prepaids	103,639	-	-	103,639
Loans receivable	7,255	-	-	7,255
Cash and cash equivalents, restricted	26,585	-	-	26,585
Total assets	**$ 6,957,987**	**$ 5,969,675**	**$ 701,070**	**$ 13,628,732**
LIABILITIES				
Accounts payable and accrued liabilities	$ 842,907	$ 193,525	$ 224,597	$ 1,261,029
Accrued payroll and related liabilities	155,629	-	41	155,670
Due to other funds	-	-	443,405	443,405
Property taxes collected in advance	916,849	-	-	916,849
Unearned revenue	16,715	-	-	16,715
Total liabilities	1,932,100	193,525	668,043	2,793,668
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	580,854	-	204,163	785,017
Total deferred inflows of resources	580,854	-	204,163	785,017
FUND BALANCES (Note 18)				
Nonspendable	693,881	-	-	693,881
Restricted	330,413	-	-	330,413
Committed	19,678	5,776,150	-	5,795,828
Assigned	16,773	-	-	16,773
Unassigned	3,384,288	-	(171,136)	3,213,152
Total fund balances	4,445,033	5,776,150	(171,136)	10,050,047
Total liabilities, deferred inflows of resources, and fund balances	**$ 6,957,987**	**$ 5,969,675**	**$ 701,070**	**$ 13,628,732**

Town of Vinton, Virginia

Exhibit 4

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

June 30, 2024

Total Fund Balances – Governmental Fund		$ 10,050,047
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 funds.		
Governmental capital assets	35,082,637	
Less accumulated depreciation	(14,992,910)	
		20,089,727
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		785,017
Long-term asset and liability related to the transfer of water and sewer operations to the Western Virginia Water Authority (WVWA)		
Debt payments due to WVWA	(5,223,138)	
Reimbursement for debt payments from WVWA	5,223,138	
Due from WVWA purchase of operations	1,500,000	
		1,500,000
Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	433,125	
Other postemployment benefits	73,959	
Deferred inflows related to:		
Pensions	(395,537)	
Other postemployment benefits	(231,514)	
Net pension asset	86,086	
Net other postemployment benefits liability	(380,525)	
		(414,406)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Unamortized deferred charges on refunding	10,664	
General obligation bonds	(614,898)	
Operating lease obligations	(972,055)	
Accrued interest payable	(5,277)	
Compensated absences	(667,582)	
		(2,249,148)
Total Net Position – Governmental Activities		**$ 29,761,237**

Town of Vinton, Virginia

Exhibit 5

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

	General Fund	Capital Projects Fund	Grant Fund	Total Governmental Funds
REVENUES				
General property taxes	$ 1,482,308	$ -	$ -	$ 1,482,308
Other local taxes	7,266,323	-	-	7,266,323
Permits, privilege fees, and regulatory licenses	7,544	-	-	7,544
Fines and forfeitures	79,810	-	-	79,810
Revenues from use of money and property	243,036	179,657	-	422,693
Charges for services	240,270	-	-	240,270
Other	291,110	-	-	291,110
Recovered costs	85,807	-	-	85,807
Non-categorical aid	456,442	-	176,291	632,733
Categorical aid	1,986,000	-	1,894,700	3,880,700
Total revenues	12,138,650	179,657	2,070,991	14,389,298
EXPENDITURES				
Current				
General government administration	805,610	-	265,664	1,071,274
Public safety	2,914,274	-	231,403	3,145,677
Public works	4,283,873	-	-	4,283,873
Parks, recreation, and cultural	680,531	-	-	680,531
Community development	1,485,757	-	2,991,371	4,477,128
Capital projects	995,002	1,806,910	601,280	3,403,192
Debt service				
Principal retirement	813,202	-	-	813,202
Interest and fiscal charges	97,303	-	-	97,303
Total expenditures	12,075,552	1,806,910	4,089,718	17,972,180
Excess (deficit) of revenues over (under) expenditures	63,098	(1,627,253)	(2,018,727)	(3,582,882)
OTHER FINANCING SOURCES (USES)				
Issuance of leases	900,431	-	-	900,431
Transfers in	1,863,810	2,775,000	1,801,555	6,440,365
Transfers out	(4,985,708)	-	-	(4,985,708)
Total other financing sources (uses)	(2,221,467)	2,775,000	1,801,555	2,355,088
Net change in fund balance	(2,158,369)	1,147,747	(217,172)	(1,227,794)
FUND BALANCE AT JULY 1, RESTATED (Note 20)	6,603,402	4,628,403	46,036	11,277,841
FUND BALANCE AT JUNE 30	**$ 4,445,033**	**$ 5,776,150**	**$ (171,136)**	**$10,050,047**

Town of Vinton, Virginia

Exhibit 6

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

Net change in fund balance governmental fund		$ (1,227,794)
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 as depreciation expense. This is the amount by which capital outlay $4,977,881 exceeded depreciation $1,560,461, the net value of assets transferred in from the Water and Sewer Fund $2,848,624 and the value of the right-of-use lease asset addition in the current period $900,431.		7,166,475
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property and local taxes	$ 219,809	
Other	(11,007)	
Western Virginia Water Authority purchase of operations	1,500,000	
		1,708,802
The transfer of capital assets to governmental activities from an enterprise fund is reported as transfers in the government-wide statement of activities.		528,665
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	433,125	
Pension expense	102,028	
		535,153
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.		
Employer other postemployment benefit contributions	21,260	
Other postemployment benefits expense	12,174	
		33,434
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences.		(103,330)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of a increase in compensated absences.		(68,934)
Change in net position of governmental activities		**$ 8,572,471**

Town of Vinton, Virginia

Exhibit 7

Statement of Net Position
Proprietary Funds
June 30, 2024

	Water and Sewer	Stormwater Management	Total Enterprise
ASSETS			
Current assets			
Inventories	$ -	$ 20,704	$ 20,704
Prepaids	-	3,570	3,570
Total current assets	-	24,274	24,274
Noncurrent assets			
Net pension asset (Notes 8 and 11)	-	4,713	4,713
Capital assets			
Nondepreciable	-	42,103	42,103
Depreciable, net	-	288,673	288,673
Total noncurrent assets	-	335,489	335,489
Total assets	-	359,763	359,763
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 8 and 11)	-	23,710	23,710
Deferred outflows related to other postemployment benefits (Notes 9, 10, and 11)	-	4,772	4,772
Total deferred outflows of resources	-	28,482	28,482
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	-	51,505	51,505
Accrued payroll and related liabilities	-	6,853	6,853
Due to other funds	-	110,944	110,944
Net other postemployment benefit liability due within one year (Note 9, 10, and 11)	-	13,066	13,066
Current portion of noncurrent liabilities (Note 6)	-	8,224	8,224
Total current liabilities	-	190,592	190,592
Noncurrent liabilities			
Net other postemployment benefit liability (Notes 9, 10, and 11)	-	11,484	11,484
Due in more than one year (Note 6)	-	23,408	23,408
Total noncurrent liabilities	-	34,892	34,892
Total liabilities	-	225,484	225,484
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Notes 8 and 11)	-	21,652	21,652
Deferred inflows related to other postemployment benefits (Notes 9, 10, and 11)	-	14,936	14,936
Total deferred inflows of resources	-	36,588	36,588
NET POSITION			
Net investment in capital assets	-	330,776	330,776
Restricted for:			
Pensions	-	4,713	4,713
Unrestricted	-	(209,316)	(209,316)
Total net position	**$ -**	**$ 126,173**	**$ 126,173**

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

Town of Vinton, Virginia

Exhibit 8

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

	Business-Type Activities – Enterprise Fund		
	Water and Sewer	Stormwater Management	Total Enterprise
OPERATING REVENUES			
Other revenue	$ -	$ 5,196	$ 5,196
Total operating revenues	-	5,196	5,196
OPERATING EXPENSES			
Salaries	-	231,132	231,132
Fringe benefits	-	43,487	43,487
Contractual services	-	15,887	15,887
Maintenance	-	46,243	46,243
Rent, utilities, and insurance	-	3,333	3,333
Materials and supplies	-	75,277	75,277
Equipment repairs and rentals	38,832	-	38,832
Other	-	59,351	59,351
Depreciation	93,549	52,370	145,919
Total operating expenses	132,381	527,080	659,461
Operating income (loss)	(132,381)	(521,884)	(654,265)
NON-OPERATING REVENUE (EXPENSE)			
Interest income	14,235	11,717	25,952
Interest expense	(95,113)	-	(95,113)
Loss on sale and disposal of assets	-	(528,665)	(528,665)
Reimbursement from WVWA	801,113	-	801,113
Discontinuation of operations (Note 19)	(5,051,210)	-	(5,051,210)
Net non-operating revenue (expense)	(4,330,975)	(516,948)	(4,847,923)
Loss before transfers	(4,463,356)	(1,038,832)	(5,502,188)
TRANSFERS IN (OUT)	(1,863,810)	409,153	(1,454,657)
Change in net position	(6,327,166)	(629,679)	(6,956,845)
NET POSITION AT JULY 1	6,327,166	755,852	7,083,018
NET POSITION AT JUNE 30	**$ -**	**$ 126,173**	**$ 126,173**

Town of Vinton, Virginia

Exhibit 9

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

	Business-Type Activities – Enterprise Fund		
	Water and Sewer	Stormwater Management	Total Enterprise
OPERATING ACTIVITIES			
Receipts from other sources	$ -	$ 5,196	$ 5,196
Payments to suppliers	(38,832)	(182,702)	(221,534)
Payments to employees	-	(228,440)	(228,440.00)
Net cash used in operating activities	(38,832)	(405,946)	(444,778)
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	409,153	409,153
Net cash provided by noncapital financing activities	-	409,153	409,153
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(74,164)	(74,164)
Principal paid on long-term liabilities	(706,000)	-	(706,000)
Transfers of long-term assets and liabilities to governmental activities	(879,862)	-	(879,862)
Reimbursement of debt payments from WVWA	801,113	-	801,113
Interest received (paid)	(95,113)	11,717	(83,396)
Net cash used in capital and related financing activities	(879,862)	(62,447)	(942,309)
INVESTING ACTIVITIES			
Interest received on investments	14,235	-	14,235
Net decrease in cash and cash equivalents	(904,459)	(59,240)	(963,699)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	904,459	59,240	963,699
Ending at June 30	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ (132,381)	$ (521,884)	$ (654,265)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	93,549	52,370	145,919
Pension benefit net of employer contributions	-	(39,174)	(39,174)
Other postemployment benefit (expense) net of employer contributions	-	(11,149)	(11,149)
Change in certain assets and liabilities:			
(Increase) decrease in:			
Inventories	-	(135)	(135)
Prepaids	-	(3,570)	(3,570)
Increase (decrease) in:			
Accounts payable and accrued liabilities	-	21,094	21,094
Accrued payroll and related liabilities	-	30	30
Due to other funds	-	110,944	110,944
Compensated absences	-	(14,472)	(14,472)
Net cash provided by (used in) operating activities	**$ (38,832)**	**$ (405,946)**	**$ (444,778)**
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Discontinuation of operations	**$ (5,051,210)**	**$ -**	**$ (5,051,210)**
Capital assets transferred to governmental activities	**$ -**	**$ 528,665.00**	**$ 528,665**

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

Note 1 – Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The Town of Vinton (the "Town") was established in 1884. 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 four other council members. The Town is part of Roanoke County and has taxing powers subject to state-wide restrictions and tax limits.

Vinton provides a full range of municipal services including police, refuse collection, recycling, public improvements, planning and zoning, general administrative services, recreation, and stormwater management services.

Jointly Governed Organizations

Roanoke Valley Resource Authority

The Town of Vinton, Roanoke County, and the City of Roanoke jointly participate in the Roanoke Valley Resource Authority, which operates a regional solid waste disposal system that includes a sanitary landfill, waste collection, and transfer station. The Authority is governed by a board composed of seven members appointed by the governing bodies of participating jurisdictions. Town Council appoints one member. The Town has control over the budget and financing of the Authority only to the extent of representation by the board member appointed. The participating localities are each responsible for their pro-rata share, based on population, of any year-end operating deficit. For the current year, the Town remitted $232,641 to the Authority for services. A separate financial statement can be obtained from the Roanoke Valley Resource Authority, 110 Hollins Road, NE, Roanoke, Virginia 24012.

Roanoke County Emergency Communications Center

The Town participates in an intergovernmental agreement with the County of Roanoke for the operation of a E-911 dispatch center. All personnel of the Center are employees of Roanoke County. The Director of Communications & Information Technology in coordination with the Emergency Communications Center Advisory Board is responsible for oversight of the Center. The Assistant Director for Communications and Information Technology is responsible for the day-to-day operational management of the Center. The Town and County of Roanoke contribute to the operational cost of the Center based on the pro rata share of call volume. The Town's share of the operating cost was $150,000 in the current year. Separate financial statements are not available.

Western Virginia Regional Industrial Facility Authority

The Town of Vinton, County of Botetourt, County of Franklin, County of Roanoke, City of Salem, and the City of Roanoke jointly participate in the Western Virginia Regional Industrial Facility Authority, which functions to enhance the economic base for members by developing, owning, and operating facilities on a cooperative basis. The Authority is governed by a board composed of twelve members appointed by the governing bodies of participating jurisdictions. Town Council appoints two members. There were no associated costs to members for participation in the Authority in the current year. A separate financial statement can be obtained from the Western Virginia Regional Industrial Facility Authority care of Roanoke Regional Partnership, 111 Franklin Road, SE, Roanoke, Virginia 24011.

B. Individual Component Unit Disclosures

As required by generally accepted accounting principles (GAAP), these financial statements present the Town as the primary government. A *component unit* is an entity for which the primary government is considered to be financially accountable. There are no component units within this reporting entity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *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 is 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 the governmental fund and proprietary funds.

D. 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenue as available if it is 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 Town.

The Town reports the following major governmental funds:

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

The *capital projects fund* is used to account for financial resources, which have been segregated for the acquisition or construction of major capital facilities.

The *grant fund* is a special revenue fund that is used to report specific revenue sources that are limited to being used for a specific purpose.

The Town reports the following major proprietary funds:

The *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 enterprise funds consist of the activities relating to stormwater management and water and sewer services.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 stormwater management fund has not begun to collect dedicated utility fees. 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.

E. Budgets and Budgetary Accounting

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

1) Prior to June 30, the Town Manager submits to 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 budgets for the general and enterprise funds are 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. Town Council approves additional general fund appropriations during the year primarily for capital projects deferred from the prior year and additional operating expenditures.
4) The appropriations ordinance places legal restrictions on expenditures at the department or function level. Management can over-expend at the line item level without approval of Town Council. The appropriation for each department or function can be revised only by Town Council. The Town Manager is authorized to transfer budget amounts within departments.
5) Formal budgetary integration is employed as a management control device during the year for the general and enterprise funds.
6) Budgets are adopted on a basis consistent with GAAP.
7) Appropriations lapse on June 30.

F. Cash and Cash Equivalents

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

G. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

H. Inventories

Inventories are valued at cost. Inventories are accounted for under the consumption method, where inventories are recorded as expenditures when consumed, rather than when purchased.

I. Prepaid Items

Governmental fund prepaid items consist primarily of health insurance premium payments incurred for periods in a subsequent fiscal year. Prepaid items are accounted for using the consumption method. The payments are recorded as expenditures in the fiscal year related to the coverage period.

Proprietary fund prepaid items consist primarily of inventory purchased before year-end but not received and on hand until after the year-end. Prepaid items are accounted for using the consumption method. The costs of these items are expensed in the subsequent fiscal year when they are actually consumed or used.

J. Land Held for Resale

Land held for resale represents a property that was purchased by the Town for the purposes of economic development. The Town intends to sell the property as soon as possible and thus it will not be placed into service to benefit the Town.

K. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, and right-of-use assets derived from leases acquired subsequent to July 1, 2001, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. *Capital assets* are defined by the Town as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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.

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases 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 leased asset is not amortized.

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

Buildings and improvements	10-40 years
Machinery and equipment	3-10 years
Utility plant	20-40 years
Public domain infrastructure	25-40 years
Sewage treatment contract	30 years

L. Leases

The Town recognizes right-of-use assets and related liabilities for long-term leases exceeding 12 months.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured initially as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying assets, but it the lease contains a purchase option the Town is reasonably certain to exercise, the lease asset is amortized over the useful life of the underlying asset.

M. 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) until then.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows or 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.

N. Compensated Absences

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

O. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements relating 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 net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, *long-term debt* and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

Q. Fund Balances

Fund balance is 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. The classifications are as follows:

- Nonspendable – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- 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.
- Unassigned – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. The degree of difficulty to remove an ordinance is greater than a resolution; therefore, an ordinance is the most binding. Assigned fund balance is established by Council, the Town Manager, or the Director of Finance through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, debt service, or for other purposes).

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

The Town strives to maintain a General Fund reserve equal to four months of discretionary General Fund revenues.

R. Estimates

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

S. Change in Accounting Principle

For the year ended June 30, 2024, the Town implemented GASB Statement No. 100, Accounting Changes and Error Corrections. GASB 100 provides guidance on the accounting and financial reporting for accounting changes and error corrections and establishes new disclosure requirements related to such changes. The implementation of this statement resulted in changes to the presentation and disclosure of beginning balances. Additional information regarding the restatement of beginning balances is documented in Note 20.

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

Investments

Investment Policy

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, and bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Pursuant to Section 2.1-234.7 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regulatory scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of $1 per share). The investment policy (the "Policy") specifies that no investment may have a maturity greater than one year from the date of purchase.

Credit Risk

As required by state statute, the Policy requires that "prime quality" commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States, or of any state thereof including paper issued by banks and bank holding companies has received at least two of the following ratings: (i) at lease prime 1 by Moody's Investors Service, Inc.; (ii) at least A1 by Standard & Poor's; or (iii) at least F1 by Fitch Ratings, Inc. provided that at the time of the any such investment has a net worth of at least $50 million, the net income of the issuing corporation, or its guarantor, has averaged $3 million per year for the previous five years, and all existing senior bonded indebtedness of the issuer, or its guarantor, has received at least two of the following ratings: (i) at lease A by Moody's Investors Service, Inc.; (ii) at least A by Standard & Poor's, or (iii) at least A by Fitch Ratings, Inc.

The Policy also requires that negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with maturities not exceeding one year, have received at least two of the following ratings: (i) at least A-1 by Standard & Poor's; (ii) at least P-1 by Moody's Service; or (iii) at least at least F1 by Fitch Ratings. For maturities exceeding one year and not exceeding five years, have received at least two of the following ratings: (i) at least AA by Standard & Poor's, (ii) at least Aa by Moody's Investors Service, or (iii) at least AA by Fitch Ratings.

The Town has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program (SNAP). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia local governments. The SNAP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the SNAP is less than one year.

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the Policy places no limit on the amount the Town may invest in any one issuer.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy specifies that no investment may have a maturity greater than two years from the date of purchase, and the average maturity of the portfolio must not exceed one year.

Custodial Credit Risk

The Policy requires that all investment securities shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction.

As of June 30, the Town's deposit and investment balances were as follows:

Deposits	
Demand deposits	$ 10,563,277
Cash on hand	30,655
	10,593,932
Investments (Fair Value) (Level 1 Inputs)	
LGIP	23,104
VML VIP Liquidity Pool	11,187
	34,291
Total deposits and investments	**$ 10,628,223**

Exhibit 1 total deposits and investments is composed as follows:

Cash and investments	$ 10,601,638
Restricted cash	26,585
Total deposits and investments	**$ 10,628,223**

Restricted cash and cash equivalents consist of $25,209 of evidence found and $1,376 of flex benefit spending that can only be used for specific purposes.

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Note 3 – Receivables

Receivables consist of the following:

		Governmental Activities
Receivables		
Tax	$	650,392
Accounts		332,173
Gross receivables		982,565
Less allowance for uncollectibles		(219,967)
Receivables, net	**$**	**762,598**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the general fund were as follows:

		Unavailable		Unearned
Second Half property taxes billed in advance	$	-	$	916,849
Delinquent property taxes receivable		358,174		-
Vehicle license fee		73,284		-
Sales and communication taxes		144,198		-
Deposits on facility use		-		16,715
Federal reimbursement		204,163		-
Other		5,198		-
	$	**785,017**	**$**	**933,564**

Note 4 – Due from Other Governmental Units

A summary of funds due from other governmental units was as follows:

	General Fund	Grant Fund	Governmental Activities
Commonwealth of Virginia			
Communication taxes	$ 34,860	$ -	$ 34,860
Rolling stock tax	9,853	-	9,853
TDO/ECO	1,287	-	1,287
Miscellaneous non-categorical aid	-	6,895	6,895
	46,000	6,895	52,895
Federal Government			
Other Grants	-	648,898	648,898
	-	648,898	648,898
County of Roanoke			
Local sales taxes	374,617	-	374,617
Other	1,019	-	1,019
	375,636	-	375,636
Western Virginia Water Authority (See Note 19)	6,723,138	-	6,723,138
	$ 7,144,774	**$ 655,793**	**$ 7,800,567**

Note 5 – Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land *	$ 1,600,421	$ 252,111	$ -	$ 80,752	$ 1,933,284
Construction in progress	2,715,709	4,255,195	(5,426,162)	3,039,696	4,584,438
Total capital assets, not being depreciated	4,316,130	4,507,306	(5,426,162)	3,120,448	6,517,722
Capital assets, being depreciated					
Buildings and improvements *	10,421,349	406,972	-	58,617	10,886,938
Machinery and equipment	4,470,326	411,691	(424,049)	932,553	5,390,521
Infrastructure *	3,896,996	5,041,971	-	-	8,938,967
Lease asset – equipment	1,090,853	900,431	-	-	1,991,284
Utility Plant	-	-	-	1,357,204	1,357,204
Total capital assets, being depreciated	19,879,524	6,761,065	(424,049)	2,348,374	28,564,914
Less accumulated depreciation/amortization					
Buildings and improvements *	(6,164,561)	(334,236)	7,814	(38,345)	(6,529,328)
Machinery and equipment	(3,121,555)	(379,916)	424,049	(795,540)	(3,872,962)
Infrastructure *	(1,946,930)	(394,198)	28,289	-	(2,312,839)
Lease asset – equipment	(568,021)	(452,111)	-	-	(1,020,132)

Utility Plant	-	-	-	(1,257,648)	(1,257,648)
Total accumulated depreciation/amortization	(11,801,067)	(1,560,461)	460,152	(2,091,533)	(14,992,909)
Total capital assets, net	8,078,457	5,200,604	36,103	256,841	13,572,005
Governmental activities capital assets, net	**$ 12,394,587**	**$ 9,707,910**	**$ (5,390,059)**	**$ 3,377,289**	**$ 20,089,727**

Business-type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Capital assets, not being depreciated					
Land	$ 80,752	$ -	$ -	$ (80,752)	$ -
Construction in progress	2,681,797	400,002	-	(3,039,696)	42,103
Total capital assets, not being depreciated	2,762,549	400,002	-	(3,120,448)	42,103
Capital assets, depreciated					
Utility plant	1,629,473	32,061	-	(1,415,821)	245,713
Machinery and equipment	1,193,522	-	-	(932,553)	260,969
Total capital assets, being depreciated	2,822,995	32,061	-	(2,348,374)	506,682
Less accumulated depreciation					
Utility plant	(1,297,901)	(29,734)	-	1,295,993	(31,642)
Machinery and equipment	(865,722)	(116,185)	-	795,540	(186,367)
Total accumulated depreciation	(2,163,623)	(145,919)	-	2,091,533	(218,009)
Capital assets, being depreciated, net	659,372	(113,858)	-	(256,841)	288,673
Business-type activities capital assets, net	**$ 3,421,921**	**$ 286,144**	**$ -**	**$ (3,377,289)**	**$ 330,776**

* Beginning balances for land, buildings, infrastructure, and accumulated depreciation, if applicable, have been restated to correct a prior period error identified in the current year. The error related to capital assets that were transferred to the Roanoke County Economic Development Authority in fiscal year 2022 but were not removed from the capital asset and depreciation records. As a result, depreciation expense continued to be recorded in subsequent years. The correction removes the assets' historical cost and related accumulated depreciation, if applicable, with the net effect recorded as a restatement of beginning net position. See Note 20 for more information.

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government administration	$ 659,279
Public safety	311,562
Public works	416,702
Parks, recreation, and cultural	172,918
	$ 1,560,461
Business-type activities	
Water and sewer	$ 93,549
Stormwater management	52,370
	$ 145,919

Construction Commitments

The Town has a $916,000 construction commitment for phase two of the Glade Creek Greenway construction project, a $404,000 construction commitment for the Gus Nicks Boulevard Pedestrian construction project, a $265,000 construction commitment for the Traffic Signal Replacement construction project, a $481,000 construction commitment for the Hardy Road Pedestrian Crosswalk construction project, a $1,250,000 construction commitment for the Multi-Generational Park construction project, a $100,000 construction commitment for the East Cleveland Avenue Redevelopment construction project, a $500,000 construction commitment for the Mountain View Road construction project, a $1,675,000 construction commitment for the Third Street Lift Station, and $4,000,000 for the War Memorial Remodel as of June 30, 2024. Financing for the War Memorial Remodel has not yet been secured.

Note 6 – Long-Term Liabilities

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 975,476	$ -	$ (360,578)	$ 614,898	$ 360,897
Operating leases	524,248	900,431	(452,624)	972,055	292,405
Compensated absences	598,648	266,488	(197,554)	667,582	220,302
	$ 2,098,372	**$ 1,166,919**	**$ (1,010,756)**	**$ 2,254,535**	**$ 873,604**

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	**$ 46,104**	**$ -**	**$ (14,472)**	**$ 31,632**	**$ 8,224**

Governmental activities' compensated absences are generally liquidated by the general fund.

Year Ending June 30,	Governmental Activities: General Obligation Bonds Principal	General Obligation Bonds Interest	Operating Leases Principal	Operating Leases Interest
2025	$ 360,897	$ 8,816	$ 292,405	$ 37,786
2026	127,000	4,048	210,536	36,183
2027	127,001	1,638	198,927	35,464
2028	-	-	171,462	32,471
2029	-	-	98,725	19,295
	$ 614,898	**$ 14,502**	**$ 972,055**	**$ 161,199**

The Town entered into an agreement with the County of Roanoke in July 2019 that transferred the remaining debt payments associated with the Vinton Fire Station #2 and the Vinton Rescue Squad #2. The County makes semi-annual payments directly to the Town for the governmental activities' general obligation bonds.

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities
General Obligation Bonds					
Virginia Association of Counties					
G.O. Refunding Bonds	2.05%	05/25/16	02/01/27	$ 702,000	$ 220,000
Carter Bank and Trust					
G.O. Refunding Bonds	2.05%	06/27/13	11/01/24	2,228,409	234,898
Zions Bancorporation					
G.O. Refunding Bonds	1.66%	04/22/21	03/01/33	1,546,000	160,000
					$ 614,898
Operating Leases					
Enterprise Fleet Vehicles	Various	Various	Various	$ 953,062	$ 953,062
Copiers	3.50%	07/01/21	10/31/24	40,687	4,273
Storage Building	3.50%	07/01/21	06/30/25	56,076	14,720
					$ 972,055

Note 7 – Performance Agreements

The Town has several performance agreements with local businesses to encourage redevelopment and economic growth in the Town. In exchange, the Town will provide funding equal to annual meals tax generated by the business or make annual payments as performance benchmarks are met, depending on the agreement. The expected maturity of the total payouts is June 30, 2034. As of June 30, 2024, the amount earned is $1,295,423 and the amount unearned is $3,595,515. The Town made total payments of $705,081 in fiscal year 2024.

Note 8 – Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

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

	Numbers
Inactive members or their beneficiaries currently receiving benefits	90
Inactive members:	
Vested inactive members	23
Non-vested inactive members	43
Inactive members active elsewhere in VRS	73
Total inactive members	
Active members	64
Total covered employees	**293**

Contributions

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

The Political Subdivision's contractually required contribution rate for the year ended June 30, 2024, was 9.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Political Subdivision were $456,835 and $405,632 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions

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

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

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

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): 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.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		**5.75**
		Inflation	2.50
		*Expected arithmetic nominal return	**8.25%**

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

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a)-(b)**
Balance at June 30, 2022	$ 20,670,042	$ 20,609,215	$ 60,827
Changes for the year			
Service cost	453,050	-	453,050
Interest	1,378,312	-	1,378,312
Differences between expected and actual experience	(151,966)	-	(151,966)
Contributions – employer	-	371,937	(371,937)
Contributions – employee	-	171,608	(171,608)
Net investment income	-	1,300,366	(1,300,366)
Benefit payments, including refunds of employee contributions	(1,407,312)	(1,407,312)	-
Administrative expenses	-	(13,409)	13,409
Other changes	-	521	(521)
Net changes	272,084	423,711	(151,627)
Balance at June 30, 2023	**$ 20,942,126**	**$ 21,032,926**	**$ (90,800)**

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)	**$ 2,652,731**	**$ (90,800)**	**$ (2,365,248)**

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

For the year ended June 30, 2024, the Political Subdivision recognized pension benefit of $(117,492). At June 30, 2024, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 77,473
Net difference between projected and actual earnings on pension plan investments	-	339,716
Employer contributions subsequent to the measurement date	456,835	-
Total	**$ 456,835**	**$ 417,189**

The $456,835 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 (Asset) in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	$ (315,270)
2026	(412,208)
2027	298,056
2028	12,233
2029	-
Thereafter	-

Pension Plan Data

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

Note 9 – Other Postemployment Benefits Liability – Local Plan

Plan Description and Benefits Provided

The Town provides postemployment medical and dental benefits to its eligible retirees and their dependents through a single-employer defined benefit plan. At retirement, retirees under the age of 65 may participate in one of the Town's health and dental plans and may continue coverage under these plans until age 65 or becoming eligible for Medicare, whichever comes first. The Town contributes $200 per month towards this coverage with the retiree paying the remainder of the premium. Medicare-eligible retirees may participate in the Medicare supplement only and pay 100% of the Medicare supplement premium. The retirees receive an implicit benefit from participating in the Town's health and dental plans through lower insurance rates created by the blending of the retirees with active employee's rates. The Town Council may change, add, or delete benefits (including contributions required of retired employees) as deemed appropriate.

Participants are eligible for the Plan at age 55 if they have completed 25 years of service. Retiring employees must have been active employees when they retire.

The Plan does not provide audited financial statements.

Funding Policy

The Town currently funds postemployment benefits on a pay-as-you-go basis. The Town does not intend to establish a trust to pre-fund this liability.

Employees Covered by Benefit Terms

As of the July 1, 2023 actuarial valuation, the following employees were covered by the benefit terms of the Plan:

	Number
Active plan members	73
	73

Total OPEB Liability

The Town's total OPEB liability of $215,583 was measured as of June 30, 2024, and was determined based on an actuarial valuation performed as of July 1, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Discount rate	4.21%
Salary increases, including inflation	3.00%
Healthcare cost trend rates	4.50% for all future years
Retirees' share of benefit-related costs	$-0-

Mortality rates: PUB 2010 General (M/F) with MP 2021 projection.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period from July 1, 2022 through June 30, 2023.

Changes in assumptions and other inputs reflect plan changes, effect of economic/demographic gains or losses, and effect of assumptions changes or inputs.

Changes in the Total OPEB Liability

Balance at June 30, 2023	$ 198,799
Changes for the year:	
Service cost	15,272
Interest	8,210
Difference between expected and actual experience	14,127
Assumption or other input changes	(20,825)
Net changes	16,784
Balance at June 30, 2024	**$ 215,583**

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower (3.21%) or one-percentage-point higher (5.21%) than the current discount rate:

	1.00% Decrease (3.21%)	Current Discount Rate (4.21%)	1.00% Increase (5.21%)
Total OPEB liability	**$ 248,656**	**$ 215,583**	**$ 186,951**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it was calculated using healthcare cost trend rates that are one-percentage-point lower (3.5%) or one-percentage-point higher (5.5%) than the current healthcare cost trend rates:

	1.00% Decrease (3.50%)	Current Healthcare Cost Trend Rates (4.50%)	1.00% Increase (5.50%)
Total OPEB liability	**$ 184,327**	**$ 215,583**	**$ 253,688**

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

For the year ended June 30, 2024, the Town recognized OPEB benefit of $(20,723). At June 30, 2024, the political subdivision 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	$ 12,557	$ 74,436
Change is assumptions	4,734	116,025
Total	**$ 17,291**	**$ 190,461**

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

Year Ended June 30,		Reduction to OPEB Expense
2025	$	(44,205)
2026		(44,441)
2027		(35,930)
2028		(15,274)
2029		(15,274)
Thereafter		(18,046)

Note 10 – Other Postemployment Benefits Liability – Virginia Retirement System Plan

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

Plan Description

Group Life Insurance Program

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

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

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

The GLI 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 a multiple-employer, cost-sharing plan.

Contributions

Contributions to the VRS OPEB program were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB program 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: 1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.

June 30, 2024 Contribution	$	22,632
June 30, 2023 Contribution	$	20,149

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

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

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

Group Life Insurance Program

June 30, 2024 proportionate share of liability	$	189,492
June 30, 2023 proportion		0.01580%
June 30, 2022 proportion		0.01500%
June 30, 2024 benefit	$	(1,228)

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

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

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,926	$ 5,752
Change in assumptions	4,050	13,129
Net difference between projected and actual earnings on OPEB plan investments	-	7,615
Changes in proportion	15,832	29,493
Employer contributions subsequent to the measurement date	22,632	-
Total	**$ 61,440**	**$ 55,989**

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

Group Life Insurance Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2025	$ (11,473)
2026	(15,734)
2027	2,571
2028	3,918
2029	3,537
Thereafter	-

Actuarial Assumptions and Other Inputs

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

Inflation	2.5%
Salary increases, including inflation:	
• Locality – general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00– 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 8.

Net OPEB Liability

The net OPEB liability represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	$ 3,907,052
Plan fiduciary net position	2,707,739
Employer's net OPEB liability	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Note 8.

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities 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, 2023, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities 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% GLI) or one-percentage-point higher (7.75% GLI) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	$ 280,886	$ 189,492	$ 115,599

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website athttp://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11 – Summary of Pension and Other Postemployment Benefits Elements

	Governmental Activities	Business-type Activities	Total Primary Government
Net pension asset			
VRS	$ 86,087	$ 4,713	$ 90,800
Total net pension asset	**$ 86,087**	**$ 4,713**	**$ 90,800**
Net OPEB liability			
Local plan	$ 202,517	$ 13,066	$ 215,583
VRS GLI	178,008	11,484	189,492
Total net OPEB liability	**$ 380,525**	**$ 24,550**	**$ 405,075**
Deferred outflows of resources – pensions			
Employer contributions subsequent to the measurement date VRS	$ 433,125	$ 23,710	$ 456,835
Total deferred outflows of resources – pensions	**$ 433,125**	**$ 23,710**	**$ 456,835**
Deferred outflows of resources – OPEB			
Differences between expected and actual experience			
Local Plan	$ 11,796	$ 761	$ 12,557
VRS GLI	17,779	1,147	18,926
Changes of assumptions			
Local plan	4,447	287	4,734
VRS GLI	3,805	245	4,050
Employer contributions subsequent to the measurement date			
VRS GLI	21,260	1,372	22,632
Changes in proportional share			
VRS GLI	14,872	960	15,832
Total deferred outflows of resources – OPEB	**$ 73,959**	**$ 4,772**	**$ 78,731**
Deferred inflows of resources – pension			
Difference between expected and actual experience			
VRS	$ 73,452	$ 4,021	$ 77,473
Net difference between projected and actual earnings on investments			
VRS	322,085	17,631	339,716
Total deferred inflows of resources – pensions	**$ 395,537**	**$ 21,652**	**$ 417,189**

	Governmental Activities	Business-type Activities	Total Primary Government
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	$ 69,925	$ 4,511	$ 74,436
VRS GLI	5,403	349	5,752
Change in assumptions			
Local plan	108,993	7,032	116,025
VRS GLI	12,333	796	13,129
Change in proportionate share			
VRS GLI	27,707	1,786	29,493
Net difference between projected and actual earnings on investments			
VRS GLI	7,153	462	7,615
	$ 231,514	**$ 14,936**	**$ 246,450**

Note 12 – Summary of Pension and Other Postemployment Benefit Expenses/Expenditures

	Governmental Activities	Business-type Activities	Total Primary Government
Pension benefit			
VRS	$ 111,394	$ 6,098	$ 117,492
Total pension benefit	**$ 111,394**	**$ 6,098**	**$ 117,492**
OPEB benefit			
Local plan	$ 19,467	$ 1,256	$ 20,723
VRS GLI	1,154	74	1,228
Total OPEB benefit	**$ 20,621**	**$ 1,330**	**$ 21,951**

Note 13 – Deferred Compensation Plan

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with *IRC* Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying hardship. The Town makes a matching contribution up to the equivalent of $10 per month per employee.

All amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are held in trust by a third party for the exclusive benefit of participants and their beneficiaries.

Note 14 – Property Taxes

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

Property taxes are levied annually in April on assessed values as of January 1. Personal property transactions during the year are taxed on a prorated basis. Real estate tax is payable in two equal installments on or before June 5 and December 5, and personal property tax is due on or before May 31, or within 30 days subsequent to assessment. 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 *IRC* Section 6621(b). The effective tax rates per $100 of assessed value for the year ended June 30 were as follows:

Real estate	$	0.07
Personal property	$	1.00
Machinery and tools	$	1.00

Note 15 – Risk Management

The Town is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool, The Virginia Municipal Group Self Insurance, for their coverage of workers' compensation. The Town also participates with other localities in a public entity risk pool, the Virginia Municipal League, for their coverage of property damage. The Town pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The Town continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Town provides healthcare coverage for employees through a policy with Anthem Blue Cross Blue Shield. The Town contributes the required premium amount for single coverage for each employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Town.

Note 16 – Commitments and Contingencies

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. Town management believes that required refunds, if any, will be immaterial.

Landfill Closure and Post-Closure Costs

As discussed in Note 1, the Town participates in the Roanoke Valley Resource Authority. The Authority currently has responsibility for closure and post-closure care related to the new Smith Gap landfill, the transfer station, and an old landfill site.

Closure and post-closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, *Solid Waste Disposal Facility Criteria*, and are subject to periodic revisions by the EPA. The current estimate of remaining closure and post-closure care costs, assuming full utilization of the sites, is approximately $21.0 million. The participating localities have contributed their pro-rata shares to fund the closure and post-closure care costs.

Roanoke County Service Agreement – Vinton Business Center

Effective July 1, 2019, the Town of Vinton and Roanoke County entered into a service agreement that formalized revenues and services shared by the local governments. The agreement also mentions the continuation of the Vinton Business Center, previously MacDonald Farm, that was previously in a gain-sharing agreement that ended in 2019. The Town and County jointly share revenues generated by this project. The Town and County must also jointly agree before any future improvements are made to the property or before portions of the property are sold. No major improvements commenced during the current year.

Note 17 – Interfund Activity

The primary purpose of the $409,153 transfer from the general fund to the stormwater management fund was to cover obligations of stormwater fund. The primary purpose of the $2,775,000 transfer from the general fund to the capital projects fund was to cover capital outlays for the capital projects fund. The primary purpose of the $1,801,555 transfer from the general fund to the grant fund was to cover obligations of the grant fund. The primary purpose of the $1,863,810 transfer from the water and sewer fund to the general fund was to close the water and sewer fund.

Amounts due from/to other funds consist of the following at June 30:

Receivable Fund	Payable Fund	Amount
General	Stormwater	$ 110,944

Note 18 – Fund Balances

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

	General Fund	Capital Projects Fund	Grant Fund
Nonspendable			
Prepaids	$ 103,639	$ -	$ -
CDBG revolving loan	95,003	-	-
Land held for sale	495,239	-	-
Total nonspendable	693,881	-	-
Restricted for			
Public safety	330,413	-	-
Total restricted	330,413	-	-
Committed			
Health and welfare	19,678	-	-
Capital projects	-	5,776,150	-
Total committed	19,678	5,776,150	-
Assigned			
General government administration	9,210	-	-
Health and welfare	7,563	-	-
Total assigned	16,773	-	-
Unassigned	3,384,288	-	(171,136)
Total fund balance	**$ 4,445,033**	**$ 5,776,150**	**$ (171,136)**

The Grant Fund carried a negative fund balance at yearend due to the timing of reimbursement requests for eligible highway construction expenditures.

The Stormwater Management Fund was created in 2017 and has carried a negative fund balance since inception until transfers in 2021 were made to cover this deficit. It is used to track costs related to stormwater and is currently funded by transfers from the General Fund. Staff is working with Town council to move towards a fee to sustain the fund.

Note 19 – Transfer to Western Virginia Water Authority

On July 1, 2022, the Town transferred its water and sewer system to Western Virginia Water Authority ("WVWA"). This transfer included (1) billing responsibilities, (2) four employees that were involved with the Town's water and sewer operations, and (3) financing agreements and revenue bonds and the then-existing revenue pledged liabilities and obligations of Vinton relating to the system. WVWA will pay the Town a total purchase price of $3,000,000 over three years beginning in July 2023 to be paid in full no later than July 15, 2025. The Town recorded a receivable of $1,500,000 for the remaining amount in fiscal year 2024.

Inventory and Capital Assets

The remaining depreciable assets were transferred to the general or stormwater funds in FY24. The remaining land will be transferred to WVWA in FY25. The remaining construction in progress related to the 3rd street lift station project will be leased to WVWA once completed.

Long-Term Debt

With regard to long-term debt, WVWA will reimburse the Town for approximately $6,800,000 in general obligation and revenue bond debt service payments by March 1, 2033. WVWA reimbursed the Town for approximately $520,000 in general obligation and $186,000 in revenue bond debt service payments in FY24. The Town reported a receivable and payable of approximately $6,000,000 as of June 30, 2024 for the principal and interest. The following debt are under this arrangement:

	Interest Rate	Date Issued	Final Maturity Date	Principal Amount of Debt Outstanding
General Obligation Bonds				
Zions Bancorporation				
G.O. Capital Improvement Bonds	1.66%	04/22/21	03/01/33	$ 3,168,000
G.O. Refunding Bonds	1.66%	04/22/21	03/01/33	939,000
Revenue Bond				
Virginia Association of Counties				
Revenue Water and Sewer Bonds	2.05%	05/25/16	08/01/27	790,000
				$ 4,897,000

	Governmental Activities
Due from WVWA receivable, within one year - purchase	$ 1,000,000
Due from WVWA receivable, within one year – debt	442,414
Due from WVWA receivable, within more than one year	5,280,724
Total receivables	**$ 6,723,138**
Due to WVWA, within one year	$ (442,414)
Due to WVWA, within more than one year	(4,780,724)
Total payables	**$ (5,223,138)**

Note 20 – Restatement of Beginning Net Position

The Town corrected an item related to capital assets that were transferred to the Roanoke County Economic Development Authority in fiscal year 2022 but were not removed from the Town's capital asset and depreciation records as discussed in Note 5. The Town also corrected an item related to certain expenditures, revenue, receivables, and unearned revenue related to Highway Construction funds that were not recorded in the proper period. The following is a summary of the restatement to net position:

	Grant Fund	Governmental Activities
Net position/fund balance July 1, 2023, as previously reported	$ 84,578	$ 21,873,741
Correct expense understatement	(38,542)	(684,975)
Net position/fund balance July 1, 2023, as restated	**$ 46,036**	**$ 21,188,766**

Note 21 – New Accounting Standards

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

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

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

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

Compliance Section

Town of Vinton, Virginia

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Amounts Passed Thru to Sub-recipients	Federal Expenditures
Department of Justice				
Pass Through Payments				
Virginia Department of Criminal Justice Services				
Local Law Enforcement Block Grant FFY 23	16.738	21-U10099LO18	N/A	$ 11,280
Bulletproof Vest Partnership Program	16.607	N/A	N/A	2,260
Total Department of Justice				13,540
Department of Transportation				
Pass Through Payments				
Virginia Department of Motor Vehicles				
Highway Safety Cluster				
National Priority Safety Programs FY24	20.616	N/A	N/A	21,249
Virginia Department of Transportation				
Highway Planning and Construction				
Walnut Avenue Bike/Pedestrian - 5th St to Town West	20.205	UPC 111649	N/A	306,341
Walnut Avenue Bike/Pedestrian - Lee Avenue to 1st St	20.205	UPC 113565	N/A	731,289
Glade Creek Greenway Phase 2B	20.205	UPC 109611	N/A	418,678
Gus Nicks Blvd Pedestrian/Bicycle Crossing	20.205	UPC 119911	N/A	215,027
Hardy Road/Dillon Woods Crosswalk	20.205	UPC 113322	N/A	105,974
Total Department of Transportation				1,798,558
Department of the Treasury				
Direct Payments				
COVID-19 American Rescue Plan Act: CSLFRF-NEU	21.027	N/A	N/A	157,842
Total Department of the Treasury				157,842
Environmental Protection Agency				
Direct Payments				
EPA Brownfield Site Assessment	66.818	FAIN # 96368301	N/A	53,375
Total Environmental Protection Agency				53,375
Total Expenditures of Federal Awards				**$ 2,023,315**

Note 1 - Basis of Presentation:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Town of Vinton, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the Town's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this

Note 2 - De Minimis Indirect Cost Rate:

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

Note 3 - Outstanding Loan Balances:

At June 30, 2024, the Town had no outstanding loan balances requiring continuing disclosure.

BROWN EDWARDS
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 the Town Council
Town of Vinton, 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 Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 6, 2026.

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 the 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 were not identified. **We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-004 and 2024-005 that we consider to be material weaknesses.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2024-010.**

Town's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
July 6, 2026

BROWNEDWARDS
certified public accountants

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

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

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Town of Vinton, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2024. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Assistance Listing # 20.205, Highway Planning and Construction.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion Section of our report, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on *20.205 Highway Planning and Construction* for the year ended June 30, 2024.

Basis for Qualified Opinion

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

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

Matters Giving Rise to Qualified Opinion on Assistance Listing # 20.205, Highway Planning and Construction.

As described in the accompanying schedule of findings and questioned costs, the Town did not comply with the requirements regarding *Assistance Listing #20.205 Highway Planning and Construction* as described in finding number 2024-008 for Special Tests and Provisions – Wage Rate and 2024-009 for Special Tests and Provisions – Quality Assurance.

Compliance with such requirements is necessary, in our opinion for the Town to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures, as we considered necessary in the circumstances.

- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. **We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-007 to be a material weakness.**

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the response.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
July 6, 2026

Town of Vinton, Virginia

Summary of Compliance Matters

June 30, 2024

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

State Compliance Matters

Code of Virginia:

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

State Agency Requirements:

Urban Highway Maintenance Funds
Stormwater Management Program
Fire Programs Aid to Localities

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

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

Town of Vinton, Virginia

Schedule of Findings and Questioned Costs

June 30, 2024

A – Summary of Auditor's Results

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Five material weaknesses and no significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **One instance of noncompliance** material to the financial statements was disclosed.
4. **One material weakness and no significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses a **qualified opinion**.
6. The audit disclosed **three audit findings** relating to the major programs.
7. The program tested as major was:

Name of Program	Assistance Listing Number
Highway Planning and Construction	20.205

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

B – Findings – Financial Statement Audit

2024-001: Audit Adjustments (Material Weakness)

Condition: We noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to debt, accounts receivable, and capital assets.

Criteria: Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Year-end adjustments for debt, accounts receivable, and capital assets should be recorded, reconciled to year-end workpapers, and reviewed before the audit. Also, entries for reversal of prior year accruals should be reviewed before the audit.

Cause: With regard to governmental activity long-term debt, it appears that the roll forward was not reviewed before year-end entries were made, resulting in additional adjustment to long-term debt balances. With regard to governmental activities capital assets, roll forwards and depreciation schedules were not reviewed before entries were made, resulting in additional adjustments. With regard to governmental activities intergovernmental receivables, tax receivables, and deferred revenue, calculated balances were not correctly captured and recorded at year-end.

Effect: There is an increased risk of financial statement misstatement.

Recommendation: We recommend establishing procedures in which qualified supervisors are reviewing year-end work papers that feed into the final general ledger and focusing on the accuracy of year-end balances.

View of Responsible Officials and Planned Corrective Action: *Management acknowledges the audit findings regarding the financial statement audit. Management is committed to improving controls and has taken or will take the following actions:*

- *Formalizing year-end procedures to ensure roll-forwards, reconciliations, and supporting workpapers are completed and reviewed.*
- *We will continue to take advantage of training opportunities to support staff growth and understand year-end processes.*
- *We will create a structured review process in which qualified supervisory personnel verify the accuracy and completeness of all year-end workpapers and reconciliations before they are incorporated into the trail balance and financial statements.*

2024-002: Segregation of Duties (Material Weakness)

Condition: A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to accounts payable, accounts receivable, cash disbursements, and information technology.

Criteria: Checks and remittance advice should be placed into envelopes and mailed by someone with no other accounting responsibilities.

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

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

Recommendation: Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

View of Responsible Officials and Planned Corrective Action: *Management acknowledges the auditor's findings and we're working towards reducing the conflicting duties.*

Town of Vinton, Virginia

Schedule of Findings and Questioned Costs

June 30, 2024

2024-003: Fund Balance Accounting (Material Weakness)

Condition: Some funds, including the 9999 Treasurer Accountability Fund, did not balance due to manual journal entries crossing funds or utilization of fund balance accounts during the year.

In addition, we noted that following the implementation of the Town's new financial accounting system, Munis, General Fund activity and government-wide reporting information were combined within the system's chart of accounts and reporting structure. As a result, transactions and balances that should be reported solely at the government-wide level, such as capital assets, long-term liabilities, and other full-accrual adjustments, were maintained within the same accounting structure as General Fund activity. This increases the likelihood of recording entries that cross funds.

Criteria: Manual entries and transactions should balance within a fund. Use transfer accounts when moving funds and account balances between funds. Entries to fund balance accounts should be within the fund balance category unless a prior period adjustment is necessary.

Also, Governmental Accounting Standards Board (GASB) standards require governments to present fund financial statements and government-wide financial statements using separate measurement focuses, basis of accounting, and reporting objectives. Proper financial reporting requires that these perspectives be maintained separately.

Cause: Manual journal entries or utilization of fund balance accounts during the year caused some funds to not balance. In addition, the lack of separation between the government-wide fund and General Fund resulted from the configuration of the new financial accounting system implemented during the fiscal year.

Effect: Due to manual journal entries or utilization of fund balance accounts by the Town during the fiscal year, auditor adjustments were required to correct fund balance.

In addition, additional manual adjustments and reconciling entries were required during the year-end financial reporting process to prepare GASB-compliant fund and government-wide financial statements because of combining General Fund and government-wide information within the accounting system.

Recommendation: We recommend reviewing each fund to ensure that it balances and appears reasonable, and seeking additional training on funds, fund balance, and the use of the 9999 Treasurer Accountability Fund.

In addition, we recommend creating a government-wide fund in Munis.

View of Responsible Officials and Planned Corrective Action: *Management agrees with the auditors' recommendation and are committed to strengthening controls and improving system configuration to ensure fund integrity.*

2024-004: Grant Management (Material Weakness)

Condition During the audit, we noted that certain expenditures, revenue, receivables, and unearned revenue related to Highway Construction funds were not properly recorded. Expenditures had been overstated by approximately $720,000 on the Schedule of Expenditures of Federal Awards. Several audit adjustments and prior period adjustments were required to reconcile grant expenditures, revenue, receivables, and unearned revenue at year end. We also noted that reimbursement requests were not filed timely.

Criteria Reimbursement requests should be filed timely for cash flow management. Internal controls should be in place to provide reasonable assurance that grant receivables, deferred revenue, and accounts payable are properly recorded and that federal expenditures are correctly reported on the Schedule of Expenditures of Federal Awards.

Cause We noted there was not an overall process to appropriately monitor the recording of revenue, receivables, and unearned revenue associated with this grant, or to ensure that amounts expended were correctly reported on the Schedule of Expenditures of Federal Awards. We also noted that reimbursement request timing was not subject to formal monitoring or periodic review to ensure timely submission.

Effect As a result, grant-related balances were not initially presented in accordance with GAAP and required adjustment during the audit process. Without effective controls over grant accounting and reconciliations, there is an increased risk that grant revenues and expenditures may be misstated in future reporting periods.

Recommendation We recommend grant training related to timely reimbursement requests, methods for recording expenditures in the correct fiscal year, reconciling grant reports to the general ledger, and proper treatment of funding received and tracked as unearned revenue. We also recommend that management develop a process to monitor the recording of revenue, receivables, and unearned revenue associated with this grant, and to ensure that amounts expended are correctly reported on the Schedule of Expenditures of Federal Awards.

View of Responsible Officials and Planned Corrective Action *Management acknowledges the auditors' findings some of these issues were influenced by the transition to the new financial system, as well as the fact that grant activity and supporting documentation are managed by departments outside of Finance, which can create timing and reconciliation challenges during year-end close.*

- *Provide targeted grant training for departments responsible for grant management, including topics such as timely reimbursement requests, cash-flow management, fiscal year cut-off procedures, and appropriate documentation requirements.*
- *Reinforce procedures for reconciling grant reports to the general ledger to ensure expenditures and revenues are recorded in the correct fiscal year.*
- *Develop guidance regarding the proper classification and treatment of funds received in advance, including when amounts should be recorded as unearned revenue.*
- *Improve coordination between departments and Finance during year-end close to ensure all grant activity is fully supported, reconciled, and properly reflected in the financial statements.*

- *Evaluate opportunities to standardize grant tracking practices across departments to reduce variability and strengthen consistency in reporting.*

2024-005: Depreciation Allocation (Material Weakness)

Condition: We noted inconsistencies in the classification of capital assets across departments. The client documented approximately $4.9 million in community development capital asset additions at the time of construction or purchase. However, these assets were reassigned to different departments when added to the depreciation listing.

Criteria: Capital assets should be consistently classified and recorded within the appropriate department throughout their life cycle, from acquisition through inclusion in the depreciation schedules, to ensure accurate financial reporting and proper accountability.

Cause: The inconsistencies appear to be the result of a lack of a formalized process or internal control to ensure capital assets are consistently classified by department from the point of acquisition through their recording in the depreciation listing.

Effect: Inconsistent classification of capital assets may result in inaccuracies in departmental financial reporting and depreciation expense allocation. It may also impair management's ability to effectively monitor and track capital assets by department.

Recommendation: We recommend that management implement a process to ensure capital assets are consistently classified and tracked by department from acquisition through inclusion in the depreciation schedules

View of Responsible Officials and Planned Corrective Action: *Management acknowledges the recommendation. As we transition to a new financial ERP system and continue onboarding staff, we are actively learning and interpreting the asset categorizations used in the prior system. At the same time, staff have been working to identify and correct items that were previously misclassified. These simultaneous efforts contributed to the inconsistencies noted during the audit.*

Management will evaluate and strengthen internal procedures to ensure capital assets are consistently classified and tracked by department from acquisition through inclusion in the depreciation schedules. Additional review and reconciliation steps will be implemented to maintain accuracy and consistency across departments going forward.

C – Findings and Questioned Costs – Major Federal Award Program Audit

2024-006: Highway Planning and Construction – AL# 20.205, Late Filling of Data Collection Form

Condition: The Town did not submit the data collection form for the year ended June 30, 2024 timely. For June 30, 2024 year-end audits, under the requirements in the Uniform Guidance and the Office of Management and Budget (OMB), all entities are required to submit the annual data collection form with the Federal Audit Clearinghouse the earlier of either 30 days after the issuance of the entity's annual audit or nine months after the entity's fiscal year-end.

Criteria: The Town is required to submit the annual data collection form with the Federal Audit Clearinghouse the earlier of either 30 days after the issuance of the Town's annual audit or nine months after the Town's fiscal year-end.

<u>Cause</u> The data collection form was not filed timely due to the timing of the issuance of the Town's ACFR.

<u>Effect</u> The Town's form will be submitted to the Federal Audit Clearinghouse late, delaying completion of all annual audit requirements for the Town.

<u>Recommendation</u> Management should take steps to ensure that the form is filed in a timely manner.

<u>Repeat Finding</u> Similar conditions were present in the prior year. See finding 2023-003 in Summary Schedule of Prior Audit Findings.

<u>View of Responsible Officials and Planned Corrective Action</u> *Management acknowledges the findings and will continue to work to ensure the reports are filed in a timely manner.*

2024-007: Schedule of Expenditures of Federal Awards (Material Weakness)

<u>Condition</u> The Schedule of Expenditures of Federal Awards (SEFA) was prepared without supervisor review, resulting in several auditor corrections.

<u>Criteria</u> Segregation of duties and review procedures should be applied to federal award workpapers.

<u>Cause</u> The Town has not designed effective internal controls with regard to federal awards.

<u>Effect</u> Risk that the Town's information in the SEFA is not accurate, complete, or appropriately presented in accordance with Uniform Guidance.

<u>Perspective Information</u> Audit adjustments of $830,901 were necessary to correct the Schedule of Expenditures of Federal Awards.

<u>Recommendation</u> Management should establish and implement internal controls with regard to federal awards.

<u>Repeat Finding</u> Similar conditions were present in the prior year. See finding 2023-004 in Summary Schedule of Prior Audit Findings.

<u>View of Responsible Officials and Planned Corrective Action</u> *Management acknowledges the findings and we are working to create, develop, and implement stronger procedures and internal controls surrounding the Grant Fund and federal awards.*

2024-008: Highway Planning and Construction – AL # 20.205, Special Tests and Provisions – Wage Rate (Material Noncompliance)

<u>Condition</u> The Town could not provide evidence that contractors or subcontractors performing work on two highway construction projects submitted weekly certified payroll reports as required by the Davis-Bacon Act.

<u>Criteria</u> The Davis-Bacon Act requires that contractors and subcontractors performing work on Highway Construction projects submit weekly certified payroll reports for all laborers and mechanics. Additionally, recipients of federal awards are responsible for ensuring contractor compliance with applicable federal labor standards, including obtaining and reviewing certified payroll reports.

<u>Cause</u> The Town has not established or implemented procedures to ensure that certified payroll reports are obtained, reviewed, and retained for federally assisted construction projects subject to Davis-Bacon requirements.

<u>Effect</u> As a result, the Town lacks sufficient assurance that contractors and subcontractors complied with prevailing wage requirements. This increases the risk that noncompliance with federal labor standards may have occurred and gone undetected.

<u>Perspective Information</u> Weekly certified payroll reports were missing for two of five projects.

<u>Recommendation</u> We recommend that the Town implement procedures to ensure that weekly certified payroll reports are obtained from all applicable contractors and subcontractors. These procedures should include a documented review process to verify compliance with Davis-Bacon requirements and retention of payroll records to support ongoing monitoring of federally assisted projects.

<u>View of Responsible Officials and Planned Corrective Action</u> *Management acknowledges the recommendation. Throughout the duration of this multi-year project, staff made repeated efforts to obtain certified payroll reports from the applicable contractors and subcontractors. Despite multiple requests and follow-up attempts, we were not successful in securing the required documentation. We will evaluate and strengthen our procedures going forward to improve contractor compliance and ensure that certified payroll reports are consistently obtained, reviewed, and retained in accordance with Davis-Bacon requirements.*

2024-009: Highway Planning and Construction – AL # 20.205 Special Tests and Provisions – Quality Assurance (Material Noncompliance)

<u>Condition</u> The Town was unable to provide evidence of quality assurance test results for two sampled highway construction projects. As a result, we could not verify that the required number of tests were performed in accordance with program guidelines, and we could not determine whether verification sampling activities were performed by qualified personnel independent of the contractor.

<u>Criteria</u> The OMB Compliance Supplement for the Highway Construction program requires that the locality perform and maintain documentation of quality assurance testing for construction projects.

<u>Cause</u> The Town does not have adequate procedures in place to ensure that required quality assurance testing is documented and retained, and that such testing is performed and verified by qualified personnel in accordance with program requirements.

<u>Effect</u> Failure to perform or retain documentation of quality assurance testing increases the risk that construction activities do not comply with applicable specifications and federal requirements. In addition, the lack of documentation prevents the locality and oversight agencies from verifying compliance.

<u>Perspective Information</u> Quality assurance test results were not provided for two of four projects tested.

<u>Recommendation</u> We recommend the Town implement procedures to ensure quality assurance testing is performed at the required frequency in accordance with program guidelines, require that all quality assurance test results are retained and establish controls to verify that testing and verification sampling are performed by qualified personnel independent of the contractor.

View of Responsible Officials and Planned Corrective Action: *Management acknowledges the recommendation. Throughout the duration of this multi-year project, staff made repeated efforts to obtain quality assurance testing documentation from the applicable contractors and subcontractors. Despite multiple requests and follow-up attempts, we were not successful in securing the required documentation. We will evaluate and strengthen our procedures going forward to improve contractor compliance and ensure that quality assurance testing records are consistently obtained, reviewed, and retained in accordance with applicable requirements.*

D – Finding – Commonwealth of Virginia

2024-010: General Government Budget Appropriation

Condition: Public Works, Community Development, and Capital Projects expenditures exceeded budget appropriations in the General Fund. General Government, Public Safety, Community Development, and Capital Projects exceeded budgeted appropriations in the Grant Fund. The Town is required to keep expenditures within budgeted amounts.

Recommendation: Steps should be taken to ensure that excess expenditures over budgeted appropriations be approved by the Town Council and budget amended, accordingly.

View of Responsible Officials and Planned Corrective Action: *Management acknowledges the findings. Expenditures in the noted departments exceeded budgeted appropriations due to operational needs and project-related costs that were higher than originally anticipated. Throughout the fiscal year, staff monitored spending and adjusted where possible; however, certain expenditures could not be deferred.*

We will strengthen our budget monitoring procedures and implement earlier and more frequent reviews to ensure that necessary budget amendments are processed in a timely manner. In addition, we will continue working with all departments and external partners to improve documentation timeliness and maintain expenditures within approved appropriations going forward.

Town of Vinton, Virginia

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

A – Findings – Financial Statement Audit

2023-001: Audit Adjustments (Material Weakness)

Condition: During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to debt, accounts receivable, and capital assets.

Current Status: Condition still present. See item 2024-001 in schedule of findings and questioned costs.

2023-002: Segregation of Duties (Material Weakness)

Condition: A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to accounts payable, accounts receivable, cash disbursements, and information technology.

Current Status: Condition still present for cash disbursements. See item 2024-002 in schedule of findings and questioned costs.

2023-003: Grant Management (Material Weakness)

Condition: During the fiscal year 2024 audit, we noted that certain expenditures, revenue, receivables, and unearned revenue related to Highway Construction funds were not properly recorded in fiscal year 2023. As a result, expenditures on the fiscal year 2023 Schedule of Expenditures of Federal Awards were understated by approximately $660,000. A prior period adjustment was recorded in fiscal year 2024 to account for the net effect of this understatement, and the fiscal year 2023 Schedule of Expenditures of Federal Awards was subsequently restated. We also noted that reimbursement requests were not filed timely.

Current Status: Condition still present. See item 2024-004 in Schedule of Findings and Questioned Costs.

B – Finding – Major Federal Award Program Audit

2023-004: COVID-19 Coronavirus State and Local Fiscal Recovery Fund – AL# 21.027, Highway Planning and Construction – AL# 20.205, Late Filling of Data Collection Form

Condition: The Town did not submit the data collection form for the year ended June 30, 2023 timely.

Current Status: Condition still present for Highway Planning and Construction – AL# 20.205. See item 2024-006 in schedule of findings and questioned costs.

Town of Vinton, Virginia

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

2023-005: Schedule of Expenditures of Federal Awards (Material Weakness)

Condition: The SEFA was prepared without supervisor review, resulting in several auditor corrections.

Current Status: Condition still present. Condition is a material weakness in the current year. See item 2024-007 in schedule of findings and questioned costs.