



Financial Report

For The Year Ended June 30, 2025

TOWN OF ALTAVISTA, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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FINANCIAL REPORT
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TOWN OF ALTAVISTA, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2025

TOWN COUNCIL

Reggie Bennett, Mayor
Wayne Mitchell, Vice Mayor
Victoria Maddox
Tracy Emerson
Timothy George
Dr. Scott Lowman
Gary Penn

APPOINTED OFFICIALS

Gary ShanabergerTown Manager
John Eller Town Attorney
Tobie Shelton Treasurer
Tommy Merricks Chief of Police

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates



Independent Auditors' Report

**To the Honorable Members of the Town Council
Town of Altavista, Virginia**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principles

As described in Note 21 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 21 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, 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 of Altavista, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Altavista, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are 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 Town of Altavista, Virginia's basic financial statements. The accompanying individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and 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 individual fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of Town of Altavista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Altavista, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Altavista, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
November 26, 2025

BASIC FINANCIAL STATEMENTS

- Government-Wide Financial Statements –

Statement of Net Position
At June 30, 2025

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Altavista Economic Development Authority
Assets:				
Current assets:				
Cash and cash equivalents	\$ 18,912,516	\$ 9,179,620	\$ 28,092,136	\$ 5,059
Cash and cash equivalents, restricted	277,581	2,718,859	2,996,440	-
Receivables, (net of allowance for uncollectibles)	274,228	714,064	988,292	-
Leases receivable	1,018,128	-	1,018,128	-
Due from other governments	311,186	-	311,186	-
Due from primary government	-	-	-	11,739
Prepays	52,747	22,400	75,147	-
Inventory	91,355	-	91,355	-
Total current assets	\$ 20,937,741	\$ 12,634,943	\$ 33,572,684	\$ 16,798
Noncurrent assets:				
Capital assets:				
Land and construction in progress	\$ 3,054,553	\$ 8,853,711	\$ 11,908,264	\$ -
Buildings, infrastructure, and equipment (net of accumulated depreciation)	11,422,445	20,556,929	31,979,374	-
Lease vehicles (net of accumulated depreciation)	127,180	-	127,180	-
Total capital assets	\$ 14,604,178	\$ 29,410,640	\$ 44,014,818	\$ -
Total noncurrent assets	\$ 14,604,178	\$ 29,410,640	\$ 44,014,818	\$ -
Total assets	\$ 35,541,919	\$ 42,045,583	\$ 77,587,502	\$ 16,798
Deferred Outflows of Resources:				
Pension deferrals	\$ 299,267	\$ 170,079	\$ 469,346	\$ -
Group life OPEB deferrals	33,978	16,373	50,351	-
Total deferred outflows of resources	\$ 333,245	\$ 186,452	\$ 519,697	\$ -
Liabilities:				
Current liabilities:				
Accounts payable	\$ 215,175	\$ 576,195	\$ 791,370	\$ -
Accrued liabilities	185,945	54,600	240,545	-
Due to taxpayers	3,873	-	3,873	-
Due to Component Unit EDA	11,739	-	11,739	-
Accrued interest payable	1,952	137,946	139,898	-
Unearned revenue	-	1,451,912	1,451,912	-
Customer deposits	-	61,626	61,626	-
Environmental remediation	-	418,059	418,059	-
Current portion of long-term obligations	255,840	977,654	1,233,494	-
Total current liabilities	\$ 674,524	\$ 3,677,992	\$ 4,352,516	\$ -
Noncurrent liabilities:				
Net pension liability	\$ 193,812	\$ 99,727	\$ 293,539	\$ -
Net group life OPEB liability	89,756	41,811	131,567	-
Noncurrent portion of long-term obligations	364,078	15,083,565	15,447,643	-
Total noncurrent liabilities	\$ 647,646	\$ 15,225,103	\$ 15,872,749	\$ -
Total liabilities	\$ 1,322,170	\$ 18,903,095	\$ 20,225,265	\$ -
Deferred Inflows of Resources:				
Pension deferrals	\$ 234,318	\$ 162,013	\$ 396,331	\$ -
Lease deferrals	928,254	-	928,254	-
Group life OPEB deferrals	24,753	11,529	36,282	-
Total deferred inflows of resources	\$ 1,187,325	\$ 173,542	\$ 1,360,867	\$ -
Net Position:				
Net investment in capital assets	\$ 14,262,998	\$ 15,841,215	\$ 30,104,213	\$ -
Restricted	1,520,331	-	1,520,331	-
Unrestricted	17,582,340	7,314,183	24,896,523	16,798
Total net position	\$ 33,365,669	\$ 23,155,398	\$ 56,521,067	\$ 16,798

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

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities				
General government administration	\$ 1,175,238	\$ 136,749	\$ -	\$ -
Public safety	1,646,787	88,594	210,612	-
Public works	2,977,200	45,799	1,307,745	-
Parks, recreation, and cultural	369,397	-	-	-
Community development	989,948	-	57,950	-
Interest on long-term debt	4,272	-	-	-
Total governmental activities	\$ 7,162,842	\$ 271,142	\$ 1,576,307	\$ -
Business - type activities				
Water and sewer	\$ 4,723,203	\$ 5,717,375	\$ -	\$ 471,725
Total business-type activities	\$ 4,723,203	\$ 5,717,375	\$ -	\$ 471,725
Total primary government	\$ 11,886,045	\$ 5,988,517	\$ 1,576,307	\$ 471,725
Component Unit:				
Altavista Economic Development Authority	\$ 65,892	\$ -	\$ -	\$ -

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

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Altavista Economic Development Authority
Primary Government:				
Governmental activities				
General government administration	\$ (1,038,489)	\$ -	\$ (1,038,489)	\$ -
Public safety	(1,347,581)	-	(1,347,581)	-
Public works	(1,623,656)	-	(1,623,656)	-
Parks, recreation, and cultural	(369,397)	-	(369,397)	-
Community development	(931,998)	-	(931,998)	-
Interest on long-term debt	(4,272)	-	(4,272)	-
Total governmental activities	\$ (5,315,393)	\$ -	\$ (5,315,393)	\$ -
Business - type activities				
Water and sewer	\$ -	\$ 1,465,897	\$ 1,465,897	\$ -
Total business-type activities	\$ -	\$ 1,465,897	\$ 1,465,897	\$ -
Total primary government	\$ (5,315,393)	\$ 1,465,897	\$ (3,849,496)	\$ -
Component Unit:				
Altavista Economic Development Authority	\$ -	\$ -	\$ -	\$ (65,892)
General Revenues				
Property taxes	\$ 3,402,310	\$ -	\$ 3,402,310	\$ -
Meals taxes	1,568,171	-	1,568,171	-
Sales and use taxes	296,643	-	296,643	-
Bank stock taxes	226,069	-	226,069	-
Cigarette taxes	67,500	-	67,500	-
Other local taxes	530,810	-	530,810	-
Grants and contributions not restricted to specific programs	152,148	-	152,148	-
Revenue from use of money	652,398	407,471	1,059,869	7
Contributions from primary government	-	-	-	64,500
Miscellaneous	541,926	-	541,926	-
Total general revenues	\$ 7,437,975	\$ 407,471	\$ 7,845,446	\$ 64,507
Change in net position	\$ 2,122,582	\$ 1,873,368	\$ 3,995,950	\$ (1,385)
Net position at July 1, as previously reported	31,358,586	21,338,690	52,697,276	18,183
Restatement	(115,499)	(56,660)	(172,159)	-
Net position at July 1, as restated	\$ 31,243,087	\$ 21,282,030	\$ 52,525,117	\$ 18,183
Net position at June 30	\$ 33,365,669	\$ 23,155,398	\$ 56,521,067	\$ 16,798

BASIC FINANCIAL STATEMENTS

- Fund Financial Statements –

Balance Sheet
 Governmental Fund
 At June 30, 2025

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 18,912,516
Cash and cash equivalents, restricted	277,581
Receivables (net of allowance for uncollectibles):	
Taxes	54,406
Accounts	219,822
Leases receivable	1,018,128
Due from other governments	311,186
Prepaid items	52,747
Inventory	<u>91,355</u>
 Total assets	 \$ <u><u>20,937,741</u></u>
Liabilities:	
Accounts payable	\$ 215,175
Accrued liabilities	185,945
Due to taxpayers	3,873
Due to Component Unit EDA	<u>11,739</u>
 Total liabilities	 \$ <u>416,732</u>
Deferred Inflows of Resources:	
Unavailable revenue-property taxes	\$ 61,596
Lease deferrals	<u>928,254</u>
 Total deferred inflows of resources	 \$ <u>989,850</u>
Fund Balance:	
Nonspendable	\$ 233,976
Restricted	1,520,331
Committed	4,942,563
Unassigned	<u>12,834,289</u>
 Total fund balance	 \$ <u>19,531,159</u>
 Total liabilities, deferred inflows of resources and fund balance	 \$ <u><u>20,937,741</u></u>

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
At June 30, 2025

Total fund balance for governmental funds (Exhibit 3) \$ 19,531,159

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and construction in progress	\$	3,054,553	
Depreciable capital assets, net of accumulated depreciation		11,422,445	
Lease assets, net of accumulated depreciation		<u>127,180</u>	
 Total capital assets			 14,604,178

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable property tax revenue in the funds. 61,596

Items related to measurement of the net pension liability and GLI OPEB liability are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and GLI expense over future years.

Pension deferrals - outflows		299,267	
GLI OPEB deferrals - outflows		33,978	
 Pension deferrals - inflows			 (234,318)
GLI OPEB deferrals - inflows			(24,753)

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:

Net pension liability	\$	(193,812)	
Net group life OPEB liability		(89,756)	
General obligation public improvement bond		(214,000)	
Accrued interest payable		(1,952)	
Lease liability		(127,180)	
Compensated absences		<u>(278,738)</u>	
 Total long-term liabilities			 <u>(905,438)</u>

Total net position of governmental activities (Exhibits 1 and 2) \$ 33,365,669

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 For the Year Ended June 30, 2025

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 3,415,987
Other local taxes	2,689,193
Permits, privilege fees and regulatory licenses	19,085
Fines and forfeitures	69,509
Revenue from use of money and property	833,304
Charges for services	1,642
Miscellaneous	541,926
Intergovernmental	<u>1,728,455</u>
Total revenues	<u>\$ 9,299,101</u>
Expenditures:	
Current:	
General government administration	\$ 1,490,789
Public safety	1,563,255
Public works	2,589,119
Parks, recreation and cultural	277,611
Community development	1,341,424
Debt service:	
Principal retirement	17,000
Interest and other fiscal charges	<u>4,427</u>
Total expenditures	<u>\$ 7,283,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,015,476</u>
Net changes in fund balance	\$ 2,015,476
Fund balance at beginning of year	<u>17,515,683</u>
Fund balance at end of year	<u><u>\$ 19,531,159</u></u>

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balance - total governmental funds (Exhibit 5) \$ 2,015,476

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 984,819	
Depreciation expense	<u>(761,895)</u>	222,924

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Loss on disposal of assets	\$ (6,592)	(6,592)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue - taxes	\$ (13,677)	(13,677)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this adjustment are as follows:

Principal retired on bonds payable	\$ <u>17,000</u>	17,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (16,538)	
Change in accrued interest payable	155	
Change in deferred inflows related to GLI OPEB	(921)	
Change in deferred inflows related to pensions	(136,692)	
Change in deferred outflows related to GLI OPEB	(2,232)	
Change in deferred outflows related to pensions	(93,588)	
Change in net GLI OPEB liability	10,936	
Change in net pension liability	<u>126,331</u>	
Net adjustment		<u>(112,549)</u>

Change in net position of governmental activities (Exhibit 2)	\$ <u><u>2,122,582</u></u>	
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Fund
 At June 30, 2025

	Business-type Activities
	Enterprise Fund
	Water and Sewer
Assets:	
Current assets:	
Cash and cash equivalents	\$ 9,179,620
Cash and cash equivalents - restricted	2,718,859
Receivables (net of allowance for uncollectibles):	
Accounts	714,064
Prepays	22,400
Total current assets	<u>\$ 12,634,943</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	\$ 8,853,711
Buildings, infrastructure, and equipment, net of accumulated depreciation	20,556,929
Total capital assets	<u>\$ 29,410,640</u>
Total noncurrent assets	<u>\$ 29,410,640</u>
Total assets	<u>\$ 42,045,583</u>
Deferred Outflows of Resources:	
Pension deferrals	\$ 170,079
Group life OPEB deferrals	16,373
Total deferred outflows of resources	<u>\$ 186,452</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 576,195
Accrued liabilities	54,600
Accrued interest payable	137,946
Customers' deposits	61,626
Unearned revenue	1,451,912
Environmental remediation	418,059
Bonds payable - current portion	879,722
Compensated absences - current portion	97,932
Total current liabilities	<u>\$ 3,677,992</u>
Noncurrent liabilities:	
Bonds payable - noncurrent portion	\$ 15,050,921
Net pension liability	99,727
Net group life OPEB liability	41,811
Compensated absences - noncurrent portion	32,644
Total noncurrent liabilities	<u>\$ 15,225,103</u>
Total liabilities	<u>\$ 18,903,095</u>
Deferred Inflows of Resources:	
Pension deferrals	\$ 162,013
Group life OPEB deferrals	11,529
Total deferred inflows of resources	<u>\$ 173,542</u>
Net Position:	
Net investment in capital assets	\$ 15,841,215
Unrestricted	7,314,183
Total net position	<u>\$ 23,155,398</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2025

	Business-type Activities
	Enterprise Fund
	Water and Sewer
Operating revenues:	
Charges for services	\$ 5,717,375
Total operating revenues	\$ 5,717,375
Operating expenses:	
Salaries	\$ 1,205,267
Fringe benefits	381,087
Insurance	38,211
Maintenance	168,298
Utilities	654,369
Materials and supplies	547,272
Sample testing	24,434
Purchase of water	43,946
Other	123,634
Depreciation	1,198,720
Total operating expenses	\$ 4,385,238
Operating income (loss)	\$ 1,332,137
Nonoperating revenues (expenses):	
Interest revenue	\$ 407,471
Interest expense	(337,965)
Total nonoperating revenues (expenses)	\$ 69,506
Income (loss) before capital grants	\$ 1,401,643
Capital grants	471,725
Change in net position	\$ 1,873,368
Net position at July 1, as previously reported	21,338,690
Restatement	(56,660)
Net position at July 1, as restated	\$ 21,282,030
Net position at June 30	\$ 23,155,398

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

	Business-type Activities
	Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Receipts from customers and users	\$ 5,647,101
Payments to suppliers	(1,340,511)
Payments for employees	(1,563,330)
Net cash provided by (used for) operating activities	<u>\$ 2,743,260</u>
Cash flows from capital and related financing activities:	
Interest paid	\$ (344,830)
Purchase of capital assets	(2,318,130)
Grants	228,767
Proceeds from bonds	26,216
Principal retired on debt	(861,203)
Net cash provided by (used for) capital and related financing activities	<u>\$ (3,269,180)</u>
Cash flows from investing activities:	
Interest revenue	\$ 407,471
Net cash provided by (used for) investing activities	<u>\$ 407,471</u>
Increase (decrease) in cash and cash equivalents	\$ (118,449)
Cash and cash equivalents at beginning of year (includes restricted cash)	<u>12,016,928</u>
Cash and cash equivalents at end of year (includes restricted cash)	<u><u>\$ 11,898,479</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 1,332,137
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,198,720
Changes in operating assets, deferred outflows, deferred inflows and liabilities:	
(Increase)/Decrease in accounts receivable	(75,458)
(Increase)/Decrease in prepaids	(2,249)
(Increase)/Decrease in deferred outflows of resources	30,232
Increase/(Decrease) in accounts payable	261,902
Increase/(Decrease) in accrued liabilities	8,054
Increase/(Decrease) in net pension liability	(48,699)
Increase/(Decrease) in net GLI OPEB liability	(4,653)
Increase/(Decrease) in compensated absences	10,261
Increase/(Decrease) in customer deposits	5,184
Increase/(Decrease) in deferred inflows of resources	27,829
Net cash provided by (used for) operating activities	<u><u>\$ 2,715,431</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Fund
 At June 30, 2025

	Custodial Fund <hr/> War Memorial Donation Fund <hr/>
Assets:	
Cash and cash equivalents	\$ <u>937</u>
Total assets	\$ <u><u>937</u></u>
Net Position:	
Restricted for:	
War Memorial	\$ <u>937</u>
Total net position	\$ <u><u>937</u></u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund
 For the Year Ended June 30, 2025

	Custodial Fund War Memorial Donation Fund
Additions:	
Investment earnings:	
Interest	\$ <u>10</u>
Total additions	\$ <u>10</u>
Deductions:	
Contributions	\$ <u>-</u>
Total deductions	\$ <u>-</u>
Change in fiduciary net position	\$ 10
Net position - beginning	<u>927</u>
Net position - ending	<u><u>\$ 937</u></u>

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

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements
As of June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The Financial Reporting Entity

Primary Government - The Town of Altavista (the "Town") was established in 1912. 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, a vice mayor, and five other council members. The Town is part of Campbell County and has taxing powers subject to statewide restrictions and tax limits.

The Town of Altavista provides a full range of municipal services including police, refuse collection, public improvements, planning and zoning, general administrative services, fire, recreation, and water and sewer services. Fire and first aid services are supplemented by volunteer departments.

Discretely Presented Component Unit - A discretely presented component unit is an entity that is legally separate from the government, but for which the government is financially accountable, or whose relationship with the government is such that exclusion would cause the government's financial statements to be misleading or incomplete. It is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Town.

Altavista Economic Development Authority

The Altavista Economic Development Authority (the "EDA") was created to promote industry and develop trade by encouraging enterprises to locate and remain in the Town. The EDA is governed by a Board of Directors appointed by Town Council and the Town is financially accountable for the EDA. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The EDA does not issue a separate financial report.

The Town has no related or jointly governed organizations.

B. Government-Wide and Fund Financial Statements

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

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

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

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

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease and SBITA liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules

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

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

applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year end). 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 fund:

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

The Town reports the following major proprietary fund:

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Town in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which consist of the War Memorial Donation Fund. These funds utilize the economic resources measurement focus and accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

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

D. Net Position Flow Assumption

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

E. Budgets and Budgetary Accounting

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

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

Excess of Expenditures over Appropriations

At June 30, there were no expenditures in excess of appropriations.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

G. Inventory

Inventory consists of expendable supplies held for consumption. Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

H. Prepaid Items

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

I. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The Town considers all accounts receivable related to the business-type activities to be fully collectible and accordingly, no allowance for doubtful accounts is considered necessary. The allowance for the general fund is composed of the following:

Real estate	\$	1,141
Personal property		<u>13,388</u>
Total	\$	<u><u>14,529</u></u>

J. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives (or life of the associated contract for lease assets):

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-40
Machinery and equipment	5-10
Public domain infrastructure	50
Distribution and transmission systems	30-50
Water and sewer plants	30-50
Lease vehicles	5-10

Public domain infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. and includes all activity since July 1, 2001.

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

K. Unavailable Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$61,596 is comprised of the following:

Unavailable Property Tax Revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$61,596 at June 30, 2025.

L. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences includes salary related benefits, where applicable.

Vacation - All Town full-time employees earn annual leave based on years of service. Accumulated annual leave vests immediately. Town employees are paid for unused annual leave, at their normal rate of pay, at termination. Annual leave termination payments are limited only by maximum accumulation policies.

Sick - All Town full-time employees also earn eight hours of sick leave per month. Maximum accumulation is unlimited. Employees of the Town are entitled to the lesser of 100% of accrued sick leave or 40 hours equivalent pay upon termination. However, a liability for estimated value of sick leave that will be used by employees as time off was considered in the liability for compensated absences.

M. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

N. Fund Balance

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 in the governmental funds.

The following classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

- **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 such as inventory and prepaids. It also includes the long-term amount of interfund loans.

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

N. Fund Balance: (Continued)

- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body or by the Council which has been designated this authority.
- **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. Assigned fund balance is established by Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

O. Restricted Resources-Fund Balance

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.

P. Minimum Fund Balance Policy

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

Q. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There are no significant encumbrances as of June 30, 2025.

R. Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

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

S. Performance Grants Payable

Performance grants payable are recorded when, in management's opinion, failure by the grantee to meet the performance criteria is unlikely. Refunds of performance grants are reflected as revenues when collection is determined to be likely.

T. Deferred Outflows/Inflows of Resources

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

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

U. Pensions

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

V. Other Post-Employment Benefits (OPEB)

Group Life Insurance

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

W. Leases

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

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

W. Leases: (Continued)

Lessee

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

Lessor

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

Key Estimates and Judgments

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

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

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

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements As of June 30, 2025 (Continued)

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

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

Pursuant to Sec. 2.1-234.7 of the 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 regularly 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 specifies that no investment may have a maturity greater than one year from the date of purchase.

Credit Risk:

As required by state statute and by the Town, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard & Poor's. Repurchase agreements require that the counterparty be rated "A" or better by Moody's and Standard & Poor's.

Concentration of Credit Risk:

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.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments: (Continued)

Concentration of Credit Risk: (Continued)

At June 30, all of the Town’s investments were held in LGIP and SNAP. All investments were rated AAAM by Standard & Poor’s.

	<u>Fair Value</u>
Deposits and Investments:	
LGIP	\$ 20,206,648
SNAP	2,718,858
Deposits	<u>8,167,829</u>
Total deposits and investments	<u>\$ 31,093,335</u>
Reconciliation to Statement of Net Position - Exhibit 1:	
Primary government:	
Cash and cash equivalents, excluding \$300 cash on hand	\$ 28,091,836
Cash and cash equivalents, restricted	2,996,440
Discretely presented component unit:	
Cash and cash equivalents	<u>5,059</u>
Total deposits and investments	<u>\$ 31,093,335</u>

External Investment Pools:

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk:

The Policy limits certain investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Agency securities purchased must mature within five years of the date of purchase. Prime commercial paper must mature with 270 days of the date of purchase and banker’s acceptances must mature within 180 days of the date of purchase. The Town is only invested in LGIP and SNAP at year end, in which funds are readily available.

Custodial Credit Risk:

The Policy requires that all investment securities purchased by the Town 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 has no investments subject to custodial credit risk.

Restricted Amounts:

Restricted cash and cash equivalents consist of CDBG and USDA Loan Pools and unspent bond proceeds.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 3 - RECEIVABLES:

Receivables are as follows:

	Primary Government		
	General	Water and Sewer	Total
Receivables			
Taxes	\$ 68,935	\$ -	\$ 68,935
Leases	1,018,128	-	1,018,128
Accounts	219,822	714,064	933,886
Gross receivables	\$ 1,306,885	\$ 714,064	\$ 2,020,949
Less: allowance for uncollectibles	(14,529)	-	(14,529)
Net receivables	<u>\$ 1,292,356</u>	<u>\$ 714,064</u>	<u>\$ 2,006,420</u>

NOTE 4 – DUE TO/DUE FROM PRIMARY GOVERNMENT/COMPONENT UNIT:

The composition of receivables and payables between the Primary Government and EDA are as follows:

Entity	Due from Primary Government	Due to Component Unit
General Fund	\$ -	\$ 11,739
EDA	11,739	-
Total	<u>\$ 11,739</u>	<u>\$ 11,739</u>

NOTE 5 - DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments are as follows:

	General Fund	Water and Sewer Fund	Primary Government
Commonwealth of Virginia:			
Personal property tax relief	\$ 16,690	\$ -	\$ 16,690
Railroad rolling stock	18,872	-	18,872
Local sales taxes - Campbell County	46,345	-	46,345
Communication taxes	4,208	-	4,208
Other	431	-	431
Federal Government:			
ARPA	69,006	-	69,006
Brownsfield grant	115,000	-	115,000
Byrne grant	16,095	-	16,095
Mass transit	24,539	-	24,539
Total	<u>\$ 311,186</u>	<u>\$ -</u>	<u>\$ 311,186</u>

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year was as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,266,113	\$ 425,933	\$ -	\$ 2,692,046
Construction in Progress	218,543	393,074	249,110	362,507
Total capital assets not being depreciated	<u>\$ 2,484,656</u>	<u>\$ 819,007</u>	<u>\$ 249,110</u>	<u>\$ 3,054,553</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,490,306	\$ 36,509	\$ -	\$ 5,526,815
Machinery and equipment	5,480,536	82,303	113,123	5,449,716
Public domain infrastructure	8,950,781	296,110	-	9,246,891
Lease vehicles	-	150,379	-	150,379
Total capital assets being depreciated	<u>\$ 19,921,623</u>	<u>\$ 565,301</u>	<u>\$ 113,123</u>	<u>\$ 20,373,801</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,209,033	\$ 134,992	\$ -	\$ 2,344,025
Machinery and equipment	3,515,801	331,348	106,531	3,740,618
Public domain infrastructure	2,420,779	295,555	-	2,716,334
Lease vehicles	-	23,199	-	23,199
Total accumulated depreciation	<u>\$ 8,145,613</u>	<u>\$ 785,094</u>	<u>\$ 106,531</u>	<u>\$ 8,824,176</u>
Total capital assets being depreciated, net	<u>\$ 11,776,010</u>	<u>\$ (219,793)</u>	<u>\$ 6,592</u>	<u>\$ 11,549,625</u>
Governmental activities capital assets, net	<u>\$ 14,260,666</u>	<u>\$ 599,214</u>	<u>\$ 255,702</u>	<u>\$ 14,604,178</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 20,332	\$ -	\$ -	\$ 20,332
Construction in Progress	7,266,137	2,022,332	455,090	8,833,379
Total capital assets not being depreciated	<u>\$ 7,286,469</u>	<u>\$ 2,022,332</u>	<u>\$ 455,090</u>	<u>\$ 8,853,711</u>
Capital assets, being depreciated:				
Distributions and transmission systems	\$ 28,664,093	\$ -	\$ -	\$ 28,664,093
Water and sewer plants	13,828,144	-	-	13,828,144
Machinery and equipment	4,618,747	750,888	-	5,369,635
Total capital assets being depreciated	<u>\$ 47,110,984</u>	<u>\$ 750,888</u>	<u>\$ -</u>	<u>\$ 47,861,872</u>
Less accumulated depreciation	<u>\$ 26,106,223</u>	<u>\$ 1,198,720</u>	<u>\$ -</u>	<u>\$ 27,304,943</u>
Total capital assets being depreciated, net	<u>\$ 21,004,761</u>	<u>\$ (447,832)</u>	<u>\$ -</u>	<u>\$ 20,556,929</u>
Business-type activities capital assets, net	<u>\$ 28,291,230</u>	<u>\$ 1,574,500</u>	<u>\$ 455,090</u>	<u>\$ 29,410,640</u>

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 76,252
Public safety	78,318
Public works	434,903
Parks, recreation and cultural	180,237
Community development	<u>15,384</u>
 Total governmental activities	 \$ <u><u>785,094</u></u>
Business-type activities:	
Water and sewer	\$ <u>1,198,720</u>
 Total business-type activities	 \$ <u><u>1,198,720</u></u>

NOTE 7 - LEASES RECEIVABLE:

The Town leases tower space to companies under various lease contracts. In fiscal year 2025, the Town recognized principal and interest revenue in the amount of \$40,547 and \$31,208, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Ohio State Cellular Phone Company - Tower Lease	7/1/2021	6/1/2046	300	Monthly	3.00%	\$ 917,256
Alltel Communications of Virginia - Tower Lease	2/1/2008	12/1/2029	262	Monthly	3.00%	<u>100,872</u>
Total						<u>\$ 1,018,128</u>

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 7 - LEASES RECEIVABLE: (CONTINUED)

Expected future payments at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 43,309	\$ 29,954	\$ 73,263
2027	46,190	28,616	74,806
2028	49,193	27,188	76,381
2029	52,324	25,670	77,994
2030	42,511	24,138	66,649
2031-2035	178,796	105,125	283,921
2036-2040	234,566	74,322	308,888
2041-2045	301,714	34,338	336,052
2046-2047	69,525	1,152	70,677
Total	<u>\$ 1,018,128</u>	<u>\$ 350,503</u>	<u>\$ 1,368,631</u>

NOTE 8 - LONG-TERM OBLIGATIONS:

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

	<u>Balance*</u> <u>July 1,</u> <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30,</u> <u>2025</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Direct Borrowings and Placements:					
General obligation public improvement bond	\$ 231,000	\$ -	\$ 17,000	\$ 214,000	\$ 18,000
Net pension liability	320,143	1,023,757	1,150,088	193,812	-
Net GLI OPEB liability	100,692	50,252	61,188	89,756	-
Lease liability	-	150,379	23,199	127,180	28,786
Compensated absences**	262,200	16,538	-	278,738	209,054
Total Governmental Activities	<u>\$ 914,035</u>	<u>\$ 1,240,926</u>	<u>\$ 1,251,475</u>	<u>\$ 903,486</u>	<u>\$ 255,840</u>
Business-type Activities:					
Direct Borrowings and Placements:					
General obligation public improvement bonds	\$ 12,240,000	\$ -	\$ 610,000	\$ 11,630,000	\$ 626,000
VRA general obligation bond	4,525,630	26,216	251,203	4,300,643	253,722
Net pension liability	148,426	537,546	586,245	99,727	-
Net GLI OPEB liability	46,464	23,710	28,363	41,811	-
Compensated absences**	121,297	9,279	-	130,576	97,932
Total Business-type Activities	<u>\$ 17,081,817</u>	<u>\$ 596,751</u>	<u>\$ 1,475,811</u>	<u>\$ 16,202,757</u>	<u>\$ 977,654</u>
Total Primary Government	<u>\$ 17,995,852</u>	<u>\$ 1,837,677</u>	<u>\$ 2,727,286</u>	<u>\$ 17,106,243</u>	<u>\$ 1,233,494</u>

*Beginning balances have been restated for implementation of GASB 101.

**The change in compensated absences above is a net change for the year.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Governmental Activities				Business-type Activities			
	General Obligation Public Improvement Bond		Lease Liabilities		General Obligation Public Improvement Bonds		VRA General Obligation Bond *	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 18,000	\$ 4,080	\$ 28,786	\$ 4,064	\$ 626,000	\$ 285,653	\$ 253,722	\$ 47,638
2027	18,000	3,721	29,854	2,995	641,000	270,768	256,265	45,095
2028	18,000	3,363	30,962	1,887	655,000	255,527	258,834	42,526
2029	19,000	2,995	32,111	738	671,000	239,927	261,429	39,931
2030	19,000	2,617	5,467	8	687,000	223,920	264,050	37,310
2031	19,000	2,239	-	-	703,000	207,533	266,697	34,663
2032	20,000	1,851	-	-	720,000	190,725	269,371	31,989
2033	20,000	1,453	-	-	737,000	173,499	272,071	29,289
2034	21,000	1,045	-	-	756,000	155,865	274,799	26,561
2035	21,000	627	-	-	773,000	137,750	277,553	23,806
2036	21,000	209	-	-	791,000	121,739	280,336	21,024
2037	-	-	-	-	811,000	103,019	283,146	18,214
2038	-	-	-	-	832,000	81,614	285,985	15,375
2039	-	-	-	-	855,000	59,643	288,852	12,508
2040	-	-	-	-	877,000	37,059	291,748	9,612
2041	-	-	-	-	159,000	13,886	294,672	6,687
2042	-	-	-	-	165,000	8,459	297,627	3,733
2043	-	-	-	-	171,000	2,848	149,930	750
Total	\$ 214,000	\$ 24,200	\$ 127,180	\$ 9,692	\$ 11,630,000	\$ 2,569,434	\$ 4,827,087	\$ 446,711

* Amortization requirements are based on drawing down the full amount of the bond.

Details of long-term obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Governmental Activities:		
Public Improvement Bonds:		
\$299,000 General Obligation Public Improvement & Refunding Bond, Series 2020B, issued on April 23, 2020, principal payable in various annual installments beginning July 15, 2020 through January 15, 2036. Interest payable semiannually at 1.99%.	\$ 214,000	\$ 18,000
Net pension liability	193,812	-
Net GLI OPEB liability	89,756	-
Lease liability, three vehicles, total monthly principal payments of \$2,737 beginning September 1, 2024 through August 1, 2029. Interest payable monthly at 3.65%	127,180	28,786
Compensated absences	<u>278,738</u>	<u>209,054</u>
Total governmental activities	\$ <u>903,486</u>	\$ <u>255,840</u>

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Business-type Activities:		
Public Improvement Bonds:		
 \$6,538,000 General Obligation Public Improvement Bond, Series 2020A, issued on April 7, 2020, principal payable in various annual installments beginning January 15, 2021 through January 15, 2040. Interest payable semiannually at 2.48%.	\$ 5,564,000	\$ 202,000
 \$5,292,000 General Obligation Public Improvement & Refunding Bond, Series 2020B, issued on April 23, 2020, principal payable in various annual installments beginning July 15, 2020 through January 15, 2036. Interest payable semiannually at 1.99%.	3,724,000	327,000
 \$2,525,000 General Obligation Public Improvement Bond, Series 2022, issued on September 29, 2022, principal payable in various annual installments beginning August 1, 2022 through August 1, 2042. Interest payable semiannually at 3.35%.	<u>2,342,000</u>	<u>97,000</u>
Total public improvement bonds	\$ <u>11,630,000</u>	\$ <u>626,000</u>
 VRA General Obligation Bond:		
 \$5,327,000 VRA General Obligation Bond, Series 2020C, issued on October 9, 2020, principal payable in various annual installments beginning November 1, 2020 through November 1, 2042. Interest payable semiannually at 1.00%. The amount drawn on the bond as of June 30, 2025 was \$4,780,264.	\$ 4,300,643	\$ 253,722
 Net pension liability	99,727	-
Net GLI OPEB liability	41,811	-
Compensated absences	<u>130,576</u>	<u>97,932</u>
Total business-type activities	\$ <u>16,202,757</u>	\$ <u>977,654</u>
 Grand Total Primary Government	\$ <u><u>17,106,243</u></u>	\$ <u><u>1,233,494</u></u>

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements As of June 30, 2025 (Continued)

NOTE 9 - ENVIRONMENTAL REMEDIATION:

The Department of Environmental Quality (DEQ) has designated the Town a potential responsible party for cleanup of PCBs on certain Town owned property. There are several courses of action that the Town is considering to remedy the situation, with estimated costs ranging from \$750,000 to \$4,000,000. Management has submitted plans for the \$750,000 option to the DEQ. The estimated liability is based on the DEQ accepting this remedy proposed by the Town. The outstanding liability at June 30, 2025 was \$418,059. If the DEQ does not accept the remedy, the actual costs may be more or less depending on their decision.

NOTE 10 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 10 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 10 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	53
Inactive members:	
Vested inactive members	10
Non-vested inactive members	51
Inactive members active elsewhere in VRS	<u>43</u>
Total inactive members	104
Active members	<u>56</u>
Total covered employees	<u><u>213</u></u>

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2025 was 10.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$331,538 and \$301,586 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$11,259 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$24,790 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,125,920 for the year ended June 30, 2025.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 10 - PENSION PLAN: (CONTINUED)

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 10 - PENSION PLAN: (CONTINUED)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 10 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 10 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 13,776,577	\$ 13,308,008	\$ 468,569
Changes for the year:			
Service cost	\$ 356,127	\$ -	\$ 356,127
Interest	928,818	-	928,818
Differences between expected and actual experience	256,962	-	256,962
Contributions - employer	-	301,625	(301,625)
Contributions - employee	-	140,736	(140,736)
Net investment income	-	1,282,947	(1,282,947)
Benefit payments, including refunds of employee contributions	(744,881)	(744,881)	-
Administrative expenses	-	(8,630)	8,630
Other changes	-	259	(259)
Net changes	\$ 797,026	\$ 972,056	\$ (175,030)
Balances at June 30, 2024	\$ 14,573,603	\$ 14,280,064	\$ 293,539

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Town's Net Pension Liability (Asset)	\$ 1,936,359	\$ 293,539	\$ (1,062,945)

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 10 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$443,969. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 121,719	\$ -
Net difference between projected and actual earnings on pension plan investments	-	380,242
Proportional change	16,089	16,089
Employer contributions subsequent to the measurement date	<u>331,538</u>	<u>-</u>
Total	<u>\$ 469,346</u>	<u>\$ 396,331</u>

\$331,538 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (212,122)
2027	105,108
2028	(72,479)
2029	(79,029)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 11 - SERVICE CONTRACTS:

Sewage Contract

The Town is party to a 1991 contract with the Town of Hurt. The Town of Hurt made a capital contribution of \$325,000 to be used for expansion of a wastewater treatment plant. In exchange for the capital contribution, the Town contracted to provide sewage services for an indefinite period to an industrial park within the Town of Hurt. The contract provides that these services will be provided at the same rate the Town charges other customers for similar services.

NOTE 12 - PROPERTY TAXES:

The major sources of property taxes are real estate and personal property. Assessments are the responsibility of Campbell County, while billing and collection are the Town's responsibilities. Property taxes are levied annually on assessed values as of January 1 and are due by December 5 each year. Personal property taxes do not create a lien on property. The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of ten percent of the unpaid tax is due for late payment. Interest is accrued at ten percent for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section 6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30 were as follows:

Real estate	\$	0.20
Personal property	\$	2.00
Machinery and tools	\$	2.00

NOTE 13 - RISK MANAGEMENT:

The Town is insured for Workers' Compensation, General Liability, Health, and other risks.

Workers' Compensation Insurance is provided through the Virginia Risk Sharing Association. During 2024-2025, total premiums paid were approximately \$47,151. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General liability and other insurance is provided through policies with the Virginia Risk Sharing Association. General liability and business automobile coverage have a \$1,000,000 limit per occurrence. Boiler and machinery has a \$5,000,000 limit. Property insurance is covered per statement of values and is approximately \$25,000,000. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia. Total premiums paid for the year ended June 30, 2025 were approximately \$103,423.

Healthcare coverage for employees is provided through a policy with Anthem. The Town contributes a percentage of the required premium amount for single coverage for each employee. The Town also pays a percentage of the coverage for dependents and spouses of employees. Total premiums paid for the year ended June 30, 2025 were approximately \$413,753.

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 14 - MAJOR CUSTOMERS/TAXPAYERS:

During fiscal year 2025, approximately 74% of general property taxes and 81% of enterprise fund operating revenue were generated by five customers.

NOTE 15 - FUND BALANCE:

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 governmental funds. The constraints placed on fund balance for the general fund are presented below:

<u>Category</u>	<u>General Fund</u>
Nonspendable:	
Prepaid items	\$ 52,747
Net lease receivable	89,874
Inventory	91,355
Total Nonspendable	\$ 233,976
Restricted:	
Public Works	\$ 1,219,091
Community Development	289,944
Public Safety	11,296
Total Restricted	\$ 1,520,331
Committed:	
Community Development	\$ 257,181
Public Works	957,930
Other Capital Projects	3,727,452
Total Committed	\$ 4,942,563
Unassigned	\$ 12,834,289
Total Fund Balance	\$ 19,531,159

NOTE 16 - LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Town that would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 17 - CONSTRUCTION COMMITMENTS:

The Town had the following significant outstanding construction commitments as of June 30, 2025:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
WWTP Electrical Upgrades	\$ 3,992,294	\$ 3,952,371	\$ 39,923
Clarifier	1,254,250	105,490	1,148,760

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$15,202 and \$16,341 for the years ended June 30, 2025 and June 30, 2024, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB

At June 30, 2025, the entity reported a liability of \$131,567 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.011790% as compared to 0.012270% at June 30, 2023.

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$3,684. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,751	\$ 11,090
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,214
Change in assumptions	750	6,520
Changes in proportion	13,648	15,458
Employer contributions subsequent to the measurement date	<u>15,202</u>	<u>-</u>
Total	<u>\$ 50,351</u>	<u>\$ 36,282</u>

\$15,202 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (6,191)
2027	2,160
2028	(1,274)
2029	2,999
2030	1,173

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
Employers' Net GLI OPEB Liability (Asset)	<u><u>\$ 1,115,922</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 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%.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 204,604	\$ 131,567	\$ 72,563

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 19 - LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 19 - LINE OF DUTY ACT (LODA) (OPEB BENEFITS): (CONTINUED)

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to Virginia Risk Sharing Association (VRSA). VRSA assumes all liability for the Town’s LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town’s LODA coverage is fully covered or “insured” through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town’s LODA premium for the year ended June 30, 2025 was \$9,124.

NOTE 20 - ARPA FUNDING:

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

As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,451,912 from the allocations are reported as unearned revenue as of June 30, 2025.

NOTE 21 - ADOPTION OF ACCOUNTING PRINCIPLES:

The Town implemented provisions of Government Accounting Standards Board Statement No. 101, *Compensated Absences* during the fiscal year ended June 30, 2025. Statement No. 101 updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. Beginning net position for the fiscal year ended June 30, 2025 was restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position as reported at June 30, 2024	\$ 31,358,586	\$ 21,338,690	\$ 52,697,276
Implementation of GASB 101	<u>(115,499)</u>	<u>(56,660)</u>	<u>(172,159)</u>
Net Position as restated at July 1, 2024	<u>\$ 31,243,087</u>	<u>\$ 21,282,030</u>	<u>\$ 52,525,117</u>

TOWN OF ALTAVISTA, VIRGINIA

**Notes to Financial Statements
As of June 30, 2025 (Continued)**

NOTE 22 – SUBSEQUENT EVENTS:

The Town has evaluated events and transactions subsequent to June 30, 2025 through November 26, 2025, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events subsequent to June 30, 2025 that require adjustment to, or disclosure in, the financial statements for the year ended June 30, 2025.

NOTE 23 - UPCOMING PRONOUNCEMENTS:

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 3,237,170	\$ 3,237,170	\$ 3,415,987	\$ 178,817
Other local taxes	2,321,220	2,321,220	2,689,193	367,973
Permits, privilege fees and regulatory licenses	107,450	107,450	19,085	(88,365)
Fines and forfeitures	30,200	48,700	69,509	20,809
Use of money and property	134,400	134,400	833,304	698,904
Charges for services	500	500	1,642	1,142
Miscellaneous	99,600	202,710	541,926	339,216
Intergovernmental	1,281,650	1,429,390	1,728,455	299,065
Total revenues	<u>\$ 7,212,190</u>	<u>\$ 7,481,540</u>	<u>\$ 9,299,101</u>	<u>\$ 1,817,561</u>
Expenditures				
Current:				
General Government Administration	\$ 1,431,720	\$ 1,581,090	\$ 1,490,789	\$ 90,301
Public Safety	1,522,220	1,624,660	1,563,255	61,405
Public Works	3,400,170	3,647,120	2,589,119	1,058,001
Parks, Recreation, and Cultural	220,950	380,670	277,611	103,059
Community Development	567,130	1,477,280	1,341,424	135,856
Debt service:				
Principal retirement	17,000	17,000	17,000	-
Interest and other fiscal charges	4,430	4,430	4,427	3
Total expenditures	<u>\$ 7,163,620</u>	<u>\$ 8,732,250</u>	<u>\$ 7,283,625</u>	<u>\$ 1,448,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 48,570</u>	<u>\$ (1,250,710)</u>	<u>\$ 2,015,476</u>	<u>\$ 3,266,186</u>
Other Financing Sources (Uses)				
Transfers in	\$ 98,330	\$ 1,462,610	\$ -	\$ (1,462,610)
Transfers out	<u>(146,900)</u>	<u>(211,900)</u>	<u>-</u>	<u>211,900</u>
Total other financing sources (uses)	<u>\$ (48,570)</u>	<u>\$ 1,250,710</u>	<u>\$ -</u>	<u>\$ (1,250,710)</u>
Net change in fund balance	\$ -	\$ -	\$ 2,015,476	\$ 2,015,476
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>17,515,683</u>	<u>17,515,683</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,531,159</u>	<u>\$ 19,531,159</u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability					
Service cost	\$ 280,885	\$ 260,567	\$ 253,948	\$ 273,758	\$ 265,620
Interest	665,664	701,826	726,738	727,256	744,015
Differences between expected and actual experience	207,735	51,454	(256,321)	(94,953)	(7,580)
Assumption changes	-	-	(10,689)	-	301,601
Benefit payments	(657,566)	(617,796)	(698,118)	(714,432)	(618,884)
Net change in total pension liability	<u>\$ 496,718</u>	<u>\$ 396,051</u>	<u>\$ 15,558</u>	<u>\$ 191,629</u>	<u>\$ 684,772</u>
Total pension liability - beginning	<u>9,838,266</u>	<u>10,334,984</u>	<u>10,731,035</u>	<u>10,746,593</u>	<u>10,938,222</u>
Total pension liability - ending (a)	<u><u>\$ 10,334,984</u></u>	<u><u>\$ 10,731,035</u></u>	<u><u>\$ 10,746,593</u></u>	<u><u>\$ 10,938,222</u></u>	<u><u>\$ 11,622,994</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 223,684	\$ 217,260	\$ 232,426	\$ 252,960	\$ 226,704
Contributions - employee	102,139	106,498	124,071	111,543	113,472
Net investment income	424,785	158,424	1,123,214	740,814	691,759
Benefit payments	(657,566)	(617,796)	(698,118)	(714,432)	(618,884)
Administrative expense	(6,054)	(5,988)	(6,690)	(6,572)	(6,964)
Other	(88)	(69)	(989)	(652)	(436)
Net change in plan fiduciary net position	<u>\$ 86,900</u>	<u>\$ (141,671)</u>	<u>\$ 773,914</u>	<u>\$ 383,661</u>	<u>\$ 405,651</u>
Plan fiduciary net position - beginning	<u>9,401,198</u>	<u>9,488,098</u>	<u>9,346,427</u>	<u>10,120,341</u>	<u>10,504,002</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 9,488,098</u></u>	<u><u>\$ 9,346,427</u></u>	<u><u>\$ 10,120,341</u></u>	<u><u>\$ 10,504,002</u></u>	<u><u>\$ 10,909,653</u></u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 846,886	\$ 1,384,608	\$ 626,252	\$ 434,220	\$ 713,341
Plan fiduciary net position as a percentage of the total pension liability	91.81%	87.10%	94.17%	96.03%	93.86%
Covered payroll	\$ 2,057,442	\$ 2,000,874	\$ 2,062,716	\$ 2,264,416	\$ 2,354,916
Town's net pension liability (asset) as a percentage of covered payroll	41.16%	69.20%	30.36%	19.18%	30.29%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (Continued)
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total pension liability					
Service cost	\$ 290,456	\$ 299,715	\$ 304,221	\$ 327,747	\$ 356,127
Interest	761,658	785,981	868,488	856,070	928,818
Differences between expected and actual experience	15,293	48,615	(602,486)	604,219	256,962
Assumption changes	-	563,193	-	-	-
Benefit payments	(678,335)	(735,811)	(822,980)	(732,461)	(744,881)
Net change in total pension liability	<u>\$ 389,072</u>	<u>\$ 961,693</u>	<u>\$ (252,757)</u>	<u>\$ 1,055,575</u>	<u>\$ 797,026</u>
Total pension liability - beginning	<u>11,622,994</u>	<u>12,012,066</u>	<u>12,973,759</u>	<u>12,721,002</u>	<u>13,776,577</u>
Total pension liability - ending (a)	<u>\$ 12,012,066</u>	<u>\$ 12,973,759</u>	<u>\$ 12,721,002</u>	<u>\$ 13,776,577</u>	<u>\$ 14,573,603</u>
Plan fiduciary net position					
Contributions - employer	\$ 234,092	\$ 239,530	\$ 222,679	\$ 288,237	\$ 301,625
Contributions - employee	116,407	121,279	112,007	133,789	140,736
Net investment income	206,378	2,909,559	(6,382)	820,866	1,282,947
Benefit payments	(678,335)	(735,811)	(822,980)	(732,461)	(744,881)
Administrative expense	(7,177)	(7,400)	(8,358)	(8,224)	(8,630)
Other	(243)	273	301	329	259
Net change in plan fiduciary net position	<u>\$ (128,878)</u>	<u>\$ 2,527,430</u>	<u>\$ (502,733)</u>	<u>\$ 502,536</u>	<u>\$ 972,056</u>
Plan fiduciary net position - beginning	<u>10,909,653</u>	<u>10,780,775</u>	<u>13,308,205</u>	<u>12,805,472</u>	<u>13,308,008</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,780,775</u>	<u>\$ 13,308,205</u>	<u>\$ 12,805,472</u>	<u>\$ 13,308,008</u>	<u>\$ 14,280,064</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 1,231,291	\$ (334,446)	\$ (84,470)	\$ 468,569	\$ 293,539
Plan fiduciary net position as a percentage of the total pension liability	89.75%	102.58%	100.66%	96.60%	97.99%
Covered payroll	\$ 2,443,640	\$ 2,576,224	\$ 2,403,775	\$ 2,889,901	\$ 3,026,068
Town's net pension liability (asset) as a percentage of covered payroll	50.39%	-12.98%	-3.51%	16.21%	9.70%

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 331,538	\$ 331,538	\$ -	\$ 3,234,521	10.25%
2024	301,586	301,586	-	3,026,068	9.97%
2023	288,229	288,229	-	2,889,901	9.97%
2022	222,573	222,573	-	2,403,775	9.26%
2021	239,530	239,530	-	2,576,224	9.30%
2020	234,289	234,289	-	2,443,640	9.59%
2019	226,704	226,704	-	2,354,916	9.63%
2018	254,273	254,273	-	2,264,416	11.23%
2017	232,267	232,267	-	2,062,716	11.26%
2016	218,896	218,896	-	2,000,874	10.94%

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

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2025

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Schedule of the Town's Share of Net OPEB Liability
 Group Life Insurance Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.01179%	\$ 131,567	\$ 3,026,068	4.35%	73.41%
2023	0.01227%	147,156	2,889,901	5.09%	69.30%
2022	0.01110%	133,053	2,403,775	5.54%	67.21%
2021	0.01250%	145,301	2,576,224	5.64%	67.45%
2020	0.01190%	198,090	2,443,640	8.11%	52.64%
2019	0.01201%	195,435	2,354,916	8.30%	52.00%
2018	0.01191%	181,000	2,264,416	7.99%	51.22%
2017	0.01118%	168,000	2,062,716	8.14%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance Plan
 For the Years Ended June 30, 2017 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 15,202	\$ 15,202	\$ -	\$ 3,234,521	0.47%
2024	16,341	16,341	-	3,026,068	0.54%
2023	15,605	15,605	-	2,889,901	0.54%
2022	12,980	12,980	-	2,403,775	0.54%
2021	13,912	13,912	-	2,576,224	0.54%
2020	12,707	12,707	-	2,443,640	0.52%
2019	12,246	12,246	-	2,354,916	0.52%
2018	11,865	11,865	-	2,264,416	0.52%
2017	9,840	9,840	-	2,062,716	0.48%

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

Notes to Required Supplementary Information
 Group Life Insurance Plan
 For the Year Ended June 30, 2025

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

- Supporting Statements -

Discretely Presented Component Unit – Altavista Economic Development Authority

Discretely Presented Component Unit -
Altavista Economic Development Authority
Statement of Net Position
At June 30, 2025

Assets:

Current assets:

Cash and cash equivalents	\$	5,059
Due from primary government		<u>11,739</u>
Total current assets	\$	<u>16,798</u>
Total assets	\$	<u><u>16,798</u></u>

Net Position:

Unrestricted	\$	<u>16,798</u>
Total net position	\$	<u>16,798</u>
Total liabilities and net position	\$	<u><u>16,798</u></u>

Discretely Presented Component Unit -
 Altavista Economic Development Authority
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended June 30, 2025

Operating expenses:	
Other expenses	\$ <u>65,892</u>
Total operating expenses	\$ <u>65,892</u>
Operating income (loss)	\$ <u>(65,892)</u>
Nonoperating revenues (expenses):	
Contributions from primary government	\$ 64,500
Interest income	<u>7</u>
Total nonoperating revenues (expenses)	\$ <u>64,507</u>
Change in net position	\$ (1,385)
Net position, beginning of year	<u>18,183</u>
Net position, end of year	\$ <u><u>16,798</u></u>

Discretely Presented Component Unit -
Altavista Economic Development Authority
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Payments for other expenses	\$ <u>(75,392)</u>
Net cash provided by (used for) operating activities	\$ <u>(75,392)</u>
Cash flows from noncapital financing activities:	
Contribution from primary government	\$ <u>64,500</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>64,500</u>
Increase (decrease) in cash and cash equivalents	\$ (10,892)
Cash and cash equivalents at beginning of year	<u>15,951</u>
Cash and cash equivalents at end of year	\$ <u><u>5,059</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (65,892)
Changes in operating assets and liabilities:	
Increase/(Decrease) in accounts payable and accrued liabilities	<u>(9,500)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(75,392)</u></u>

STATISTICAL INFORMATION

General Government Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Miscellaneous	Inter-governmental	Total
2024-25	\$ 3,415,987	\$ 2,689,193	\$ 19,085	\$ 69,509	\$ 833,304	\$ 543,568	\$ 1,728,455	\$ 9,299,101
2023-24	2,862,970	2,451,219	17,930	97,799	851,144	155,176	2,136,183	8,572,421
2022-23	2,295,451	2,190,150	19,378	49,403	560,104	174,779	1,621,474	6,910,739
2021-22	2,599,834	2,069,844	15,107	12,976	319,599	223,289	1,950,354	7,191,003
2020-21	2,629,651	1,982,615	26,533	7,353	188,565	432,676	2,002,892	7,270,285
2019-20	2,429,686	1,744,729	19,230	28,010	388,639	410,240	2,002,710	7,023,244
2018-19	2,359,155	1,798,870	22,300	15,742	309,126	172,553	1,144,619	5,822,365
2017-18	2,242,580	1,732,997	21,036	21,354	182,624	298,559	1,169,613	5,668,763
2016-17	2,188,255	1,765,088	17,120	16,192	174,066	146,098	1,057,758	5,364,577
2015-16	2,336,643	1,441,096	16,119	13,580	160,237	131,546	1,103,313	5,202,534

(1) Consists solely of general fund revenues.

General Government Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation and Cultural	Community Development	Capital Outlay	Debt Service	Total
2024-25	\$ 1,490,789	\$ 1,563,255	\$ 2,589,119	\$ 277,611	\$ 1,341,424	\$ -	\$ 21,427	\$ 7,283,625
2023-24	1,511,378	1,594,601	2,588,267	218,330	991,415	-	21,766	6,925,757
2022-23	1,423,764	1,321,966	2,303,412	382,821	1,196,878	-	22,104	6,650,945
2021-22	1,119,531	1,206,349	3,058,015	357,050	1,200,984	-	21,253	6,963,182
2020-21	1,687,661	1,191,449	1,581,986	924,909	402,462	-	22,151	5,810,618
2019-20	2,079,166	1,498,546	2,966,061	772,328	305,624	-	324,314	7,946,039
2018-19	992,842	1,109,508	1,874,453	808,649	87,512	-	23,127	4,896,091
2017-18	1,170,324	1,068,124	2,252,048	415,922	52,253	-	23,127	4,981,798
2016-17	961,380	924,785	1,611,302	206,382	195,393	-	23,127	3,922,369
2015-16	897,077	924,201	1,824,969	160,788	158,322	15,000	-	3,980,357

(1) Consists solely of general fund expenditures.

Computation of Legal Debt Limit
June 30, 2025

Assessed value of real estate, January 1, 2024	\$ <u>364,682,154</u>
Legal debt limit, (10% of \$364,682,154)	\$ 36,468,215
Total bonded debt	<u>16,144,643</u>
Legal debt margin	\$ <u>20,323,572</u>

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
General property taxes	\$ 2,336,643	\$ 2,188,255	\$ 2,242,580	\$ 2,359,155	\$ 2,429,686
Other local taxes	1,441,096	1,765,088	1,732,997	1,798,870	1,744,729
Permits, privilege fees and regulatory licenses	16,119	17,120	21,036	22,300	19,230
Fines and forfeitures	13,580	16,192	21,354	15,742	28,010
Revenue from use of money and property	160,237	174,066	182,624	309,126	388,639
Charges for services	7,080	4,578	6,358	6,447	6,098
Miscellaneous	124,466	141,520	292,201	166,106	404,142
Intergovernmental	1,103,313	1,057,758	1,169,613	1,144,619	2,002,710
Total revenues	<u>\$ 5,202,534</u>	<u>\$ 5,364,577</u>	<u>\$ 5,668,763</u>	<u>\$ 5,822,365</u>	<u>\$ 7,023,244</u>
Expenditures:					
General government administration	\$ 897,077	\$ 961,380	\$ 1,170,324	\$ 992,842	\$ 2,079,166
Public safety	924,201	924,785	1,068,124	1,109,508	1,498,546
Public works	1,824,969	1,611,302	2,252,048	1,874,453	2,966,061
Parks, recreation, and cultural	160,788	206,382	415,922	808,649	772,328
Community development	158,322	195,393	52,253	87,512	305,624
Capital outlay	15,000	-	-	-	-
Debt service:					
Principal retirement	-	14,193	14,201	14,570	314,536
Interest and other fiscal charges	-	8,934	8,926	8,557	9,778
Total expenditures	<u>\$ 3,980,357</u>	<u>\$ 3,922,369</u>	<u>\$ 4,981,798</u>	<u>\$ 4,896,091</u>	<u>\$ 7,946,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,222,177</u>	<u>\$ 1,442,208</u>	<u>\$ 686,965</u>	<u>\$ 926,274</u>	<u>\$ (922,795)</u>
Other financing sources (uses):					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	-
Issuance of long-term debt	357,500	-	-	-	299,000
Total other financing sources (uses)	<u>\$ 357,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,000</u>
Net changes in fund balances	<u>\$ 1,579,677</u>	<u>\$ 1,442,208</u>	<u>\$ 686,965</u>	<u>\$ 926,274</u>	<u>\$ (623,795)</u>
Fund balance, beginning	<u>13,220,366</u>	<u>14,800,043</u>	<u>16,242,251</u>	<u>16,929,216</u>	<u>17,855,490</u>
Fund balance, ending	<u>\$ 14,800,043</u>	<u>\$ 16,242,251</u>	<u>\$ 16,929,216</u>	<u>\$ 17,855,490</u>	<u>\$ 17,231,695</u>

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
General property taxes	\$ 2,629,651	\$ 2,599,834	\$ 2,295,451	\$ 2,862,970	\$ 3,415,987
Other local taxes	1,982,615	2,069,844	2,190,150	2,451,219	2,689,193
Permits, privilege fees and regulatory licenses	26,533	15,107	19,378	17,930	19,085
Fines and forfeitures	7,353	12,976	49,403	97,799	69,509
Revenue from use of money and property	188,565	319,599	560,104	851,144	833,304
Charges for services	3,744	5,943	5,164	1,733	1,642
Miscellaneous	428,932	217,346	169,615	153,443	541,926
Intergovernmental	2,002,892	1,950,354	1,621,474	2,136,183	1,728,455
Total revenues	\$ 7,270,285	\$ 7,191,003	\$ 6,910,739	\$ 8,572,421	\$ 9,299,101
Expenditures:					
General government administration	\$ 1,687,661	\$ 1,119,531	\$ 1,423,764	\$ 1,511,378	\$ 1,490,789
Public safety	1,191,449	1,206,349	1,321,966	1,594,601	1,563,255
Public works	1,581,986	3,058,015	2,303,412	2,588,267	2,589,119
Parks, recreation, and cultural	924,909	357,050	382,821	218,330	277,611
Community development	402,462	1,200,984	1,196,878	991,415	1,341,424
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	18,000	16,000	17,000	17,000	17,000
Interest and other fiscal charges	4,151	5,253	5,104	4,766	4,427
Total expenditures	\$ 5,810,618	\$ 6,963,182	\$ 6,650,945	\$ 6,925,757	\$ 7,283,625
Excess (deficiency) of revenues over (under) expenditures	\$ 1,459,667	\$ 227,821	\$ 259,794	\$ 1,646,664	\$ 2,015,476
Other financing sources (uses):					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	(2,000,000)	(1,309,958)	-	-
Issuance of long-term debt	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ (2,000,000)	\$ (1,309,958)	\$ -	\$ -
Net changes in fund balances	\$ 1,459,667	\$ (1,772,179)	\$ (1,050,164)	\$ 1,646,664	\$ 2,015,476
Fund balance, beginning	17,231,695	18,691,362	16,919,183	15,869,019	17,515,683
Fund balance, ending	\$ 18,691,362	\$ 16,919,183	\$ 15,869,019	\$ 17,515,683	\$ 19,531,159

Comparative Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Fund
Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating revenues:					
Charges for services	\$ 3,078,713	\$ 3,583,925	\$ 3,473,705	\$ 3,702,997	\$ 3,879,861
Other	176,432	20,928	39,075	22,917	26,984
Total operating revenues	<u>\$ 3,255,145</u>	<u>\$ 3,604,853</u>	<u>\$ 3,512,780</u>	<u>\$ 3,725,914</u>	<u>\$ 3,906,845</u>
Operating expenses:					
Salaries	\$ 777,599	\$ 869,765	\$ 982,232	\$ 1,031,852	\$ 1,075,743
Fringe benefits	211,174	272,208	242,237	271,896	346,799
Insurance	-	-	-	-	-
Maintenance	157,404	370,678	303,183	260,609	135,487
Utilities	439,451	448,587	456,681	487,356	573,621
Materials and supplies	370,002	395,891	409,434	509,612	471,381
Sample testing	10,799	18,155	19,790	24,840	32,677
Purchase of water	74,200	92,220	43,300	31,283	30,163
Other	98,522	165,686	259,565	92,903	237,452
Depreciation	782,614	1,058,183	1,046,025	1,062,495	1,090,333
Total operating expenses	<u>\$ 2,921,765</u>	<u>\$ 3,691,373</u>	<u>\$ 3,762,447</u>	<u>\$ 3,772,846</u>	<u>\$ 3,993,656</u>
Operating income (loss)	<u>\$ 333,380</u>	<u>\$ (86,520)</u>	<u>\$ (249,667)</u>	<u>\$ (46,932)</u>	<u>\$ (86,811)</u>
Nonoperating revenues (expenses):					
Interest revenue	\$ 10,396	\$ 4,607	\$ 6,483	\$ 21,011	\$ 20,042
Interest expense	(20,728)	(130,406)	(158,688)	(151,432)	(179,310)
Bond issuance costs	(44,300)	-	-	-	-
Environmental remediation	-	-	-	-	-
Grants	7,395	24,881	30,458	-	24,455
Total nonoperating revenues (expenses)	<u>\$ (47,237)</u>	<u>\$ (100,918)</u>	<u>\$ (121,747)</u>	<u>\$ (130,421)</u>	<u>\$ (134,813)</u>
Income (loss) before transfers	<u>\$ 286,143</u>	<u>\$ (187,438)</u>	<u>\$ (371,414)</u>	<u>\$ (177,353)</u>	<u>\$ (221,624)</u>
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net changes in net position	<u>\$ 286,143</u>	<u>\$ (187,438)</u>	<u>\$ (371,414)</u>	<u>\$ (177,353)</u>	<u>\$ (221,624)</u>
Net position, beginning, as restated*	<u>13,030,846</u>	<u>13,316,989</u>	<u>13,071,631</u>	<u>12,700,217</u>	<u>12,522,864</u>
Net position, ending	<u>\$ 13,316,989</u>	<u>\$ 13,129,551</u>	<u>\$ 12,700,217</u>	<u>\$ 12,522,864</u>	<u>\$ 12,301,240</u>

* GASB 75 was implemented in FY 2018. No prior year information available related to GASB 75.

Comparative Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Fund
Last Ten Fiscal Years

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating revenues:					
Charges for services	\$ 4,148,700	\$ 4,470,173	\$ 4,987,449	\$ 5,040,535	\$ 5,717,375
Other	<u>28,267</u>	<u>687,367</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>\$ 4,176,967</u>	<u>\$ 5,157,540</u>	<u>\$ 4,987,449</u>	<u>\$ 5,040,535</u>	<u>\$ 5,717,375</u>
Operating expenses:					
Salaries	\$ 1,044,364	\$ 937,944	\$ 1,009,911	\$ 1,072,075	\$ 1,205,267
Fringe benefits	432,184	309,320	210,765	204,688	381,087
Insurance	27,351	28,620	31,200	38,760	38,211
Maintenance	112,517	106,842	99,840	169,434	168,298
Utilities	490,423	538,080	624,032	696,033	654,369
Materials and supplies	469,662	532,153	543,295	501,836	547,272
Sample testing	29,395	17,948	24,921	25,610	24,434
Purchase of water	34,024	28,431	45,507	41,217	43,946
Other	72,538	46,542	160,660	75,737	123,634
Depreciation	<u>1,054,655</u>	<u>1,077,224</u>	<u>1,153,196</u>	<u>1,199,478</u>	<u>1,198,720</u>
Total operating expenses	<u>\$ 3,767,113</u>	<u>\$ 3,623,104</u>	<u>\$ 3,903,327</u>	<u>\$ 4,024,868</u>	<u>\$ 4,385,238</u>
Operating income (loss)	<u>\$ 409,854</u>	<u>\$ 1,534,436</u>	<u>\$ 1,084,122</u>	<u>\$ 1,015,667</u>	<u>\$ 1,332,137</u>
Nonoperating revenues (expenses):					
Interest revenue	\$ 18,842	\$ 16,243	\$ 264,358	\$ 374,954	\$ 407,471
Interest expense	(252,596)	(250,189)	(361,060)	(363,175)	(337,965)
Bond issuance costs	-	-	-	-	-
Environmental remediation	-	-	331,941	-	-
Grants	<u>39,042</u>	<u>484,777</u>	<u>269,298</u>	<u>1,110,978</u>	<u>471,725</u>
Total nonoperating revenues (expenses)	<u>\$ (194,712)</u>	<u>\$ 250,831</u>	<u>\$ 504,537</u>	<u>\$ 1,122,757</u>	<u>\$ 541,231</u>
Income (loss) before transfers	<u>\$ 215,142</u>	<u>\$ 1,785,267</u>	<u>\$ 1,588,659</u>	<u>\$ 2,138,424</u>	<u>\$ 1,873,368</u>
Transfers in	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 1,309,958</u>	<u>\$ -</u>	<u>\$ -</u>
Net changes in net position	<u>\$ 215,142</u>	<u>\$ 3,785,267</u>	<u>\$ 2,898,617</u>	<u>\$ 2,138,424</u>	<u>\$ 1,873,368</u>
Net position, beginning, as restated*	<u>12,301,240</u>	<u>12,516,382</u>	<u>16,301,649</u>	<u>19,200,266</u>	<u>21,338,690</u>
Net position, ending	<u>\$ 12,516,382</u>	<u>\$ 16,301,649</u>	<u>\$ 19,200,266</u>	<u>\$ 21,338,690</u>	<u>\$ 23,212,058</u>

* GASB 75 was implemented in FY 2018. No prior year information available related to GASB 75.

COMPLIANCE



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

**To the Honorable Members of the Town Council
Town of Altavista, Virginia**

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the Town of Altavista, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Altavista, Virginia's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report Compliance and Other Matters

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

Town of Altavista, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Farnum, Cox Associates

Charlottesville, Virginia
November 26, 2025



Independent Auditors' 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 Altavista, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Altavista, Virginia's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Town of Altavista, Virginia's major federal programs for the year ended June 30, 2025. Town of Altavista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Altavista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Altavista, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Altavista, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Altavista, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance: (Continued)

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

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

November 26, 2025

TOWN OF ALTAVISTA, VIRGINIA

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government:			
Department of Housing and Urban Development:			
Pass through payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grant - State's Program	14.228	Not available	\$ <u>57,950</u>
Department of the Treasury:			
Direct Payments:			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ <u>242,957</u>
Department of Transportation:			
Pass-Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BPT2353228 and BPT202454043	\$ 3,350
Virginia Department of Rail and Public Transportation:			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Not available	<u>64,225</u>
Total Department of Transportation			\$ <u>67,575</u>
Environmental Protection Agency:			
Pass-Through Payments:			
Virginia Resource Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Not available	\$ 1,523,444
Virginia Department of Environmental Quality:			
Brownfields Multipurpose Assessment Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	Not available	<u>122,468</u>
Total Environmental Protection Agency			\$ <u>1,645,912</u>
Department of Criminal Justice			
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	\$ <u>61,347</u>
Total Expenditures of Federal Awards-Reporting Entity			\$ <u><u>2,075,741</u></u>

TOWN OF ALTAVISTA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Altavista, Virginia under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Town of Altavista, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Altavista, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - De Minimis Cost Rate

The Town did not elect to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - Loan Balances

The Town has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,728,455
Water and Sewer Fund		471,725
Federal assistance include in loan proceeds		1,294,677
Less nonfederal revenues included in intergovernmental revenue		<u>(1,176,158)</u>
Total primary government	\$	<u>2,318,699</u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 2,075,741

TOWN OF ALTAVISTA, VIRGINIA

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditors' report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
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Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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TOWN OF ALTAVISTA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025 (Continued)

Section II - Financial Statement Findings

2025-001: Segregation of Duties (Material Weakness)

Criteria:

A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.

Condition:

The Town's current internal control system does not provide adequate segregation of duties over accounting functions.

Cause:

Due to the limited size of the Treasurer's Office, a proper separation of duties has not been established and maintained.

Effect:

There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

It is recommended that the Town establish a proper separation of duties.

Management's Response:

Management feels that duties are segregated to the extent feasible with the staffing levels in place. The Town has a small staff and this creates inherent limitations in the division of duties and the segregation that is feasible.

Section III - Federal Award Findings and Questioned Costs

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

TOWN OF ALTAVISTA, VIRGINIA

Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2025

2024-001: Segregation of Duties (Material Weakness)

Condition:

The Town's current internal control system does not provide adequate segregation of duties over accounting functions.

Recommendation:

It is recommended that the Town establish a proper separation of duties.

Current status:

Finding 2024-001 recurring in current year as finding 2025-001.