



ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2023

*Home*  
FOR 150  
YEARS





**TOWN OF ROCKY MOUNT, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2023**

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Prepared by the Finance Director/Treasurer

TOWN OF ROCKY MOUNT, VIRGINIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2023

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## INTRODUCTORY SECTION

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TOWN OF ROCKY MOUNT, VIRGINIA

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DIRECTORY OF PRINCIPAL OFFICIALS

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TOWN COUNCIL

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C. Holland Perdue, Mayor  
Billie W. Stockton, Vice Mayor  
Tyler Lee  
Benjamin K. Mullins  
Mark Newbill  
David K. Clements  
A. Ralph Casey

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APPOINTED OFFICIALS

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Robert J. Wood ..... Town Manager  
John T. Boitnott ..... Town Attorney  
Vincent Copenhaver..... Finance Director/Treasurer  
Rebecca Dillon ..... Town Clerk



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
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**Town of Rocky Mount  
Virginia**

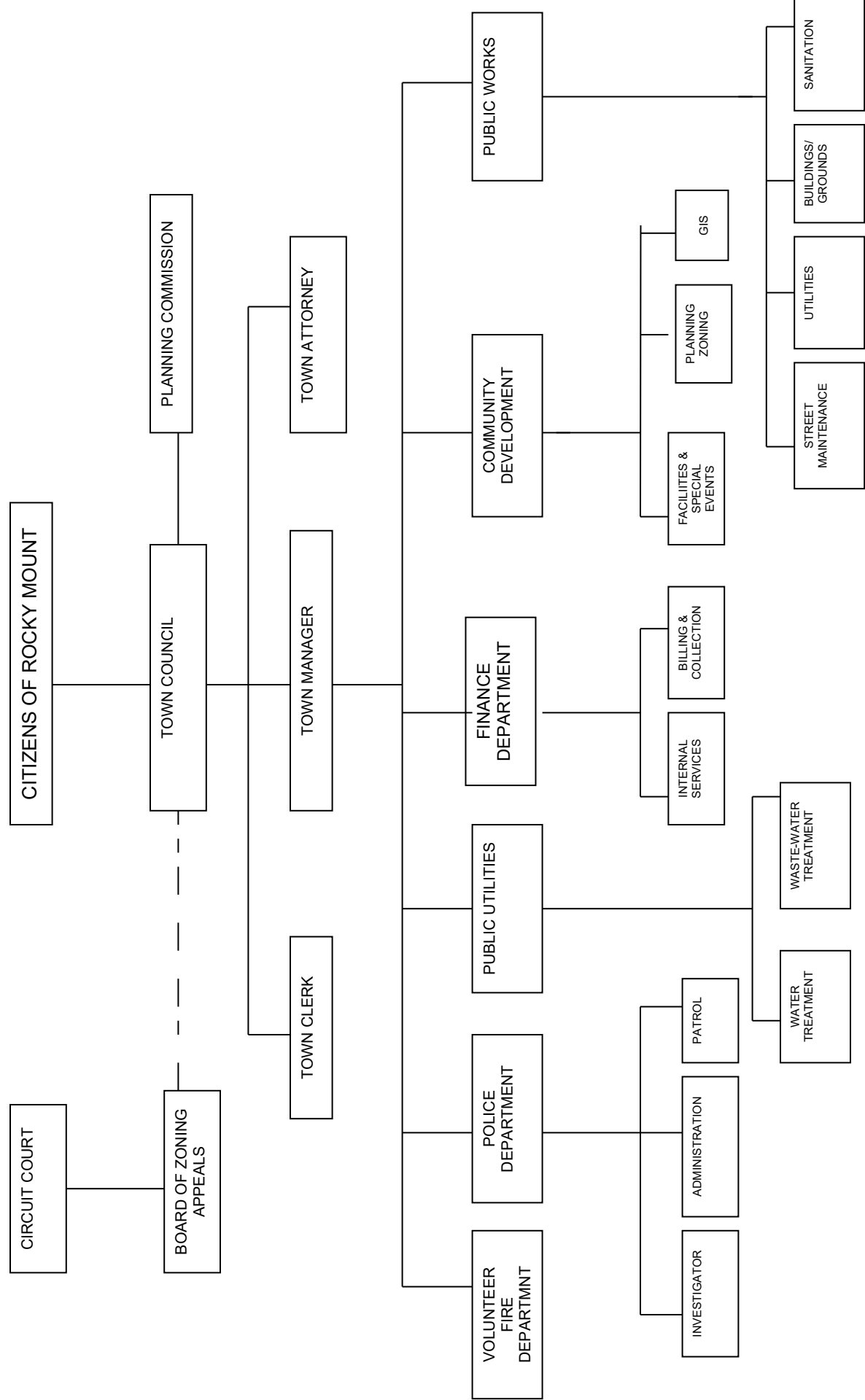
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrell*

Executive Director/CEO

TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART







November 20, 2023

To the Honorable Mayor, Council Members, and Citizens of the Town of Rocky Mount:

State Law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. We are pleased to submit the Town's annual comprehensive financial report for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the Town of Rocky Mount. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Rocky Mount has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Town of Rocky Mount's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Rocky Mount's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Rocky Mount's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Rocky Mount for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that the financial statements present fairly, in all material respects, the financial position of the Town of Rocky Mount for the fiscal year ended June 30, 2023, in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

### Profile of the Government

The Town of Rocky Mount, incorporated in 1873, is located in the rolling hills of the western Blue Ridge Mountains and serves as the seat of Franklin County's government, service, and business center. The Town of Rocky Mount currently occupies a land area of 4.6 square miles and boasts a population of 4,936. The Town of Rocky Mount levies a property tax on both real and personal properties located within its boundaries

The Town of Rocky Mount has operated under the council-manager form of government since 1989. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing the Planning Commission, and hiring the government's manager, attorney, and clerk. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected at large. The Town of Rocky Mount held municipal elections in May of even-numbered years. However, due to a newly enacted State law, municipal elections will now be held in November of even-numbered years. The first election under this new law was November 8, 2022. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term.

The Town of Rocky Mount provides a full range of services, including police and volunteer fire protection; the construction and maintenance of streets, sidewalks, water and sewer lines, and other infrastructure; zoning and land use management; recreational parks; and community and cultural events. The Town of Rocky Mount also provides water and wastewater services to both town and county residents and businesses. The Harvester Performance Center (HPC) is a part of this reporting entity as a component unit.

The annual budget serves as the foundation for the Town of Rocky Mount's financial planning and control. All departments of the Town of Rocky Mount are required to submit requests for appropriation to the government's manager during the annual budget process. The government's manager uses these requests as the starting point for developing a proposed budget. The Town Manager then presents this proposed budget to the Council for review around April 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the Town of Rocky Mount's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Rocky Mount operates.

The Town of Rocky Mount serves as the central business and education hub for Franklin County. The Town continues to enjoy growth in the retail and service businesses that serve and are supported by town and county residents. Residential growth continues with new single-family construction. Because of the status quo of the Town's employment and housing opportunities, Town residents are continuing to feel the security of a positive local economy.

The unemployment rate for Franklin County (no statistics are available for the Town individually) as of June 30, 2023, is on par with the State's unemployment rate and the national unemployment rate. The occupancy rate of the Town's central business district continues to remain high and in demand by service businesses.

Inflationary trends in the region compare favorably to national indices. Town Council has continued its dedication to citizens and businesses by not increasing property taxes during fiscal year 2023. A modest 4% increase in the usage fee for water and wastewater was implemented in July 2022. Water consumption has increased slightly for this past fiscal year.

Rocky Mount is the eastern gateway to the Crooked Road, Virginia's Heritage Music Trail. Eight years ago, the Town invested \$2.7 million in the transformation of the old Lynch Hardware Building in the central business district into a performance venue. Funding from federal and state historic tax credits and from a state Tobacco Commission grant was used to fund about half the costs of the renovation. The Harvester Performance Center celebrated its eighth anniversary of operations during this fiscal year. In these eight years of economic stimulation, the Town has seen an increase in job creation, meals tax revenue, and lodging tax revenue. The Town anticipates continuing to receive a positive impact on the local economy from the Harvester patrons. The Harvester Performance Center has won awards from various municipal leagues across the country to recognize Town Council's investment in spurring local economic growth.

The Town of Rocky Mount continues to methodically plan for future growth by investing resources in infrastructure improvements and expansion. The Rocky Mount Town Council, in planning for future residential and commercial needs, continues to fund water and wastewater line improvements and expansions within the Town's utility system. A revised utility rate structure introduced in mid-fiscal year 2013 includes a capital recovery fee for meters greater than 5/8". This fee is used to fund utility capital needs, including projects to further the useful lives of the Water Treatment Plant, the

Wastewater Treatment Plant, the existing water distribution lines, and the existing wastewater collection lines.

#### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a locality's annual comprehensive financial report (ACFR). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized ACFR. The report must also satisfy GAAP and applicable legal requirements. The Town has achieved this prestigious award for fourteen years. We believe that our current ACFR meets these criteria.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Town Manager's offices as well as the Town's department heads. We would like to express our appreciation to all members of Town staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standard of professionalism in the management of the Town of Rocky Mount's finances.

Respectively submitted,

A handwritten signature in dark ink, reading "Vincent K. Copenhaver". The signature is written in a cursive, flowing style.

Vincent K. Copenhaver, CPA  
Director of Finance and Town Treasurer

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

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*Certified Public Accountants*

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## Independent Auditors' Report

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To the Honorable Members of Town Council  
Town of Rocky Mount, 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, and each major fund of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Rocky Mount, 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 Principle*

As described in Note 22 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. 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 Town of Rocky Mount, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Rocky Mount, 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 Rocky Mount, Virginia's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Rocky Mount, Virginia's basic financial statements. The accompanying individual fund schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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 20, 2023, on our consideration of Town of Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox, Associates*

Blacksburg, Virginia  
November 20, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Rocky Mount, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,734,406 (net position). Of this amount, \$9,419,800 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors (Exhibit 1).
- The Town's total net position increased by \$961,681 from prior year's report amounts. This increase is due to full year recognition of American Rescue Plan Act revenue which was classified as deferred revenue in the prior fiscal year.
- At the end of the current fiscal year, the Town's general fund reported an ending fund balance of \$9,584,456, an increase of \$489,079 in comparison with the prior year. 99.2% of the Town's fund balance constitutes an unassigned fund balance, which is available for spending at the government's discretion (Exhibit 3).
- As of the close of the current fiscal year, the Town's proprietary funds reported an ending net position of \$9,506,565, an increase of \$221,335 in comparison with the prior year (Exhibit 1).
- The Town's total outstanding debt increased \$357,678 due to new debt issued during the fiscal year.
- The net position (deficit) of the Economic Development Authority, the component unit, is \$(262,387) an increase of \$143,429 from the prior fiscal year due partially to a shuttered venue grant as well as operations recovering from having been forced to shutter its doors during the pandemic (Exhibit 1).
- The general fund revenues were less than the final budgeted amount by \$582,783 (6.4%). Actual expenditures were \$1,450,749 (15.2%) less than the final budget (Exhibit 10).

### Overview of the Financial Statements

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

**Government-wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, community development, parks, recreation and cultural, and non-departmental. The business-type activities of the Town are the water and wastewater departments.

The government-wide financial statements include the Town (known as the primary government) as well as funds of the Economic Development Authority (EDA) and its component unit the Harvester Performance Center (HPC) (known as the component unit). Financial information for this component unit is reported separately from the financial information presented for the primary government.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town adopts annual appropriated budgets for its general, capital project, and Harvester Performance Center funds. Budgetary comparison statements have been provided for the general fund and the capital project fund to demonstrate compliance with these budgets.

**Proprietary Funds** - The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater departments. The second type of proprietary fund is a *utility capital projects fund* to finance water and wastewater projects.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater departments along with its utility capital projects department.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required supplementary information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This information further explains and supports the information in the financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,734,406 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position, \$21,314,606 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$9,419,800 may be used to meet the government's obligations to citizens and creditors.

The Town's Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 12,479,945	\$ 10,465,882	\$ 3,249,005	\$ 3,017,101	\$ 15,728,950	\$ 13,482,983
Capital assets	15,687,765	15,367,125	11,370,053	11,912,144	27,057,818	27,279,269
Total assets	\$ 28,167,710	\$ 25,833,007	\$ 14,619,058	\$ 14,929,245	\$ 42,786,768	\$ 40,762,252
Deferred outflows	\$ 1,036,680	\$ 990,357	\$ 373,741	\$ 335,909	\$ 1,410,421	\$ 1,326,266
Long-term liabilities	\$ 4,818,143	\$ 4,184,147	\$ 4,758,136	\$ 4,816,687	\$ 9,576,279	\$ 9,000,834
Other liabilities	1,840,099	537,642	173,745	396,646	2,013,844	934,288
Total liabilities	\$ 6,658,242	\$ 4,721,789	\$ 4,931,881	\$ 5,213,333	\$ 11,590,123	\$ 9,935,122
Deferred inflows	\$ 1,318,307	\$ 1,614,080	\$ 554,353	\$ 766,591	\$ 1,872,660	\$ 2,380,671
Net position						
Net invested in capital assets	\$ 13,780,597	\$ 14,009,129	\$ 7,534,009	\$ 7,742,416	\$ 21,314,606	\$ 21,751,545
Unrestricted	7,447,244	6,478,366	1,972,556	1,542,814	9,419,800	8,021,180
Total net position	\$ 21,227,841	\$ 20,487,495	\$ 9,506,565	\$ 9,285,230	\$ 30,734,406	\$ 29,772,725

**Governmental activities** - Governmental activities increased the Town's net position by \$740,346. This increase is largely due to local tax revenues (meals and sales taxes) being stronger than anticipated and an increase in investment earnings from rising interest rates.

**Business-type activities** - Business-type activities increased the Town's net position by \$221,335.



**The Town's Changes in Net Activities**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 428,664	\$ 401,341	\$ 2,947,111	\$ 2,948,073	\$ 3,375,775	\$ 3,349,414
Operating grants and contributions	2,920,997	3,744,747	-	-	2,920,997	3,744,747
Capital grants and contributions	19,193	-	188,552	-	207,745	-
<b>General revenues</b>						
Property taxes	1,146,665	1,178,949	-	-	1,146,665	1,178,949
Other taxes	4,281,096	4,101,004	-	-	4,281,096	4,101,004
Intergovernmental revenue unrestricted	216,108	218,515	-	836,914	216,108	1,055,429
Investment earnings	285,283	12,434	4,449	-	289,732	12,434
Other	83,833	34,253	-	119,472	83,833	153,725
<b>Total revenues</b>	<b>\$ 9,381,839</b>	<b>\$ 9,691,243</b>	<b>\$ 3,140,112</b>	<b>\$ 3,904,459</b>	<b>\$ 12,521,951</b>	<b>\$ 13,595,702</b>
<b>Expenses</b>						
General government	\$ 1,420,841	\$ 1,307,575	\$ -	\$ -	\$ 1,420,841	\$ 1,307,575
Public safety	2,856,244	2,522,146	-	-	2,856,244	2,522,146
Public works	2,618,102	2,200,498	-	-	2,618,102	2,200,498
Parks, recreation and cultural	178,355	208,558	-	-	178,355	208,558
Community development	1,326,619	1,222,349	-	-	1,326,619	1,222,349
Interest on long-term debt	38,462	33,383	-	-	38,462	33,383
Water and wastewater	-	-	3,121,647	3,095,352	3,121,647	3,095,352
<b>Total expenses</b>	<b>\$ 8,438,623</b>	<b>\$ 7,494,509</b>	<b>\$ 3,121,647</b>	<b>\$ 3,095,352</b>	<b>\$ 11,560,270</b>	<b>\$ 10,589,861</b>
<b>Increase (decrease) in net position before transfers</b>	<b>\$ 943,216</b>	<b>\$ 2,196,734</b>	<b>\$ 18,465</b>	<b>\$ 809,107</b>	<b>\$ 961,681</b>	<b>\$ 3,005,841</b>
<b>Transfers</b>	<b>(202,870)</b>	<b>-</b>	<b>202,870</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ 740,346</b>	<b>\$ 2,196,734</b>	<b>\$ 221,335</b>	<b>\$ 809,107</b>	<b>\$ 961,681</b>	<b>\$ 3,005,841</b>
<b>Net position, beginning</b>	<b>20,487,495</b>	<b>18,290,761</b>	<b>9,285,230</b>	<b>8,476,123</b>	<b>29,772,725</b>	<b>26,766,884</b>
<b>Net position, ending</b>	<b>\$ 21,227,841</b>	<b>\$ 20,487,495</b>	<b>\$ 9,506,565</b>	<b>\$ 9,285,230</b>	<b>\$ 30,734,406</b>	<b>\$ 29,772,725</b>

## **Revenues and Expenses - Governmental Activities**

### **Revenues**

For the fiscal year ended June 30, 2023, revenues from governmental activities totaled \$9,381,839, a decrease of \$309,404 from the prior fiscal year.

Other local taxes include meals tax, business license taxes, consumer utility taxes, bank stock tax, local sales tax, lodging tax, and cigarette taxes. Other local taxes, which are the Town's largest general fund revenue source, were \$4,281,096, an increase of \$180,092 from the prior fiscal year. Property taxes (real estate, personal property, machinery and tools, and public service) were \$1,146,665, a decrease of \$32,284 from the prior fiscal year.

Charges for services totaled \$428,664 of the governmental activities, an increase of \$27,323 from the prior fiscal year. Garbage collection fees (\$245,076) are the largest component of charges for services.

The Town's largest operating grants and contributions revenues are for street maintenance (\$1,740,992) followed by ARPA funds (\$798,929 in governmental activities and \$188,552 in business-type activities). Other intergovernmental revenues include communications tax (\$135,992) and law enforcement aid (\$132,618).

Business-type revenues consist of charges to customers for water consumption and wastewater treatment. Cell tower rent (\$125,755) also contributes to the water and sewer net position.

Component unit revenue consists of Harvester Performance venue ticket and concession sales. The Town of Rocky Mount contributed \$489,594 to the Harvester operations.

### **Expenses**

For the fiscal year ended June 30, 2023, expenses for governmental activities totaled \$8,438,623, an increase of \$944,114 from the prior fiscal year. Personnel increases and increased costs for goods and services impacted the Town during the fiscal year.

General fund expenses consist of general government (Town Council, Town Manager, Town Attorney, and Finance) and were \$1,420,841 (16.8%). Public Safety expenses were \$2,856,244 (33.8%). Public Works expenses totaled \$2,618,102 (31%). Parks totaled \$178,355 (2.1%). Community Development expenses were \$1,326,619 (15.7%). Interest expense totaled \$38,462 (0.5%).

Business-type activities account for the operating and capital expenses of the Town's water production and distribution system and the Town's wastewater treatment plant and operations. Operating income (loss) was \$(184,324).

Component unit expenses consist of performance and operating expenses. The Town's contribution towards operations is \$489,594. The Town does not contribute to the performance expenses.

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,866,151 (Exhibit 3), an increase of \$708,928 in comparison with the prior year. 96.4% of the \$9,866,151, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$9,584,456 (Exhibit 3). As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 117.7% of total general fund expenditures.

The fund balance of the Town's general fund increased by \$489,079 during the fiscal year. Strong local tax revenue and savings in general fund expenditure departments contributed to this increase.

The fund balance of the Town's capital projects fund increased by \$219,849 during the year. The increase reflects the recognition of American Rescue Plan Act (ARPA) funds for general government services due to revenue loss and the issuance of loans and subscription liabilities.

**Proprietary funds** - The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater departments at the end of the year amounted to \$1,972,556 (Exhibit 7). This is a \$429,742 increase from the prior year attributed mostly due to an increase in operating revenues.

## General Fund Budgetary Highlights

There was an increase of \$1,645,664 between the original budget and the final amended budget for revenues, and an increase of \$1,842,091 between the original and final amended budget for expenditures (Exhibit 10). The increase in the revenue budget is due to several grants received from both the State government and the Federal government. The increase in expenditure budgets came from additional projects in the public works and community development areas.

## Capital Asset and Debt Administration

**Capital assets** - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$27,057,818. This investment in capital assets includes land, buildings, building improvements, infrastructure, machinery, and equipment. The Town's total investment in capital assets declined slightly for the current fiscal year as depreciation expense was greater than the amount of capital asset additions. Additional information on the Town's capital assets can be found in Note 9 of this report.

Major capital projects completed during the current fiscal year included the following:

Vehicle and equipment replacement - \$367,530

Municipal building fascia and outside Improvements - \$98,906

Engineering work on water projects - \$179,117

	The Town's Capital Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 2,553,014	\$ 2,553,014	\$ 189,454	\$ 189,454	\$ 2,742,468	\$ 2,742,468
Buildings and Improvements	7,630,367	7,495,426	-	-	7,630,367	7,495,426
Public domain infrastructure	14,646,796	14,646,796	-	-	14,646,796	14,646,796
Water and Wastewater plants	-	-	22,071,288	21,841,125	22,071,288	21,841,125
Distribution/transmission system	-	-	8,857,112	8,857,112	8,857,112	8,857,112
Machinery and equipment	8,756,434	7,806,283	4,160,560	3,920,212	12,916,994	11,726,495
Construction in progress	-	-	55,365	218,163	55,365	218,163
Right-to-use subscription asset	80,438	-			80,438	-
Accumulated depreciation	(17,979,284)	(17,134,394)	(23,963,726)	(23,113,922)	(41,943,010)	(40,248,316)
Total	\$ 15,687,765	\$ 15,367,125	\$ 11,370,053	\$ 11,912,144	\$ 27,057,818	\$ 27,279,269

**Long-term debt** - At the end of the current fiscal year, the Town had total debt outstanding of \$5,819,925. The entire debt is backed by the full faith and credit of the government. There are no notes payable.

**The Town's Outstanding Debt**  
**General Obligation and Loans Payable**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
General Obligation	\$ 1,221,714	\$ 1,390,634	\$ -	\$ -	\$ 1,221,714	\$ 1,390,634
Revenue Bonds	-	-	3,651,667	3,973,263	3,651,667	3,973,263
Loans Payable	768,952	98,350	177,592	-	946,544	98,350
<b>Total</b>	<b>\$ 1,990,666</b>	<b>\$ 1,488,984</b>	<b>\$ 3,829,259</b>	<b>\$ 3,973,263</b>	<b>\$ 5,819,925</b>	<b>\$ 5,462,247</b>

The Town's total debt increased by a net amount of \$357,678 (6.5%) during the fiscal year from the issuance of new debt for equipment replacement. Principal payments totaled \$553,175. Additional information on the Town's long-term debt can be found in Note 10 of this report.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. The Town strives to demonstrate its accountability for the resources it receives and their uses. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Rocky Mount, 345 Donald Avenue, Rocky Mount, Virginia 24151. The Town's website is [www.rockymountva.org](http://www.rockymountva.org).

## **Basic Financial Statements**



Town of Rocky Mount, Virginia  
Statement of Net Position  
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,755,913	\$ 2,430,886	\$ 10,186,799	\$ 1,209,309
Investments	2,567,586	-	2,567,586	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	164,532	-	164,532	-
Accounts receivable	381,160	489,505	870,665	-
Loans receivable	39,477	-	39,477	-
Long-term receivable	634,956	-	634,956	-
Leases receivable	-	156,535	156,535	-
Due from component unit	747,075	-	747,075	-
Due from other governmental units	113,791	-	113,791	-
Inventories	-	85,809	85,809	-
Prepaid items	75,455	18,620	94,075	50,000
Restricted assets:				
Cash and cash equivalents	-	67,650	67,650	-
Capital assets not being depreciated/amortized	2,553,014	244,819	2,797,833	68,244
Capital assets, net of accumulated depreciation/amortization	13,134,751	11,125,234	24,259,985	2,680,239
Total assets	\$ 28,167,710	\$ 14,619,058	\$ 42,786,768	\$ 4,007,792
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 572,293	\$ 217,960	\$ 790,253	\$ -
OPEB related items	464,387	155,781	620,168	-
Total deferred outflows of resources	\$ 1,036,680	\$ 373,741	\$ 1,410,421	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 256,734	\$ 25,426	\$ 282,160	\$ -
Accrued payroll and related liabilities	70,518	19,112	89,630	-
Unearned revenue	1,463,133	-	1,463,133	101,638
Customer deposits	-	67,650	67,650	-
Accrued interest payable	19,025	42,937	61,962	-
Amount held for others	30,689	18,620	49,309	-
Due to primary government	-	-	-	4,168,541
Long-term liabilities:				
Due within one year	675,211	359,369	1,034,580	-
Due in more than one year	4,142,932	4,398,767	8,541,699	-
Total liabilities	\$ 6,658,242	\$ 4,931,881	\$ 11,590,123	\$ 4,270,179
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 399	\$ -	\$ 399	\$ -
Lease related	-	147,562	147,562	-
Pension related items	762,572	220,180	982,752	-
OPEB related items	555,336	186,611	741,947	-
Total deferred inflows of resources	\$ 1,318,307	\$ 554,353	\$ 1,872,660	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 13,780,597	\$ 7,534,009	\$ 21,314,606	\$ 2,748,483
Unrestricted	7,447,244	1,972,556	9,419,800	(3,010,870)
Total net position (deficit)	\$ 21,227,841	\$ 9,506,565	\$ 30,734,406	\$ (262,387)

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

Town of Rocky Mount, Virginia  
Statement of Activities  
Fiscal Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Government		Component Unit
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Economic Development Authority
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,420,841	\$ -	\$ 828,561	\$ -	\$ (592,280)	\$ (592,280)	
Public safety	2,856,244	136,209	341,538	-	(2,378,497)	(2,378,497)	
Public works	2,618,102	245,076	1,750,898	-	(622,128)	(622,128)	
Parks, recreation, and cultural	178,355	450	-	-	(177,905)	(177,905)	
Community development	1,326,619	46,929	-	19,193	(1,260,497)	(1,260,497)	
Interest on long-term debt	38,462	-	-	-	(38,462)	(38,462)	
Total governmental activities	\$ 8,438,623	\$ 428,664	\$ 2,920,997	\$ 19,193	\$ (5,069,769)	\$ (5,069,769)	
Business-type activities:							
Water and wastewater	\$ 3,121,647	\$ 2,947,111	\$ -	\$ 188,552	\$ -	14,016	14,016
Total business-type activities	\$ 3,121,647	\$ 2,947,111	\$ -	\$ 188,552	\$ -	14,016	14,016
Total primary government	\$ 11,560,270	\$ 3,375,775	\$ 2,920,997	\$ 207,745	\$ (5,069,769)	\$ (5,055,753)	\$ -
<b>COMPONENT UNIT:</b>							
Economic Development Authority	\$ 1,413,327	\$ 784,646	\$ 306,587	\$ -			\$ (322,094)
Total component unit	\$ 1,413,327	\$ 784,646	\$ 306,587	\$ -			\$ (322,094)
General revenues:							
General property taxes			\$ 1,146,665	\$ -	\$ 1,146,665	\$ -	
Other local taxes:							
Bank stock taxes			357,857	-	-	357,857	-
Business license taxes			841,624	-	-	841,624	-
Consumers' utility taxes			313,109	-	-	313,109	-
Local sales and use taxes			311,381	-	-	311,381	-
Lodging taxes			250,976	-	-	250,976	-
Meals taxes			2,140,674	-	-	2,140,674	-
Cigarette taxes			65,475	-	-	65,475	-
Unrestricted revenues from the use of money			285,283	-	4,449	289,732	-
Miscellaneous			83,833	-	-	83,833	7,806
Contributions from Town of Rocky Mount, Virginia			-	-	-	-	457,717
Grants and contributions not restricted to specific programs			216,108	-	-	216,108	-
Transfers			(202,870)	202,870	-	-	-
Total general revenues			\$ 5,810,115	\$ 207,319	\$ 6,017,434	\$ 465,523	
Change in net position			\$ 740,346	\$ 221,335	\$ 961,681	\$ 143,429	
Net position (deficit) - beginning			20,487,495	9,285,230	29,772,725	(405,816)	
Net position (deficit) - ending			\$ 21,227,841	\$ 9,506,565	\$ 30,734,406	\$ (262,387)	

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

Town of Rocky Mount, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,755,913	\$ -	\$ 7,755,913
Investments	829,251	1,738,335	2,567,586
Receivables (net of allowance for uncollectibles):			
Taxes receivable	164,532	-	164,532
Accounts receivable	381,160	-	381,160
Loans receivable	-	39,477	39,477
Long-term receivable	634,956	-	634,956
Due from component unit	747,075	-	747,075
Due from other governmental units	113,791	-	113,791
Prepaid items	75,455	-	75,455
Total assets	<u>\$ 10,702,133</u>	<u>\$ 1,777,812</u>	<u>\$ 12,479,945</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 223,750	\$ 32,984	\$ 256,734
Amounts held for others	30,689	-	30,689
Accrued payroll and related liabilities	70,518	-	70,518
Unearned revenue	-	1,463,133	1,463,133
Total liabilities	<u>\$ 324,957</u>	<u>\$ 1,496,117</u>	<u>\$ 1,821,074</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 157,764	\$ -	\$ 157,764
Unavailable revenue - long-term receivable	634,956	-	634,956
Total deferred inflows of resources	<u>\$ 792,720</u>	<u>\$ -</u>	<u>\$ 792,720</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	\$ 75,455	\$ -	\$ 75,455
Assigned:			
Capital projects	-	281,695	281,695
Unassigned	9,509,001	-	9,509,001
Total fund balances	<u>\$ 9,584,456</u>	<u>\$ 281,695</u>	<u>\$ 9,866,151</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,702,133</u>	<u>\$ 1,777,812</u>	<u>\$ 12,479,945</u>

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

Town of Rocky Mount, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,866,151
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated/amortized	\$	2,553,014
Capital assets, net of accumulated depreciation/amortization	<u>13,134,751</u>	15,687,765
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes	\$	157,365
Unavailable revenue - loan receivable	<u>634,956</u>	792,321
Deferred outflows or resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	572,293
OPEB related items	<u>464,387</u>	1,036,680
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(1,221,714)
Loans payable		(768,952)
Subscription liabilities		(26,872)
Accrued interest payable		(19,025)
Compensated absences		(516,263)
Net OPEB liabilities		(871,954)
Net pension liability	<u>(1,412,388)</u>	(4,837,168)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(762,572)
OPEB related items	<u>(555,336)</u>	(1,317,908)
Net position of governmental activities	<u>\$</u>	<u>21,227,841</u>

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

Town of Rocky Mount, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended June 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 1,136,423	\$ -	\$ 1,136,423
Other local taxes	4,281,096	-	4,281,096
Permits, privilege fees, and regulatory licenses	54,873	-	54,873
Fines and forfeitures	42,755	-	42,755
Revenue from the use of money and property	284,327	1,406	285,733
Charges for services	330,586	-	330,586
Miscellaneous	83,833	-	83,833
Recovered costs	13,186	-	13,186
Intergovernmental	2,338,176	818,122	3,156,298
Total revenues	<u>\$ 8,565,255</u>	<u>\$ 819,528</u>	<u>\$ 9,384,783</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,153,897	\$ -	\$ 1,153,897
Public safety	2,818,088	358,188	3,176,276
Public works	2,058,349	574,115	2,632,464
Parks, recreation, and cultural	114,979	143,500	258,479
Community development	1,298,378	384	1,298,762
Nondepartmental	401,826	-	401,826
Capital projects	-	47,442	47,442
Debt service:			
Principal retirement	201,249	83,896	285,145
Interest and other fiscal charges	32,393	-	32,393
Total expenditures	<u>\$ 8,079,159</u>	<u>\$ 1,207,525</u>	<u>\$ 9,286,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 486,096</u>	<u>\$ (387,997)</u>	<u>\$ 98,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ (202,870)	\$ -	\$ (202,870)
Issuance of loans payable	205,853	527,408	733,261
Issuance of subscription liabilities	-	80,438	80,438
Total other financing sources (uses)	<u>\$ 2,983</u>	<u>\$ 607,846</u>	<u>\$ 610,829</u>
Net change in fund balances	\$ 489,079	\$ 219,849	\$ 708,928
Fund balances - beginning	9,095,377	61,846	9,157,223
Fund balances - ending	<u><u>\$ 9,584,456</u></u>	<u><u>\$ 281,695</u></u>	<u><u>\$ 9,866,151</u></u>

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

Town of Rocky Mount, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Fiscal Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	708,928
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 1,290,647	
Depreciation/amortization expense	<u>(970,007)</u>	320,640

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

Property taxes		10,242
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:

Issuance of loans payable	\$ (733,261)	
Issuance of subscription liabilities	(80,438)	

Principal repayments:

Principal payments on general obligation bonds	168,920	
Principal payments on loans payable	62,659	
Principal payments on subscription liabilities	<u>53,566</u>	(528,554)

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

Change in compensated absences	\$ (109,435)	
Change in accrued interest	(6,069)	
Change in pension related items	358,148	
Change in OPEB related items	<u>(13,554)</u>	229,090

Change in net position of governmental activities	\$	<u><u>740,346</u></u>
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The notes to the financial statements are an integral part of this statement.



Town of Rocky Mount, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2023

	Water and Wastewater Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,430,886
Accounts receivable	489,505
Leases receivable, current portion	54,838
Inventories	85,809
Prepaid items	18,620
Total current assets	<u>\$ 3,079,658</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents - customer deposits	\$ 67,650
Leases receivable, noncurrent portion	101,697
Capital assets:	
Capital assets not being depreciated	\$ 244,819
Capital assets, net of accumulated depreciation	11,125,234
Total capital assets	<u>\$ 11,370,053</u>
Total noncurrent assets	<u>\$ 11,539,400</u>
Total assets	<u>\$ 14,619,058</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 217,960
OPEB related items	155,781
Total deferred outflows of resources	<u>\$ 373,741</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 25,426
Accrued payroll and related liabilities	19,112
Customer deposits	67,650
Accrued interest payable	42,937
Amount held for others	18,620
Compensated absences - current portion	120,948
Loans payable - current portion	14,817
Bonds payable - current portion	223,604
Total current liabilities	<u>\$ 533,114</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 40,316
Loans payable - net of current portion	162,775
Bonds payable - net of current portion	3,428,063
Net OPEB liabilities	293,005
Net pension liability	474,608
Total noncurrent liabilities	<u>\$ 4,398,767</u>
Total liabilities	<u>\$ 4,931,881</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related	\$ 147,562
Pension related items	220,180
OPEB related items	186,611
Total deferred inflows of resources	<u>\$ 554,353</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 7,534,009
Unrestricted	1,972,556
Total net position	<u><u>\$ 9,506,565</u></u>

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

Town of Rocky Mount, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
Fiscal Year Ended June 30, 2023

	<u>Water and Wastewater Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water service charges and fees	\$ 1,706,294
Sewer service charges and fees	1,077,977
Water/sewer penalties	37,085
Total operating revenues	<u>\$ 2,821,356</u>
<b>OPERATING EXPENSES</b>	
Salaries	\$ 931,161
Fringe benefits	349,402
Maintenance	81,861
Utilities and insurance	285,723
Materials and supplies	208,005
Contractual Services	161,286
Other	138,438
Depreciation	849,804
Total operating expenses	<u>\$ 3,005,680</u>
Operating income (loss)	<u>\$ (184,324)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	\$ 4,449
Lease revenue	125,755
Interest expense	(115,967)
Total nonoperating revenues (expenses)	<u>\$ 14,237</u>
Income (loss) before transfers and capital contributions	<u>\$ (170,087)</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	
Capital contributions - federal	\$ 188,552
Transfers in	202,870
Total transfers and capital contributions	<u>\$ 391,422</u>
Change in net position	\$ 221,335
Total net position - beginning	9,285,230
Total net position - ending	<u><u>\$ 9,506,565</u></u>

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

Town of Rocky Mount, Virginia  
Statement of Cash Flows  
Proprietary Funds  
Fiscal Year Ended June 30, 2023

	<u>Water and Wastewater Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 2,828,402
Payments to suppliers	(1,123,772)
Payments to employees	(1,350,281)
Net cash provided by (used for) operating activities	<u>\$ 354,349</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>\$ 202,870</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	\$ (300,928)
Proceeds from issuance of debt	177,592
Principal payments on bonds	(321,596)
Interest payments	(116,536)
Contributions in aid of construction	188,552
Net cash provided by (used for) capital and related financing activities	<u>\$ (372,916)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 6,670
Principal payments on lease receivable	122,540
Net cash provided by (used for) investing activities	<u>\$ 129,210</u>
Net increase (decrease) in cash and cash equivalents	\$ 313,513
Cash and cash equivalents - beginning (including restricted cash of \$57,225)	2,185,023
Cash and cash equivalents - ending (including restricted cash of \$67,650)	<u><u>\$ 2,498,536</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ (184,324)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 849,804
(Increase) decrease in accounts receivable	(3,379)
(Increase) decrease in inventories	(37,552)
(Increase) decrease in pension and OPEB related deferred outflows of resources	(37,832)
Increase (decrease) in customer deposits	10,425
Increase (decrease) in accounts payable	(210,907)
Increase (decrease) in accrued payroll and related liabilities	(28,635)
Increase (decrease) in compensated absences	19,511
Increase (decrease) in net OPEB liabilities	9,045
Increase (decrease) in net pension liability	56,897
Increase (decrease) in pension and OPEB related deferred inflows of resources	(88,704)
Total adjustments	<u>\$ 538,673</u>
Net cash provided by (used for) operating activities	<u><u>\$ 354,349</u></u>
<b>Noncash investing, capital, and financing activities:</b>	
Capital asset additions included in accounts payable	<u>\$ 6,785</u>

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

TOWN OF ROCKY MOUNT, VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the Town of Rocky Mount, Virginia conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

**A. Financial Reporting Entity:**

The Town of Rocky Mount, Virginia (the “Town”) was established in 1873. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. These financial statements present the Town as the primary government. The Town Council consists of a mayor and six other council members. The Town is part of County of Franklin, Virginia and has taxing powers subject to statewide restrictions and tax limits.

The Town provides a full range of municipal services including police, refuse collection, public improvements, planning and zoning, general administrative services, recreation, and water and wastewater services. The Town provides substantial operating funding for its Volunteer Fire Department.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit - None

Discretely Presented Component Unit - The Economic Development Authority (the “EDA”) was created for the purposes of promoting economic development within the Town. Its component unit, the Harvester Performance Center (the “HPC”) is a mid-sized music venue for purposes of industrial and economic development in the Rocky Mount community. Because the Town owns the EDA which in turn owns the building housing the Harvester, the Town has its own operating budget for the HPC consisting of utilities, building and grounds maintenance, and other building related expenses. The HPC has a separate operating budget to cover performance expenses. Neither the Town nor the EDA can override the HPC’s performance budget or setting of rates. The HPC is fiscally dependent on the EDA and Town as the Town is responsible for funding any operating/performance deficits. As the HPC is not self-sustaining, this dependency creates a financial burden for the EDA and Town. The EDA has a year end of June 30, 2023 but its only activity consists of the HPC, whose entities have a December 31, 2022 year end. The EDA issues separate financial statements which include the operations of the HPC and can be obtained by contacting the Town’s administrative office.

Related Organizations - None

Jointly Governed Organizations - None

**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 activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

**B. Government-wide and fund financial statements: (Continued)**

The Statement of Net Position is designed to display 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.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual 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. The budgetary comparison presents 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

**Note 1-Summary of Significant Accounting Policies: (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

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

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 other funds.

The *capital projects fund* is used to account for and report financial resources to be used for the construction of major capital facilities, other than those financed by proprietary funds.

The Town reports the following major proprietary fund:

The *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 enterprise fund consists of the water and wastewater fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water and sewer function 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.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance:

1. Cash and cash equivalents

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

2. Investments

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

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are presented at cost and are expended when used.

5. Prepaid Items

Payments to vendors for services that will benefit future periods 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 when the services are consumed.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance: (Continued)

6. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on February 28. The Town bills and collects its own property taxes.

7. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts for taxes and water and wastewater using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$153,204 for property taxes at June 30, 2023. The allowance amounted to approximately \$14,375 for water and wastewater at June 30, 2023.

8. Use of Estimates

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

9. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and 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 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below) if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings and Improvements	30-40
Machinery and Equipment	5-10
Subscription Asset	3-5
Distribution/Transmission Systems	40-50
Water and Wastewater Plants	40-50
Infrastructure	20-40



**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance: (Continued)

10. 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 (expenditure/expense) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple types of 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 amounts prepaid are deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. Long-term receivables are also reported in the governmental funds as deferred inflows of resources when the underlying revenues are considered unavailable as a result of a nonexchange transaction. 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.

11. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement). No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

12. Pensions

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

**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance: (Continued)

13. Other Postemployment Benefits (OPEB)

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

14. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. Fund Balance

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

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

**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance: (Continued)

15. Fund Balance (Continued)

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

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

16. Net Position

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

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

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.

**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance: (Continued)

17. Leases and Subscription-Based IT Arrangements

The Town has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

*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).

*Subscriptions*

The Town recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

*Key Estimates and Judgments*

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

- The Town uses the interest rate stated in lease or subscription 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 and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable and subscription liability.

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

**Note 2-Stewardship, Compliance, and Accountability:**

**A. Budgetary information**

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 the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund, and the Water and Wastewater Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budgets for the general, capital projects, and the water and wastewater funds are legally enacted through passage of an Appropriations Resolution. Town Council may, from time to time, amend the budgets, providing for additional expenditures and the means for financing them.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Management can over-expend at the line item level without approval of Town Council.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets are adopted utilizing the modified accrual basis of accounting.
7. Appropriations lapse on June 30 for all Town units.
8. All budgetary data presented is the final revised budget.

**B. Excess of expenditures over appropriations**

For the fiscal year ended June 30, 2023, expenditures did not exceed appropriations by function.

**C. Deficit fund balance**

At June 30, 2023, no funds had negative fund balance.

**Note 3-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.

**Note 3-Deposits and Investments: (Continued)**

**Investments**

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

**Investment Policy**

In accordance with the Code of Virginia and other applicable law, including regulations, the Town’s investment policy (Policy) permits investments in U.S. treasury securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker’s acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U.S. treasury/agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer’s Local Government Investment Pool (the Virginia 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 share (i.e., the LGIP maintains a stable net position value of \$1 per share). The LGIP investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

The Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States; to 15 years for any single corporate security; and five years for any single asset-backed security.

**Credit Risk of Debt Securities**

As required by state statute, 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 Investors Service, provided that the issuing corporation has a net worth of at least \$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 Investors Service.

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.

As of June 30, 2023, issuers that equal or exceed 5% of the total portfolio are as follows:

	<u>% of Portfolio</u>
VML/VACo Virginia Investment Pool	7.49%
Government Agency Bonds	19.63%
LGIP	68.55%

The Town’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

**Note 3-Deposits and Investments: (Continued)**

Rated Debt Investments	Fair Quality Ratings		
	AA+	AAAm	Unrated
VML/VACo Virginia Investment Pool	\$ -	\$ 802,667	\$ -
Government Agency Bonds	2,103,632		
Certificates of Deposit	-	-	458,417
Money Market Mutual Funds	-	-	5,537
LGIP	-	7,344,453	-
Total	\$ 2,103,632	\$ 8,147,120	\$ 463,954

**Interest Rate Risk**

All Town investments must be in securities maturing within five years.

Investment Type	Investment Maturities			Call options
	Fair Value	< 1 year	1-5 years	
VML/VACo Virginia Investment Pool	\$ 802,667	\$ 802,667	\$ -	None
Government Agency Bonds	2,103,632	-	2,103,632	2023-2024
Certificates of Deposit	458,417	-	458,417	None
Money Market Mutual Funds	5,537	5,537	-	None
LGIP	7,344,453	7,344,453	-	None
Total	\$ 10,714,706	\$ 8,152,657	\$ 2,562,049	

**Custodial Credit Risk**

The Policy requires that all investment securities shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the Code of Virginia, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, all of the Town’s investments are held in a bank’s trust department in the Town’s name.

**External Investment Pool**

The fair value of the positions held in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provisions of accounting standards. There are no withdrawal limitations or restrictions imposed on participants.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Pool investments at the net asset value (NAV).

**Redemption Restrictions**

VML/VACO Virginia Investment Pool allows the Town to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

**Note 4-Fair Value Measurements:**

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

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

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

The Town has the following recurring fair value measurements as of year-end:

<u>Investment</u>	<u>June 30, 2023</u>
Investments at Fair Value (Level 1):	
Certificates of Deposit	\$ 458,417
Investments at Net Asset Value (NAV):	
VML/VACo Virginia Investment Pool	\$ 802,667

**Note 5-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	<u>Governmental Activities</u>
Local Government:	
Franklin County	\$ 45,200
Commonwealth of Virginia:	
Sales Tax	57,733
Communication Tax	10,858
Total	<u>\$ 113,791</u>



**Note 6-Interfund Transfers:**

Interfund transfers for the fiscal year ended June 30, 2023 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 202,870
Water and Wastewater Fund	202,870	-
Total	<u>\$ 202,870</u>	<u>\$ 202,870</u>

The primary purpose of transfers is to ensure that cash balances are reported in the appropriate fund(s).

**Note 7-Component-Unit Obligations:**

At year end, the Component Unit Economic Development Authority carries a liability to the Town's general fund for monies advanced during the year to cover expenses of the Harvester Performance Center.

Fund	Due from Primary Government/ Component Unit	Due to Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 747,075	\$ -
Component Unit - Economic Development Authority:		
Performance Venue Fund	-	4,168,541
Total	<u>\$ 747,075</u>	<u>\$ 4,168,541</u>

Amounts above differ as the EDA's activity is comprised solely of its component unit's, the Harvester Performance Center, activity. The Harvester Performance Center has a calendar year end and information is presented as of December 31, 2022. The difference results in additional amounts contributed by the Town after that time as well as recognition of contribution of buildings and improvements. Further, an allowance has been established by the Town to reflect the realizable amount on the receivable while the Harvester Performance Center reflects the amounts due in full as they have not been formally forgiven by the Town.

**Note 8-Leases Receivable:**

The following is a summary of lease receivable transactions of the Town for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issurances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 279,075</u>	<u>\$ -</u>	<u>\$ (122,540)</u>	<u>\$ 156,535</u>	<u>\$ 4,449</u>

**Note 8-Leases Receivable: (Continued)**

Details of leases receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower - Powder Mill - Site 0563340	8/1/2017	2027	Monthly	2.00%	\$ 131,930	\$ 30,233
Cell Tower - Scuffling Hill - 430392	1/1/2019	2024	Monthly	2.00%	18,438	18,438
Cell Tower - Pendleton St - 42684	8/21/2018	2024	Monthly	2.00%	6,167	6,167
					<u>\$ 156,535</u>	<u>\$ 54,838</u>

**Note 9-Capital Assets:**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,553,014	\$ -	\$ -	\$ 2,553,014
Total capital assets not being depreciated	<u>\$ 2,553,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,553,014</u>
Capital assets, being depreciated/amortized:				
Public Domain Infrastructure	\$ 14,646,796	\$ -	\$ -	\$ 14,646,796
Buildings and improvements	7,495,426	134,941	-	7,630,367
Machinery and equipment	7,806,283	1,075,268	(125,117)	8,756,434
Right-to-use subscription asset	-	80,438	-	80,438
Total capital assets being depreciated/amortized	<u>\$ 29,948,505</u>	<u>\$ 1,290,647</u>	<u>\$ (125,117)</u>	<u>\$ 31,114,035</u>
Accumulated depreciation/amortization:				
Public Domain Infrastructure	\$ (7,527,066)	\$ (248,577)	\$ -	\$ (7,775,643)
Buildings and improvements	(4,843,482)	(224,763)	-	(5,068,245)
Machinery and equipment	(4,763,846)	(496,667)	125,117	(5,135,396)
Total accumulated depreciation/amortization	<u>\$ (17,134,394)</u>	<u>\$ (970,007)</u>	<u>\$ 125,117</u>	<u>\$ (17,979,284)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 12,814,111</u>	<u>\$ 320,640</u>	<u>\$ -</u>	<u>\$ 13,134,751</u>
Governmental activities capital assets, net	<u>\$ 15,367,125</u>	<u>\$ 320,640</u>	<u>\$ -</u>	<u>\$ 15,687,765</u>

**Note 9-Capital Assets: (Continued)**

Capital asset activity for the year ended June 30, 2023 was as follows: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 189,454	\$ -	\$ -	\$ 189,454
Construction in progress	218,163	67,365	(230,163)	55,365
Total capital assets not being depreciated	<u>\$ 407,617</u>	<u>\$ 67,365</u>	<u>\$ (230,163)</u>	<u>\$ 244,819</u>
Capital assets being depreciated:				
Water and wastewater plants	\$ 21,841,125	\$ 230,163	\$ -	\$ 22,071,288
Distributions/transmission systems	8,857,112	-	-	8,857,112
Machinery and equipment	3,920,212	240,348	-	4,160,560
Total capital assets being depreciated	<u>\$ 34,618,449</u>	<u>\$ 470,511</u>	<u>\$ -</u>	<u>\$ 35,088,960</u>
Accumulated depreciation:				
Water and wastewater plants	\$ (17,390,123)	\$ (395,403)	\$ -	\$ (17,785,526)
Distributions/transmission systems	(4,262,433)	(218,247)	-	(4,480,680)
Machinery and equipment	(1,461,366)	(236,154)	-	(1,697,520)
Total accumulated depreciation	<u>\$ (23,113,922)</u>	<u>\$ (849,804)</u>	<u>\$ -</u>	<u>\$ (23,963,726)</u>
Total capital assets being depreciated, net	<u>\$ 11,504,527</u>	<u>\$ (379,293)</u>	<u>\$ -</u>	<u>\$ 11,125,234</u>
Business-type activities capital assets, net	<u>\$ 11,912,144</u>	<u>\$ (311,928)</u>	<u>\$ (230,163)</u>	<u>\$ 11,370,053</u>

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

Governmental activities:	
General government administration	\$ 103,366
Public safety	273,095
Public works	404,077
Parks, recreation, and cultural	69,504
Community development	119,965
Total depreciation expense-governmental activities	<u>\$ 970,007</u>
Business-type activities:	
Water	\$ 388,273
Wastewater	461,531
Total depreciation expense-business-type activities	<u>\$ 849,804</u>

**Note 10-Long-term Obligations:**

**Primary Government - Governmental Activities:**

The following is a summary of long-term obligations transactions of the Town for the year ended June 30, 2023:

	Balance July 1, 2022	Increases / Issuances	Decreases / Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
General obligation bonds	\$ 1,390,634	\$ -	\$ (168,920)	\$ 1,221,714
Loans payable	98,350	733,261	(62,659)	768,952
Subscription liabilities	-	80,438	(53,566)	26,872
Compensated absences	406,828	211,142	(101,707)	516,263
Net OPEB liabilities	926,073	444,803	(498,922)	871,954
Net pension liability	1,362,262	1,073,093	(1,022,967)	1,412,388
Total	<u>\$ 4,184,147</u>	<u>\$ 2,542,737</u>	<u>\$ (1,908,741)</u>	<u>\$ 4,818,143</u>

The general government compensated absences, pension liability, and OPEB liabilities are generally liquidated by the general fund.

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

Year Ending June 30,	Direct Borrowings and Placements		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 279,271	\$ 47,675	\$ 8,742	\$ 656
2025	285,357	42,471	8,956	442
2026	270,208	36,119	9,174	224
2027	276,060	30,064	-	-
2028	274,339	23,868	-	-
2029-2033	492,275	62,822	-	-
2034-2036	113,156	4,656	-	-
Totals	<u>\$ 1,990,666</u>	<u>\$ 247,675</u>	<u>\$ 26,872</u>	<u>\$ 1,322</u>

**Note 10-Long-term Obligations: (Continued)**

**Primary Government - Governmental Activities: (Continued)**

Details of long-term obligations:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<b>Direct borrowings and placements:</b>						
<b>General Obligation Bonds:</b>						
GO Bond Series 2017 (1)	2.17%	04/17	2028	\$1,512,000	\$ 728,000	\$ 139,000
GO Bond Series 2020 (2)	2.65%	09/20	2036	575,000	493,714	33,653
Total General Obligation Bonds					<u>\$ 1,221,714</u>	<u>\$ 172,653</u>
<b>Loans Payable:</b>						
3 Police Vehicles	2.146%	09/19	2026	\$ 105,007	\$ 43,346	\$ 21,442
New Watch Guard Camera Financing (3)	0.00%	11/22	2028	167,580	167,580	33,516
Taser Financing	0.00%	0/22	2027	38,273	30,618	7,655
Equipment Financing Purchase	3.96%	02/23	2033	572,408	527,408	44,005
Total Loans Payable					<u>\$ 768,952</u>	<u>\$ 106,618</u>
Total Direct Borrowings and Placements					<u>\$ 1,990,666</u>	<u>\$ 279,271</u>
<b>Subscription liabilities:</b>						
Munis software (4)	2.440%	06/23	2026	\$ 80,438	<u>\$ 26,872</u>	<u>\$ 8,743</u>
<b>Other Long-term Obligations:</b>						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 871,954	\$ -
Compensated absences	n/a	n/a	n/a	n/a	516,263	387,197
Net pension liability	n/a	n/a	n/a	n/a	1,412,388	-
Total Other Long-term Obligations					<u>\$ 2,800,605</u>	<u>\$ 387,197</u>
Total Long-term Obligations					<u>\$ 4,818,143</u>	<u>\$ 675,211</u>

- (1) In the event of default, the unpaid principal amount shall bear interest at the rate of 12 percent per annum or the maximum rate permitted by applicable law, which is less, while the default exists.
- (2) In the event of default, the lender may take whatever action under law which may appear necessary or desirable to collect amounts then due and thereafter to become due under the loan agreement.
- (3) In the event of default, all amounts due under the agreement will be immediately due and payable.
- (4) There are no variable payments associated with the subscription liability.

**Note 10-Long-term Obligations: (Continued)**

Primary Government - Business-type Activities:

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
Bonds payable	\$ 3,973,263	\$ -	\$ (321,596)	\$ 3,651,667
Loans payable	-	177,592	-	177,592
Compensated absences	141,753	54,949	(35,438)	161,264
Net OPEB liabilities	283,960	169,849	(160,804)	293,005
Net pension liability	417,711	390,572	(333,675)	474,608
Total	<u>\$ 4,816,687</u>	<u>\$ 792,962</u>	<u>\$ (851,513)</u>	<u>\$ 4,758,136</u>

The business-type activities' compensated absences, pension liability, and OPEB liabilities are generally liquidated by the enterprise fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2024	\$ 238,421	\$ 117,140
2025	238,138	109,887
2026	248,036	102,276
2027	258,111	94,354
2028	268,359	86,113
2039-2033	1,462,087	297,227
2034-2038	1,026,161	87,381
2039-2040	89,946	2,029
Totals	<u>\$ 3,829,259</u>	<u>\$ 896,407</u>

**Note 10-Long-term Obligations: (Continued)**

Primary Government - Business-type Activities: (Continued)

Details of long-term obligations:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
<b>Direct Borrowings and Placements:</b>						
<b>Bonds Payable:</b>						
Virginia Municipal League (1)	2.85%	8/13	2037	\$2,205,000	\$1,615,000	\$ 100,000
General Obligation Bond (2)	3.58%	10/18	2024	1,116,500	874,700	66,060
WVWA	3.00%	12/18	2040	1,272,040	1,161,967	57,544
Total Bonds Payable					<u>\$3,651,667</u>	<u>\$ 223,604</u>
<b>Loans Payable:</b>						
Equipment Financing Purchase	3.96%	02/23	2033	\$ 177,592	\$ 177,592	\$ 14,817
Total Direct Borrowings and Placements					<u>\$3,829,259</u>	<u>\$ 238,421</u>
<b>Other Long-term Obligations:</b>						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 293,005	\$ -
Compensated absences	n/a	n/a	n/a	n/a	161,264	120,948
Net pension liability	n/a	n/a	n/a	n/a	474,608	-
Total Other Long-term Obligations					<u>\$ 928,877</u>	<u>\$ 120,948</u>
Total Long-term Obligations					<u>\$4,758,136</u>	<u>\$ 359,369</u>

- (1) In the event of default, unpaid principal shall bear interest at the rate of 12 percent per annum or the maximum rate permitted under applicable law, which is less, while the event of default exists.
- (2) In the event of default, unpaid principal shall bear interest at the rate of 9 percent per annum or the maximum rate permitted under applicable law, which is less, while the event of default exists.

**Note 11-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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.



**Note 11-Pension Plan: (Continued)**

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

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	53
Inactive members:	
Vested inactive members	18
Non-vested inactive members	24
Inactive members active elsewhere in VRS	26
Total inactive members	68
Active members	62
Total covered employees	183

***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, 2023 was 14.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

**Note 11-Pension Plan: (Continued)**

***Contributions (Continued)***

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 \$506,225 and \$487,701 for the years ended June 30, 2023 and June 30, 2022, respectively.

***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 liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Town of Rocky Mount Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

**Note 11-Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 of Rocky Mount Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

**Note 11-Pension Plan: (Continued)**

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

**Note 11-Pension Plan: (Continued)**

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

\*\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Note 11-Pension Plan: (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 15,803,931	\$ 14,023,958	\$ 1,779,973
Changes for the year:			
Service cost	\$ 345,168	\$ -	\$ 345,168
Interest	1,065,194	-	1,065,194
Differences between expected and actual experience	(693,066)	-	(693,066)
Contributions - employer	-	487,700	(487,700)
Contributions - employee	-	145,569	(145,569)
Net investment income	-	(14,670)	14,670
Benefit payments, including refunds of employee contributions	(736,903)	(736,903)	-
Administrative expenses	-	(8,653)	8,653
Other changes	-	327	(327)
Net changes	\$ (19,607)	\$ (126,630)	\$ 107,023
Balances at June 30, 2022	\$ 15,784,324	\$ 13,897,328	\$ 1,886,996

**Note 11-Pension Plan: (Continued)**

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town Net Pension Liability	\$ 4,000,001	\$ 1,886,996	\$ 165,543

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

For the year ended June 30, 2023, the Town recognized pension expense of \$54,376. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,497	\$ 549,542
Change in assumptions	243,303	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,228	38,228
Net difference between projected and actual earnings on pension plan investments	-	394,982
Employer contributions subsequent to the measurement date	506,225	-
Total	\$ 790,253	\$ 982,752

\$506,225 was 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, 2024. 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:

Year ended June 30	Primary Government
2024	\$ (297,165)
2025	(325,652)
2026	(267,408)
2027	191,501

**Note 11-Pension Plan: (Continued)**

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 12-Other Postemployment Benefits (OPEB) - Healthcare:**

***Plan Description***

In addition to the pension benefits described in Note 10, the Town administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

***Benefits Provided***

The plan will provide retiring employees the option to continue health and dental insurance offered by the Town. Participants in the Town's OPEB plan must have attained 5 years of service and must have attained the age of 55, or 10 years of service and attained age 50 to be eligible and may remain on the Town's policy until death. Members who retire from the Town are also eligible after 5 years of service and attained the age of 65.

Health benefits include medical and dental. Participating retirees pay 100% of monthly premiums to continue with the Town's insurance plans.

***Plan Membership***

At July 1, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	60
Total retirees with coverage	4
Total	<u>64</u>

***Contributions***

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2023 was \$11,500.

***Total OPEB Liability***

The Town's total OPEB liability was measured as of July 1, 2022. The total OPEB liability was determined by an actuarial valuation as July 1, 2022.



**Note 12-Other Postemployment Benefits (OPEB) - Healthcare: (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	3.69%
Investment Rate of Return	N/A

The mortality rates for active and healthy retirees were calculated using the RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is from a 20-Year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher. Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date. The final equivalent single discount rate used for this year's valuation is 3.69% as of the end of the fiscal year.

**Changes in Total OPEB Liability**

	<b>Primary Government</b>	
	<b>Total OPEB Liability</b>	
Balances at June 30, 2022	\$	1,039,700
Changes for the year:		
Service cost	\$	82,000
Interest		21,400
Difference between expected and actual experience		375,300
Changes in assumptions		(512,200)
Contributions - employer		(11,500)
Net changes	\$	(45,000)
Balances at June 30, 2023	\$	994,700

**Note 12-Other Postemployment Benefits (OPEB) - Healthcare: (Continued)**

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	2.69%	3.69%	4.69%
Town's total OPEB liability	\$ 1,224,300	\$ 994,700	\$ 822,200

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower 6.00% or one percentage point higher 8.00% than the current healthcare cost trend rates:

	Rate		
	Healthcare Cost		
	1% Decrease	Trend	1% Increase
	6.00%	7.00%	8.00%
Town's total OPEB liability	\$ 809,900	\$ 994,700	\$ 1,243,100

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2023, the Town recognized OPEB expense in the amount of \$82,600. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 327,500	\$ 224,500
Changes in assumptions	233,000	464,900
Employer contributions subsequent to the measurement date	11,500	-
Total	\$ 572,000	\$ 689,400

**Note 12-Other Postemployment Benefits (OPEB) - Healthcare: (Continued)**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)***

\$11,500 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the fiscal year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2024	\$ (23,800)
2025	(23,800)
2026	(23,700)
2027	(20,800)
2028	(19,000)
Thereafter	(17,800)

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

**Note 13-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 13-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 \$8,984 as of June 30, 2023.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% 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 GLI Plan from the entity were \$19,301 and \$16,607 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the entity reported a liability of \$170,259 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.01410% as compared to 0.01460% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$5,562. 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.

**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,482	\$ 6,830
Net difference between projected and actual earnings on GLI OPEB plan investments	-	10,639
Change in assumptions	6,350	16,584
Changes in proportionate share	9,035	18,494
Employer contributions subsequent to the measurement date	19,301	-
Total	<u>\$ 48,168</u>	<u>\$ 52,547</u>

\$19,301 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2024	\$ (3,599)
2025	(4,126)
2026	(10,844)
2027	(2,702)
2028	(2,409)

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for the 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

**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions (Continued)**

**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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions (Continued)**

**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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for 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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	3.00%	9.73%	1.36%
MAPS - Multit-Asset Public Strategies	14.00%	3.73%	0.22%
PIP - Private Investment Partnership	6.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	2.50%
		Expected arithmetic nominal return**	<u>7.83%</u>



**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Long-Term Expected Rate of Return (Continued)***

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

\*\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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 100% of the actuarially determined contribution rate. From July 1, 2022 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 247,747	\$ 170,259	\$ 107,638

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 14-Aggregate OPEB Information:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS Group Life Insurance Plan	\$ 48,168	\$ 52,547	\$ 170,259	\$ 5,562
Town Stand-Alone Plan	572,000	689,400	994,700	82,600
Totals	\$ 620,168	\$ 741,947	\$ 1,164,959	\$ 88,162

**Note 15-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.

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 DHRM. DHRM 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 DHRM. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2023 was \$38,940.

**Note 16-Property Taxes:**

The major sources of property taxes are real estate and personal property taxes. The assessments are the responsibility of Franklin 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 February 28 of the following calendar year. Personal property taxes do not create a lien on property.

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

Real estate	\$ 0.13
Personal Property	\$ 0.51
Machinery and Tools	\$ 0.17

**Note 17-Unearned and Unavailable/Deferred Revenue:**

Unearned and unavailable/deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. These amounts consist of the following:

**Unearned Revenue:**

Primary Government:

Unearned Grants - Grant revenue collected by the Town for various purposes that has not met the revenue criteria totaled \$1,463,133.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable long-term receivable	\$ -	\$ 634,956
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	157,365
Prepaid property taxes due after June 30 but paid in advance by taxpayers	399	399
Total	\$ 399	\$ 792,720

**Note 18-Related Party Transactions:**

In 2015, the Town issued an interest free loan in the amount of \$1,287,519 to the Component Unit-Economic Development Authority. The loan does not have defined repayment terms and is payable to the Town as the Harvester has available funds. As of June 30, 2023, the Harvester had a remaining loan balance of \$634,956.

**Note 19-Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of general liability, property, crime, machinery and auto insurance with the VRSA. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the VRSA contributions and assessments which are deposited into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 20-Surety Bonds:**

<i>VRSA Insurance Programs</i>	
Employee Dishonesty	\$ 250,000

**Note 21-Commitments and Contingencies:**

*Contingencies:*

At June 30, 2023, there were no significant matters of litigation pending involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

*The Town had the following commitments:*

Project	Contract Amount	Contract Amount Outstanding at Year End	Accounts and Retainage Payable
Rocky Mount WTP Imp Mud Valve Repl	\$ 18,896	\$ 7,184	\$ 3,827
Rocky Mount WTP Sediment Basin Repl	39,170	17,770	2,958
Rocky Mount Water Line Repl MOU#3	31,262	14,050	-
Rocky Mount WTP Sludge Lagoon Imp	28,530	17,010	-

**Note 22-Adoption of Accounting Principles:**

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, during the fiscal year ended June 30, 2023. The statement increases the usefulness of governments' financial statements by establishing a definition and reporting standards for SBITA's. The statement defines a SBITA as a "contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction." The statement establishes that a SBITA results in an intangible right-to-use subscription asset and corresponding subscription liability. Assets and liabilities have been measured as of the beginning of the period and no restatement of prior year net position was necessary as a result of the implementation.

**Note 23-Subsequent events:**

The Town approved the purchase of a tower/ladder truck for Rocky Mount Volunteer Fire Department in the amount of \$2,372,557 on October 6, 2023. The truck is in production and will be ready by approximately April 2025.

**Note 24-Upcoming Pronouncements:**

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

**Note 24-Upcoming Pronouncements: (Continued)**

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

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

## **Required Supplementary Information**

Town of Rocky Mount, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 1,238,564	\$ 1,238,564	\$ 1,136,423	\$ (102,141)
Other local taxes	3,849,861	3,849,861	4,281,096	431,235
Permits, privilege fees, and regulatory licenses	27,500	55,731	54,873	(858)
Fines and forfeitures	9,200	9,200	42,755	33,555
Revenue from the use of money and property	45,450	310,488	284,327	(26,161)
Charges for services	322,845	331,892	330,586	(1,306)
Miscellaneous	225	47,245	83,833	36,588
Recovered costs	-	-	13,186	13,186
Intergovernmental:				
Commonwealth	2,008,729	3,302,006	2,313,183	(988,823)
Federal	-	3,051	24,993	21,942
Total revenues	\$ 7,502,374	\$ 9,148,038	\$ 8,565,255	\$ (582,783)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,252,384	\$ 1,192,384	\$ 1,153,897	\$ 38,487
Public safety	2,616,387	2,913,176	2,818,088	95,088
Public works	2,048,996	3,251,119	2,058,349	1,192,770
Parks, recreation, and cultural	25,660	145,293	114,979	30,314
Community development	1,251,066	1,417,017	1,298,378	118,639
Nondepartmental	259,682	377,277	401,826	(24,549)
Debt service:				
Principal retirement	201,137	201,137	201,249	(112)
Interest and other fiscal charges	32,505	32,505	32,393	112
Total expenditures	\$ 7,687,817	\$ 9,529,908	\$ 8,079,159	\$ 1,450,749
Excess (deficiency) of revenues over (under) expenditures	\$ (185,443)	\$ (381,870)	\$ 486,096	\$ 867,966
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (20,410)	\$ (202,870)	\$ (202,870)	\$ -
Issuance of loans payable	205,853	205,853	205,853	-
Total other financing sources (uses)	\$ 185,443	\$ 2,983	\$ 2,983	\$ -
Net change in fund balances	\$ -	\$ (378,887)	\$ 489,079	\$ 867,966
Fund balances - beginning	-	378,887	9,095,377	8,716,490
Fund balances - ending	\$ -	\$ -	\$ 9,584,456	\$ 9,584,456

Note 1: The budget is prepared on the modified accrual basis of accounting.

Town of Rocky Mount, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 345,168	\$ 432,731	\$ 406,930	\$ 353,665	\$ 358,440	\$ 346,951	\$ 317,557	\$ 311,299	\$ 271,936
Interest	1,065,194	972,449	928,139	909,859	836,876	809,351	717,349	675,381	645,150
Differences between expected and actual experience	(693,066)	(226,623)	19,528	(230,200)	516,739	(70,973)	201,701	130,521	-
Changes of assumptions	-	567,707	-	404,866	-	(68,836)	-	-	-
Impact in change of proportion	-	-	-	-	-	628,791	(9,646)	-	-
Benefit payments	(736,903)	(697,960)	(698,335)	(673,612)	(665,284)	(581,269)	(520,844)	(495,244)	(475,165)
<b>Net change in total pension liability</b>	<b>\$ (19,607)</b>	<b>\$ 1,048,304</b>	<b>\$ 656,262</b>	<b>\$ 764,578</b>	<b>\$ 1,046,771</b>	<b>\$ 1,064,015</b>	<b>\$ 706,117</b>	<b>\$ 621,957</b>	<b>\$ 441,921</b>
<b>Total pension liability - beginning</b>	<b>15,803,931</b>	<b>14,755,627</b>	<b>14,099,365</b>	<b>13,334,787</b>	<b>12,288,016</b>	<b>11,224,001</b>	<b>10,517,884</b>	<b>9,895,927</b>	<b>9,454,006</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 15,784,324</b>	<b>\$ 15,803,931</b>	<b>\$ 14,755,627</b>	<b>\$ 14,099,365</b>	<b>\$ 13,334,787</b>	<b>\$ 12,288,016</b>	<b>\$ 11,224,001</b>	<b>\$ 10,517,884</b>	<b>\$ 9,895,927</b>
<b>Plan fiduciary net position</b>									
Impact in change of proportion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,039	\$ (7,482)	\$ -	\$ -
Contributions - employer	487,700	477,285	512,612	469,551	392,185	385,774	357,965	349,774	332,610
Contributions - employee	145,569	143,977	157,799	144,682	136,306	134,360	121,946	119,251	112,574
Net investment income	(14,670)	3,038,872	210,151	686,165	714,891	1,061,541	142,757	360,480	1,070,448
Benefit payments	(736,903)	(697,960)	(698,335)	(673,612)	(665,284)	(581,269)	(520,844)	(495,244)	(475,165)
Administrator charges	(8,653)	(7,439)	(6,935)	(6,641)	(6,166)	(6,071)	(5,041)	(4,872)	(5,743)
Other	327	288	(250)	(435)	(638)	(948)	(61)	(75)	56
<b>Net change in plan fiduciary net position</b>	<b>\$ (126,630)</b>	<b>\$ 2,955,023</b>	<b>\$ 175,042</b>	<b>\$ 619,710</b>	<b>\$ 571,294</b>	<b>\$ 1,455,426</b>	<b>\$ 89,240</b>	<b>\$ 329,314</b>	<b>\$ 1,034,780</b>
<b>Plan fiduciary net position - beginning</b>	<b>14,023,958</b>	<b>11,068,935</b>	<b>10,893,893</b>	<b>10,274,183</b>	<b>9,702,889</b>	<b>8,247,463</b>	<b>8,158,223</b>	<b>7,828,909</b>	<b>6,794,129</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 13,897,328</b>	<b>\$ 14,023,958</b>	<b>\$ 11,068,935</b>	<b>\$ 10,893,893</b>	<b>\$ 10,274,183</b>	<b>\$ 9,702,889</b>	<b>\$ 8,247,463</b>	<b>\$ 8,158,223</b>	<b>\$ 7,828,909</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 1,886,996</b>	<b>\$ 1,779,973</b>	<b>\$ 3,686,692</b>	<b>\$ 3,205,472</b>	<b>\$ 3,060,604</b>	<b>\$ 2,585,127</b>	<b>\$ 2,976,538</b>	<b>\$ 2,359,661</b>	<b>\$ 2,067,018</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>88.05%</b>	<b>88.74%</b>	<b>75.02%</b>	<b>77.27%</b>	<b>77.05%</b>	<b>78.96%</b>	<b>73.48%</b>	<b>77.57%</b>	<b>79.11%</b>
<b>Covered payroll</b>	<b>\$ 3,071,997</b>	<b>\$ 2,997,890</b>	<b>\$ 3,277,245</b>	<b>\$ 2,988,681</b>	<b>\$ 2,796,491</b>	<b>\$ 2,571,152</b>	<b>\$ 2,463,898</b>	<b>\$ 2,398,797</b>	<b>\$ 2,378,594</b>
<b>Town's net pension liability as a percentage of covered payroll</b>	<b>61.43%</b>	<b>59.37%</b>	<b>112.49%</b>	<b>107.25%</b>	<b>109.44%</b>	<b>100.54%</b>	<b>120.81%</b>	<b>98.37%</b>	<b>86.90%</b>

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.



Town of Rocky Mount, Virginia  
Schedule of Employer Contributions  
Pension Plans

Fiscal Years Ended June 30, 2014 through June 30, 2023

		Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Covered Payroll	
Date	(1)*	(2)*	(3)	(4)	(5)	
Primary Government						
2023	\$ 506,225	\$ 506,225	\$ -	\$ 3,570,639		14.18%
2022	487,701	487,701	-	3,071,997		15.88%
2021	477,285	477,285	-	2,997,890		15.92%
2020	512,612	512,612	-	3,277,245		15.64%
2019	469,551	469,551	-	2,988,681		15.71%
2018	392,185	392,185	-	2,796,491		14.02%
2017	361,992	361,992	-	2,571,152		14.08%
2016	357,965	357,965	-	2,463,898		14.53%
2015	349,775	349,775	-	2,398,797		14.58%
2014	351,081	351,081	-	2,378,594		14.76%

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

Town of Rocky Mount, Virginia  
Notes to Required Supplementary Information  
Pension Plans  
Fiscal Year Ended June 30, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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

Town of Rocky Mount, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Primary Government  
For the Fiscal Years Ended June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 82,000	\$ 68,200	\$ 59,800	\$ 54,400	\$ 48,700	\$ 48,000
Interest	21,400	22,200	30,100	31,000	29,600	27,000
Changes in assumptions	(512,200)	176,700	-	-	-	-
Differences between expected and actual experience	375,300	(60,500)	(236,100)	(57,900)	(3,900)	-
Contributions - employer	(11,500)	(8,100)	(8,100)	(13,500)	(13,500)	(15,000)
Other changes	-	-	88,500	85,500	(43,400)	-
<b>Net change in total OPEB liability</b>	<b>\$ (45,000)</b>	<b>\$ 198,500</b>	<b>\$ (65,800)</b>	<b>\$ 99,500</b>	<b>\$ 17,500</b>	<b>\$ 60,000</b>
<b>Total OPEB liability - beginning</b>	<b>1,039,700</b>	<b>841,200</b>	<b>907,000</b>	<b>807,500</b>	<b>790,000</b>	<b>730,000</b>
<b>Total OPEB liability - ending</b>	<b>\$ 994,700</b>	<b>\$ 1,039,700</b>	<b>\$ 841,200</b>	<b>\$ 907,000</b>	<b>\$ 807,500</b>	<b>\$ 790,000</b>
<b>Covered-employee payroll</b>	<b>\$ 3,289,700</b>	<b>\$ 3,276,900</b>	<b>\$ 3,276,900</b>	<b>\$ 2,920,000</b>	<b>\$ 2,920,000</b>	<b>\$ 2,616,000</b>
<b>Town's total OPEB liability (asset) as a percentage of covered-employee</b>	<b>30.24%</b>	<b>31.73%</b>	<b>25.67%</b>	<b>31.06%</b>	<b>27.65%</b>	<b>30.20%</b>

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Town of Rocky Mount, Virginia  
Notes to Required Supplementary Information - OPEB  
Fiscal Year Ended June 30, 2023

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Valuation Date: 7/1/2022  
Measurement Date: 7/1/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.69%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Town of Rocky Mount, Virginia  
Schedule of Town's Share of Net OPEB Liability  
Group Life Insurance (GLI) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.01410% \$	170,259 \$	3,075,434	5.54%	67.21%
2021	0.01460%	170,333	3,021,296	5.64%	67.45%
2020	0.01590%	265,679	3,277,245	8.11%	52.64%
2019	0.01525%	248,158	2,988,681	8.30%	52.00%
2018	0.01471%	223,000	2,798,748	7.97%	51.22%
2017	0.01486%	223,000	2,740,066	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.

Town of Rocky Mount, Virginia  
Schedule of Employer Contributions  
Group Life Insurance (GLI) Plan  
Fiscal Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 19,301	\$ 19,301	\$ -	\$ 3,574,223	0.54%
2022	16,607	16,607	-	3,075,434	0.54%
2021	16,315	16,315	-	3,021,296	0.54%
2020	17,042	17,042	-	3,277,245	0.52%
2019	15,542	15,542	-	2,988,681	0.52%
2018	14,542	14,542	-	2,798,748	0.52%
2017	14,248	14,248	-	2,740,066	0.52%
2016	12,449	12,449	-	2,593,577	0.48%
2015	12,148	12,148	-	2,530,860	0.48%
2014	11,492	11,492	-	2,394,076	0.48%

Town of Rocky Mount, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
Fiscal Year Ended June 30, 2023

**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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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**



Town of Rocky Mount, Virginia  
Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Fiscal Year Ended June 30, 2023

	Budgeted Amounts				Variance with Final Budget - Positive Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
Revenue from the use of money and property	\$ -	\$ -	\$ 1,406	\$	1,406
Intergovernmental:					
Commonwealth	-	44,940	19,193		(25,747)
Federal	2,450,614	2,665,614	798,929		(1,866,685)
Total revenues	\$ 2,450,614	\$ 2,710,554	\$ 819,528	\$	(1,891,026)
EXPENDITURES					
Current:					
General Government Administration	\$ 114	\$ 114	\$ -	\$	114
Public safety	4,500	4,500	358,188		(353,688)
Public works	416,650	676,590	574,115		102,475
Parks, recreation, and cultural	-	-	143,500		(143,500)
Community Development	-	384	384		-
Capital Projects	2,450,500	2,469,143	47,442		2,421,701
Debt Service:					
Principal Retirement	-	-	83,896		(83,896)
Total expenditures	\$ 2,871,764	\$ 3,150,731	\$ 1,207,525	\$	1,943,206
Excess (deficiency) of revenues over (under) expenditures	\$ (421,150)	\$ (440,177)	\$ (387,997)	\$	52,180
OTHER FINANCING SOURCES (USES)					
Issuance of loans payable	\$ 421,150	\$ 421,150	\$ 527,408	\$	106,258
Issuance of subscription liability	-	-	80,438		80,438
Total other financing sources (uses)	\$ 421,150	\$ 421,150	\$ 607,846	\$	186,696
Net change in fund balances	\$ -	\$ (19,027)	\$ 219,849	\$	238,876
Fund balances - beginning	-	19,027	61,846		42,819
Fund balances - ending	\$ -	\$ -	\$ 281,695	\$	281,695

Note 1: The budget is prepared on the modified accrual basis of accounting.

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## STATISTICAL SECTION

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## STATISTICAL SECTION

This part of the Town of Rocky Mount, Virginia's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

Financial Trends	1-4
<i>These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-9
<i>These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes and utility revenues.</i>	
Debt Capacity	10-11
<i>These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	12-13
<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	14-16
<i>These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

Table 1

Town of Rocky Mount, Virginia  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 13,421,135	\$ 13,173,384	\$ 13,194,309	\$ 13,382,249	\$ 13,324,081	\$ 13,013,305	\$ 12,801,217	\$ 13,139,149	\$ 14,009,129	\$ 13,780,597
Restricted	-	-	-	451,764	127,010	-	-	-	-	-
Unrestricted	5,700,375	4,942,843	6,909,303	5,750,745	4,918,816	5,555,290	5,492,995	5,151,612	6,478,366	7,447,244
Total governmental activities net position	\$ 19,121,510	\$ 18,116,227	\$ 20,103,612	\$ 19,584,758	\$ 18,369,907	\$ 18,568,595	\$ 18,294,212	\$ 18,290,761	\$ 20,487,495	\$ 21,227,841
Business-type activities										
Net investment in capital assets	\$ 8,910,140	\$ 8,741,269	\$ 8,522,241	\$ 13,780,597	\$ 8,516,925	\$ 8,307,375	\$ 7,203,379	\$ 7,109,542	\$ 7,742,416	\$ 7,534,009
Restricted for debt service	-	-	-	-	-	152,943	-	-	-	-
Unrestricted	266,300	22,529	8,757,094	7,447,244	1,173,667	1,279,273	1,531,790	1,366,581	1,542,814	1,972,556
Total business-type activities net position	\$ 9,176,440	\$ 8,763,798	\$ 17,279,335	\$ 21,227,841	\$ 9,690,592	\$ 9,739,591	\$ 8,735,169	\$ 8,476,123	\$ 9,285,230	\$ 9,506,565
Primary Government										
Net investment in capital assets	\$ 22,331,275	\$ 21,914,653	\$ 21,716,550	\$ 27,162,846	\$ 21,841,006	\$ 21,320,680	\$ 20,004,596	\$ 20,248,691	\$ 21,751,545	\$ 21,314,606
Restricted for debt service	-	-	-	451,764	127,010	152,943	-	-	-	-
Unrestricted	5,966,675	4,965,372	7,144,156	13,197,989	6,092,483	6,834,563	7,024,785	6,518,193	8,021,180	9,419,800
Total primary government net position	\$ 28,297,950	\$ 26,880,025	\$ 28,860,706	\$ 40,812,599	\$ 28,060,499	\$ 28,308,186	\$ 27,029,381	\$ 26,766,884	\$ 29,772,725	\$ 30,734,406

Town of Rocky Mount, Virginia  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 909,202	\$ 931,434	\$ 836,494	\$ 983,926	\$ 936,954	\$ 1,122,515	\$ 1,552,093	\$ 1,450,532	\$ 1,307,575	\$ 1,420,841
Public Safety	2,123,428	2,026,137	2,017,134	2,374,024	2,440,595	2,463,378	2,998,531	2,664,580	2,522,146	2,856,244
Public Works	1,371,148	1,728,155	1,947,796	1,743,964	2,088,558	2,156,048	2,165,821	1,829,720	2,200,498	2,618,102
Parks, recreation and cultural	113,983	61,642	66,665	161,397	216,058	193,722	162,068	102,674	208,558	178,355
Community development	3,894,611	680,806	778,492	905,959	1,284,101	619,565	1,200,003	1,700,519	1,222,349	1,326,619
Interest on long-term debt	104,988	20,876	58,187	49,285	58,784	46,130	37,839	61,170	33,383	38,462
Total governmental activities expenses	\$ 8,517,360	\$ 5,449,050	\$ 5,704,768	\$ 6,218,555	\$ 7,025,050	\$ 6,601,358	\$ 8,116,355	\$ 7,809,195	\$ 7,494,509	\$ 8,438,623
Business-type activities:										
Water and Sewage	\$ 2,517,014	\$ 2,392,635	\$ 2,441,711	\$ 2,442,424	\$ 2,501,509	\$ 2,820,911	\$ 4,101,172	\$ 3,082,853	\$ 3,095,352	\$ 3,121,647
Total business-type activities expenses	\$ 2,517,014	\$ 2,392,635	\$ 2,441,711	\$ 2,442,424	\$ 2,501,509	\$ 2,820,911	\$ 4,101,172	\$ 3,082,853	\$ 3,095,352	\$ 3,121,647
Total primary government expenses	\$ 11,034,374	\$ 7,841,685	\$ 8,146,479	\$ 8,660,979	\$ 9,526,559	\$ 9,422,269	\$ 12,217,527	\$ 10,892,048	\$ 10,589,861	\$ 11,560,270
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public Safety	\$ 109,983	\$ 89,168	\$ 81,459	\$ 86,852	\$ 85,651	\$ 95,333	\$ 54,865	\$ 46,504	\$ 101,631	\$ 136,209
Public Works	85,135	92,842	93,420	93,563	94,673	104,777	123,934	122,048	179,488	245,076
Other activities	5,154	3,403	8,040	19,772	18,109	15,550	16,330	31,588	120,222	47,379
Operating grants and contributions	1,471,561	1,482,557	1,591,163	1,562,401	1,631,703	1,665,336	2,752,221	2,527,277	3,744,747	2,920,997
Capital grants and contributions	-	500,000	-	-	-	-	-	-	-	19,193
Total governmental activities program revenues	\$ 1,671,833	\$ 2,167,970	\$ 1,774,082	\$ 1,762,588	\$ 1,830,136	\$ 1,880,996	\$ 2,947,350	\$ 2,727,417	\$ 4,146,088	\$ 3,368,854
Business-type activities:										
Charges for services:										
Water & Sewer	\$ 2,234,095	\$ 2,286,212	\$ 2,468,788	\$ 2,581,401	\$ 2,714,441	\$ 2,716,967	\$ 3,195,101	\$ 2,744,070	\$ 2,941,207	\$ 2,947,111
Capital grants and contributions	-	-	-	-	-	-	-	-	-	188,552
Total business-type activities program revenues	\$ 2,234,095	\$ 2,286,212	\$ 2,468,788	\$ 2,581,401	\$ 2,714,441	\$ 2,716,967	\$ 3,195,101	\$ 2,744,070	\$ 2,941,207	\$ 3,135,663
Total primary government program revenues	\$ 3,905,928	\$ 4,454,182	\$ 4,242,870	\$ 4,343,989	\$ 4,544,577	\$ 4,597,963	\$ 6,142,451	\$ 5,471,487	\$ 7,087,295	\$ 6,315,965
Net (expense)/revenue:										
Governmental activities	\$ (6,845,527)	\$ (3,281,080)	\$ (3,930,686)	\$ (4,455,967)	\$ (5,194,914)	\$ (4,720,362)	\$ (5,169,005)	\$ (5,081,778)	\$ (3,348,421)	\$ (5,069,769)
Business-type activities	(282,919)	(106,423)	27,077	138,977	212,932	(103,944)	(906,071)	(338,783)	(154,145)	14,016
Total primary government net expense	\$ (7,128,446)	\$ (3,387,503)	\$ (3,903,609)	\$ (4,316,990)	\$ (4,981,982)	\$ (4,824,306)	\$ (6,075,076)	\$ (5,420,561)	\$ (3,502,566)	\$ (5,055,753)

Town of Rocky Mount, Virginia  
Changes in Net Position (continued)  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 958,992	\$ 937,781	\$ 1,004,337	\$ 1,009,816	\$ 1,022,648	\$ 1,050,197	\$ 1,013,077	\$ 1,156,569	\$ 1,178,949	\$ 1,146,665
Sales tax	161,774	167,128	172,420	180,099	187,370	219,461	224,205	257,501	278,770	311,381
Business licenses taxes	671,456	625,162	682,104	644,219	658,908	703,410	654,609	709,711	777,979	841,624
Meals tax	1,247,585	1,352,151	1,403,288	1,483,084	1,526,284	1,564,903	1,559,916	1,690,724	1,974,015	2,140,674
Lodging tax	99,690	114,034	123,292	184,230	203,737	212,306	178,589	193,336	227,767	250,976
Bank stock tax	249,226	275,223	222,092	228,304	295,140	319,352	314,393	385,394	440,763	357,857
Other local taxes	2,890	-	-	-	-	-	-	-	-	-
Consumers' utility taxes	331,258	333,011	328,559	322,765	330,020	323,155	315,910	318,693	317,320	313,109
Cigarette tax	95,814	107,461	89,454	108,493	89,771	87,225	87,243	82,914	84,390	65,475
Intergovernmental revenue, unrestricted	256,745	256,262	250,549	245,240	241,254	262,570	233,557	214,797	218,515	216,108
Unrestricted revenues from use of money	62,171	74,136	142,520	52,266	51,434	265,366	204,881	15,594	12,434	285,283
Other	71,007	54,238	143,156	8,965	100,590	64,048	9,891	13,094	34,253	83,833
Transfers	(590,800)	(257,139)	33,781	(606,059)	144,511	(152,943)	98,351	40,000	-	(202,870)
Total governmental activities	\$ 3,617,808	\$ 4,039,448	\$ 4,595,552	\$ 3,861,422	\$ 4,851,667	\$ 4,919,050	\$ 4,894,622	\$ 5,078,327	\$ 5,545,155	\$ 5,810,115
Business-type activities:										
Other	\$ -	\$ 258	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ 119,737	\$ 836,914	\$ -
Unrestricted revenues from use of money and property	-	-	-	-	-	-	-	-	126,338	4,449
Transfers	590,800	257,139	(33,781)	606,059	(144,511)	152,943	(98,351)	(40,000)	-	202,870
Total business-type activities	\$ 590,800	\$ 257,397	\$ (33,781)	\$ 610,059	\$ (144,511)	\$ 152,943	\$ (98,351)	\$ 79,737	\$ 963,252	\$ 207,319
Total primary government	\$ 4,208,608	\$ 4,296,845	\$ 4,561,771	\$ 4,471,481	\$ 4,707,156	\$ 5,071,993	\$ 4,796,271	\$ 5,158,064	\$ 6,508,407	\$ 6,017,434
<b>Change in Net Position</b>										
Governmental activities	\$ (3,227,719)	\$ 758,368	\$ 664,866	\$ (594,545)	\$ (343,247)	\$ 198,688	\$ (274,383)	\$ (3,451)	\$ 2,196,734	\$ 740,346
Business-type activities	307,881	150,974	(6,704)	749,036	68,421	48,999	(1,004,422)	(259,046)	809,107	221,335
Total primary government	\$ (2,919,838)	\$ 909,342	\$ 658,162	\$ 154,491	\$ (274,826)	\$ 247,687	\$ (1,278,805)	\$ (262,497)	\$ 3,005,841	\$ 961,681

Table 3

Town of Rocky Mount, Virginia  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 1,550	\$ 1,550	\$ -	\$ 10,145	\$ 1,838	\$ 76,140	\$ 62,416	\$ 65,501	\$ 67,128	\$ 75,455
Restricted	-	-	-	451,764	127,010	-	-	-	-	-
Unassigned	6,409,484	6,978,936	8,150,074	7,782,624	7,431,554	7,887,691	8,115,570	7,777,173	9,028,249	9,509,001
Total general fund	\$ 6,411,034	\$ 6,980,486	\$ 8,150,074	\$ 8,244,533	\$ 7,560,402	\$ 7,963,831	\$ 8,177,986	\$ 7,842,674	\$ 9,095,377	\$ 9,584,456
<b>All other governmental funds</b>										
Nonspendable										
Capital Projects	\$ -	\$ 16,721	\$ 2,790	\$ 57,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned, reported in:										
Capital Projects	-	-	-	-	59,779	61,821	64,364	60,658	61,846	281,695
Unassigned, reported in:										
Capital Projects	(321,815)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ (321,815)	\$ 16,721	\$ 2,790	\$ 57,643	\$ 59,779	\$ 61,821	\$ 64,364	\$ 60,658	\$ 61,846	\$ 281,695

Table 4

**Town of Rocky Mount, Virginia**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 3,799,794	\$ 3,911,550	\$ 4,012,405	\$ 4,161,830	\$ 4,313,712	\$ 4,458,329	\$ 4,330,897	\$ 4,750,404	\$ 5,288,584	\$ 5,417,519
Licenses and permits	26,593	17,001	17,007	20,158	21,776	22,128	17,174	19,986	64,971	54,873
Fines and forfeitures	57,805	52,787	51,040	48,858	43,419	50,047	16,099	10,723	15,204	42,755
Use of money & property	62,171	74,136	142,520	52,266	51,434	265,366	204,881	15,594	78,784	285,733
Charges for services	115,874	115,625	114,872	131,171	133,238	143,485	161,856	169,431	254,816	330,586
Other	112,966	57,422	692,271	43,969	208,324	67,185	10,983	20,996	97,734	97,019
Intergovernmental	1,728,306	2,238,819	1,841,712	1,807,641	1,872,957	1,927,906	2,985,778	2,742,074	3,963,262	3,156,298
Total revenues	\$ 5,903,509	\$ 6,467,340	\$ 6,871,827	\$ 6,265,893	\$ 6,644,860	\$ 6,934,446	\$ 7,727,668	\$ 7,729,208	\$ 9,763,355	\$ 9,384,783
<b>Expenditures</b>										
General government administration	\$ 639,357	\$ 695,392	\$ 679,772	\$ 689,682	\$ 723,804	\$ 913,382	\$ 1,166,992	\$ 1,119,316	\$ 1,251,678	\$ 1,153,897
Public safety	1,957,098	1,976,129	1,896,243	2,158,484	2,277,564	2,340,342	2,706,413	2,393,056	2,791,400	3,176,276
Public works	1,400,360	1,564,856	2,017,661	1,794,250	2,144,584	1,984,217	2,188,807	2,869,559	2,749,522	2,632,464
Parks, recreation and cultural	136,981	51,633	74,202	1,265,614	289,807	153,857	115,201	147,196	261,364	258,479
Community development	378,721	495,568	700,736	769,785	1,151,040	504,627	986,258	1,598,876	1,123,201	1,298,762
Nondepartmental	188,939	163,654	154,046	189,047	105,204	139,528	222,313	213,146	97,744	401,826
Capital outlay	2,779,365	191,440	-	-	-	-	-	-	-	47,442
Debt service:										
Principal	134,557	184,792	181,879	182,799	313,770	290,000	288,000	338,760	197,952	285,145
Interest	158,116	51,989	45,412	48,552	52,659	50,079	40,344	60,006	36,603	32,393
Bond Issuance Costs	7,357	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 7,780,851	\$ 5,375,453	\$ 5,749,951	\$ 7,098,213	\$ 7,058,432	\$ 6,376,032	\$ 7,714,328	\$ 8,739,915	\$ 8,509,464	\$ 9,286,684
Excess of revenues over (under) expenditures	\$ (1,877,342)	\$ 1,091,887	\$ 1,121,876	\$ (832,320)	\$ (413,572)	\$ 558,414	\$ 13,340	\$ (1,010,707)	\$ 1,253,891	\$ 98,099
<b>Other financing sources (uses)</b>										
Transfers in	\$ 3,629,816	\$ -	\$ 33,781	\$ 6,188,100	\$ 144,511	\$ -	\$ 98,351	\$ 40,000	\$ 23,579	\$ -
Transfers out	(5,579,585)	(257,139)	-	(6,794,159)	-	(152,943)	-	-	(23,579)	(202,870)
Issuance of debt	1,190,700	-	-	1,512,000	-	-	105,007	575,000	-	813,699
Other	(1,183,343)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ (1,942,412)	\$ (183,899)	\$ 33,781	\$ 905,941	\$ 144,511	\$ (152,943)	\$ 203,358	\$ 615,000	\$ -	\$ 610,829
Net change in fund balances	\$ (3,819,754)	\$ 907,988	\$ 1,155,657	\$ 73,621	\$ (269,061)	\$ 405,471	\$ 216,698	\$ (395,707)	\$ 1,253,891	\$ 708,928
Debt service as a percentage of noncapital expenditures	5.86%	4.57%	4.20%	4.22%	5.77%	5.61%	5.61%	5.53%	3.38%	3.97%



Table 5

**Town of Rocky Mount, Virginia**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate					Personal Property	Machinery and Tools	Public Service Companies	Total	Total Direct Tax Rate (1)
	Single Family Homes	Multi-Family Homes	Commercial and Industrial	Agriculture						
2023	\$ 246,943,900	\$ 19,519,400	\$ 224,505,400	\$ 3,078,300	\$ 57,416,009	\$ 101,119,024	\$ 17,003,024	\$ 669,585,057	\$	0.13
2022	246,091,200	19,519,400	228,014,300	3,078,300	54,166,777	96,240,346	20,316,973	667,427,296		0.13
2021	244,939,900	19,558,700	225,522,700	3,078,300	49,923,833	93,243,789	21,460,469	657,727,691		0.13
2020	223,728,200	18,685,200	215,855,400	3,192,900	48,503,614	89,698,334	19,724,581	619,388,229		0.13
2019	222,407,900	18,685,200	215,363,000	3,153,900	56,858,823	87,864,583	20,494,198	624,827,604		0.13
2018	222,212,800	18,685,200	212,716,700	3,675,000	46,837,096	82,603,648	21,333,422	608,063,866		0.16
2017	219,812,800	18,685,200	212,669,900	3,675,000	42,899,086	78,265,472	21,936,930	597,944,388		0.16
2016	217,736,000	23,249,400	199,809,100	3,068,400	44,044,980	76,089,912	22,587,129	586,584,921		0.16
2015	216,079,400	23,881,500	189,316,500	3,064,400	40,148,381	62,411,333	21,894,698	556,796,212		0.16
2014	214,696,200	23,881,500	202,935,900	3,064,400	39,049,218	57,535,342	21,048,808	562,211,368		0.13

Notes: Property is assessed at full market value. Properties are reassessed once every 4 years.

(1) Per \$1,000 of assessed value.

Components of the Direct Tax Rate include:

Real Estate and Public Service Corporation: \$0.13

Personal Property: \$0.51

Machinery and Tools: \$0.17

Source: Real estate and personal property tax assessments.

Table 6

**Town of Rocky Mount, Virginia  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

	Fiscal Year 2023				Fiscal Year 2014			
	Taxpayer	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	
Rocky Mount Development Company LLC (Old Franklin)	\$	10,012,800	1	2.04%	\$ 9,449,500	3	2.13%	
Wal-Mart Real Estate Business Trust		9,842,900	2	2.00%	9,648,400	2	2.17%	
Lowes Home Centers Inc.		8,432,400	3	1.72%	7,925,700	6	1.78%	
Franklin County (Technology Park)		8,261,100	4	1.68%	14,468,700	1	3.25%	
Trinity Packaging Corporation		7,971,300	5	1.62%	7,512,200	7	1.69%	
Rocky Mount Associates II LP (Tanyard Rd)		7,722,100	6	1.57%	8,699,900	4	1.96%	
OHI Asset (VA) Rocky Mount LLC/Trinity Mission		7,209,700	7	1.47%	4,286,900	12	0.96%	
PG Multi-16 LP/Ply Gem		6,833,500	8	1.39%	5,064,000	10	1.14%	
Carilion Franklin Memorial Hospital		6,310,500	9	1.29%	8,387,300	5	1.89%	
L & M Properties LLC		6,075,200	10	1.24%	4,112,200	13	0.92%	
Medical Facilities of Virginia/Franklin Health Care		5,520,300	11	1.12%	4,886,200	11	1.10%	
Champion Modular Inc./Mod-U-Kraf		4,927,400	12	1.00%	5,244,600	8	1.18%	
LJMT 55 Weaver St. LLC/Empire Foods		4,617,800	13	0.94%				
Ferguson Land & Lumber Inc.		4,432,600	14	0.90%				
820 Thompson Development Co./Walgreen #13013		4,196,900	15	0.85%	5,074,700	9	1.14%	
	\$	102,366,500		20.85%	\$ 94,760,300		21.31%	

**Source:** Real estate tax assessments

Table 7

Town of Rocky Mount, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Year Ended June 30	Taxes Levied	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 1,121,772	\$ 1,022,179	91.12%	\$ -	1,022,179	91.12%
2022	1,108,610	1,027,331	92.67%	40,524	1,067,855	96.32%
2021	1,080,948	1,048,104	96.96%	16,348	1,064,452	98.47%
2020	1,026,813	981,194	95.56%	13,029	994,223	96.83%
2019	1,092,275	1,051,437	96.26%	16,059	1,067,496	97.73%
2018	1,084,974	1,030,137	94.95%	37,032	1,067,169	98.36%
2017	962,620	909,453	94.48%	39,338	948,791	98.56%
2016	959,038	903,099	94.17%	45,272	948,371	98.89%
2015	902,443	842,340	93.34%	43,306	885,646	98.14%
2014	901,325	879,708 A	97.60%	10,706	890,414	98.79%

Note A: Vehicle license fees were added to the personal property tax bills for the first time in fiscal year 2014 since physical decals are no longer required. The license fees are, therefore, added to tax collections.

**Source:** Detailed Town property tax records.

**Note:** Amount collected does not include any penalties and interest on late payments.

Table 8

**Town of Rocky Mount, Virginia**  
**Principal Utility Customers**  
**(Largest Own-Source Revenue)**  
**Current Year and Nine Years Ago**

	Fiscal Year 2023			Fiscal Year 2014		
	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption
PlyGem Windows	2,067,368	1	9.53%	1,158,179	2	4.11%
On the Rocks/Home Town Ice	1,284,563	2	5.92%	335,695	7	1.68%
Ronile	886,674	3	4.09%	1,787,413	1	7.56%
Franklin Facility LLC	483,094	4	2.23%	334,592	8	1.45%
Greater Southern Wood Preservers/Rocky Top	438,380	5	2.02%	440,915	4	2.06%
Rocky Mount Health & Rehab (Trinity Mission)	327,220	6	1.51%	795,246	3	2.92%
Franklin County High School	226,358	7	1.04%	344,457	6	1.72%
Carilion Franklin Memorial Hospital	237,831	8	1.10%	177,529	13	0.76%
Franklin County Middle School	210,355	9	0.97%	346,982	5	1.59%
Tanyard Village	186,182	10	0.86%	150,579	16	0.59%
Holiday Inn Express	158,326	11	0.73%	136,858	17	0.56%
Candlewood Apartments	151,424	12	0.70%	269,238	9	1.14%
Baymont Inn	147,591	13	0.68%	182,291	11	0.61%
Property Mgt / Windy Lane	144,280	14	0.66%	201,471	10	0.73%
Rocky Mount Development (Kroger)	127,840	15	0.59%	165,577	14	0.90%

**Source:** Average Consumption Report from Utility Billing System

Table 9

**Town of Rocky Mount, Virginia**  
**General Government Local Taxes**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Local Sales &amp; Use Tax</b>	<b>Consumer Utility Tax</b>	<b>Business License Taxes</b>	<b>Bank Stock Taxes</b>	<b>Lodging Taxes</b>	<b>Meals Tax</b>	<b>Cigarette Taxes</b>	<b>Total</b>
2023	\$ 311,381	\$ 313,109	\$ 841,624	\$ 357,857	\$ 250,976	\$ 2,140,674	\$ 65,475	\$ 4,281,096
2022	278,770	317,320	777,979	440,763	227,767	1,974,015	84,390	4,101,004
2021	257,501	318,693	709,711	385,394	193,336	1,690,724	82,914	3,638,273
2020	224,205	315,910	654,609	314,393	178,589	1,559,916	87,243	3,334,865
2019	219,461	323,155	703,410	319,352	212,306	1,564,903	87,225	3,429,812
2018	187,370	330,020	658,908	295,140	203,737	1,526,284	89,771	3,291,230
2017	180,099	322,765	644,219	228,304	184,230	1,483,084	108,493	3,151,194
2016	172,420	328,559	682,104	222,092	123,292	1,403,288	89,454	3,021,209
2015	167,128	333,011	625,162	275,223	114,034	1,352,151	107,461	2,974,170
2014	161,774	331,258	671,456	249,226	99,690	1,247,585	95,814	2,856,803

**Source:** Detailed Town revenue records.

Table 10

Town of Rocky Mount, Virginia  
Computation of Legal Debt Margin  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 44,457,800	\$ 43,234,180	\$ 43,234,180	\$ 45,484,290	\$ 45,728,970	\$ 45,728,970	\$ 46,146,170	\$ 49,309,960	\$ 49,309,960	\$ 49,404,700
Total net debt applicable to limit	5,164,500	4,778,500	4,778,500	5,506,500	4,919,000	4,919,000	5,974,797	6,092,906	5,462,247	4,873,381
Legal debt margin	39,293,300	38,455,680	38,455,680	39,977,790	40,809,970	40,809,970	40,171,373	43,217,054	43,847,713	44,531,319
Total net debt applicable to the limit as a percentage of debt limit	11.6%	11.1%	11.1%	12.1%	10.8%	10.8%	12.9%	12.4%	11.1%	9.9%
<b>Legal Debt Margin Calculated for Fiscal Year 2023</b>										
Assessed value										\$ 494,047,000
Debt limit (10% of assessed value)										\$ 49,404,700
Debt applicable to limit:										
Revenue Bonds										1,615,000
Other Long-Term Obligations										3,258,381
Total net applicable to limit										\$ 4,873,381
Legal debt margin										\$ 44,531,319

Table 11

Town of Rocky Mount, Virginia  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt to Taxable Value
	General Obligation Bonds	Bonds Payable	Loans Payable	Subscription Liabilities	General Obligation Bonds	Loans Payable	Bonds Payable								
2023	\$ 1,221,714	\$ -	\$ 768,952	\$ 26,872	\$ 874,700	\$ 177,592	\$ 2,776,967	\$ 5,846,797	\$ 0.21%	\$ 1,990,666	\$ 419	\$ 3.03			
2022	1,390,634	-	98,350	-	938,440	-	3,034,823	5,462,247	0.20%	1,488,984	314	2.26			
2021	1,556,697	-	130,239	-	999,930	-	3,406,040	6,092,906	0.24%	1,686,936	355	2.72			
2020	1,289,000	-	105,007	-	1,059,260	-	3,521,530	5,974,797	0.26%	1,394,007	294	2.23			
2019	1,577,000	-	-	-	1,116,500	-	2,750,000	5,443,500	0.24%	1,577,000	329	2.52			
2018	1,867,000	-	-	-	-	-	3,052,000	4,919,000	0.23%	1,867,000	389	3.07			
2017	2,162,000	-	18,770	-	-	-	3,344,500	5,525,270	0.26%	2,180,770	455	3.65			
2016	815,000	-	36,569	-	-	-	3,573,500	4,425,069	0.21%	851,569	177	1.45			
2015	980,000	-	53,448	-	-	-	3,798,500	4,831,948	0.25%	1,033,448	215	1.86			
2014	1,145,000	-	-	-	-	-	4,019,500	5,164,500	0.26%	1,145,000	238	2.04			

Source: Note 10

Table 12

**Town of Rocky Mount, Virginia  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year Ended (1)</b>	<b>Population (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Total Personal Income Thousands of Dollars (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2023	4,936	\$ 52,577	\$ 2,761,392	5,940	2.80%
2022	4,900	50,264	2,761,392	5,840	3.30%
2021	4,712	44,821	2,517,451	6,100	4.10%
2020	4,722	41,866	2,341,229	6,526	3.20%
2019	4,748	40,512	2,224,168	6,668	3.10%
2018	4,764	38,707	2,184,835	6,832	3.40%
2017	4,799	37,300	2,091,380	6,885	4.10%
2016	4,799	36,668	2,063,114	6,952	4.30%
2015	4,798	34,586	1,949,205	7,098	5.20%
2014	4,830	35,374	1,992,780	7,095	5.50%

(1) Population, school enrollment and unemployment figures are based on fiscal years ending June 30. Per Capita Income is as of December 31.

(2) Population is based on figures available from the Weldon Cooper Center, University of Virginia and the Town Planning Department.

(3) Source: Bureau of Economic Analysis (for Franklin County).

(4) Source: Franklin County Adopted Budget

(5) Source: Virginia Labor Market Data - Franklin County Economic Profile



Table 13

**Town of Rocky Mount, Virginia**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	Fiscal Year 2023			Fiscal Year 2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ply Gem Manufacturers Inc.	1,500	1	11.48%	900	2	16.96%
Franklin County Public Schools	1,378	2	10.54%	1,392	1	29.58%
Franklin County	414	3	3.17%	316	4	6.53%
Trinity Packaging Inc.	350	4	2.68%	300	5	6.36%
Carilion Franklin Memorial Hospital	315	5	2.41%	275	7	5.73%
Wal-mart	300	6	2.30%	400	3	8.48%
Fleetwood Homes of Virginia	250	7	1.91%	96	13	2.04%
Kroger	175	8	1.34%	121	11	2.57%
Ronile Inc.	115	9	0.88%	300	6	6.36%
Franklin Health Care	111	10	0.85%	0.85%		
	<u>4,908</u>			<u>4,100</u>		

Source: Virginia Employment Commission & employer human resource offices

Table 14

Town of Rocky Mount, Virginia  
Full-time Equivalent Town Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government										
Management services	3	3	3	3	3	3	3	3	2	2
Finance	6	6	5	5	5	5	5	5	5	5
Planning & Community Development	5	5	7	7	7	6	6	5	5	5
Police										
Officers	20	20	25	24	24	22	21	20	20	20
Civilians	2	2	2	2	2	2	2	2	2	2
Other public works										
Other	17	17	17	17	17	17	17	17	17	17
Parks, recreation, and cultural										
Water	6	6	6	6	6	6	6	6	6	6
Sewer	5	5	5	5	5	5	5	5	5	4
Total	64	64	70	69	69	66	65	63	62	61

Source: Town's Adopted Operating Budget

Table 15

Town of Rocky Mount, Virginia  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Fleet										
Pieces of equipment maintained	63	63	63	66	61	61	54	53	53	52
Public safety										
Police										
Criminal arrests	989	822	593	639	792	655	713	744	461	587
Traffic violations	2,112	917	934	1,028	1,911	1,532	1,282	1,453	1,217	1,209
Fire										
Emergency responses	554	564	498	497	540	493	468	470	418	423
Public works										
Other public works										
Street resurfacing (miles)	1	1	1	2	4	4	4	4	4	4
Water										
Number of customer accounts	3,000	3,000	2,988	2,958	2,926	2,911	2,914	2,891	2,895	2,872
Volume pumped (million gallons per day average)	881,027	816,755	758,696	744,333	757,727	742,200	716,871	753,000	745,361	897,444
Sewer										
Number of customer accounts	2,060	2,060	2,115	2,012	2,079	2,078	2,067	2,051	2,049	2,034
Waste/Water treated (million gallons per day)	725,000	752,000	954,175	1,024,000	1,223,136	772,750	793,969	937,225	671,128	801,031

Source: Council reports, utility reports, highway reports.

Table 16

Town of Rocky Mount, Virginia  
Capital Assets and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public safety										
Law enforcement vehicles	34	34	34	35	31	30	28	26	26	25
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Primary streets (lane miles)	9	9	9	9	9	9	9	9	9	9
Secondary streets (lane miles)	31	31	31	31	31	31	31	31	31	31
Parks, recreation, and cultural										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks/athletic fields	3	3	3	3	3	3	3	3	3	3
Water and sewage										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	66	66	66	66	66	66	66	66	66	66
Storm sewers (miles)										
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64

Source: Equipment schedules, highway reports, GIS system.

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## COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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**To the Honorable Members of Town Council  
Town of Rocky Mount, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements, and have issued our report thereon dated November 20, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Rocky Mount, 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 Rocky Mount, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Rocky Mount, Virginia's internal control.

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

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

**Report on Compliance and Other Matters**

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

## Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia  
November 20, 2023



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

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**To the Honorable Members of Town Council  
Town of Rocky Mount, Virginia**

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

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

We have audited Town of Rocky Mount, 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 Rocky Mount, Virginia's major federal programs for the year ended June 30, 2023. Town of Rocky Mount, 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 Rocky Mount, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***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 Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, 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 Rocky Mount, 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.

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, Jarmon, Cox, Associates*

Blacksburg, Virginia  
November 20, 2023

Town of Rocky Mount, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2023

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice: Pass-Through Payments: Virginia Department of Criminal Justice Services: COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	20VDBX0141	\$ 24,993
Department of Treasury: Direct Payments: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 987,481
Total Expenditures of Federal Awards			<u>\$ 1,012,474</u>

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Rocky Mount, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Rocky Mount, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Rocky Mount, 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.
- (3) The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 -- Donated Items

The Town did not receive any donated items during the year.

Note 4 -- Subrecipients

The Town did not have any subrecipients for the year ended June 30, 2023.

Note 5 -- Relationship to the 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 total	\$ 2,338,176
Less: revenue from the Commonwealth	(2,313,183)
Capital Projects Fund total	818,122
Less: revenue from the Commonwealth	(19,193)
Water and Sewer Fund total	188,552
Total Primary Government	<u>\$ 1,012,474</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,012,474</u>
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Town of Rocky Mount, Virginia

Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2023

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

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516(a)?	No
Identification of major programs:	

**Federal Assistance Listing #**

**Name of Federal Program or Cluster**

21.027

Coronavirus State and Local Fiscal Recovery Funds

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

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

Town of Rocky Mount, Virginia

Summary Schedule of Prior Audit Findings  
Fiscal Year Ended June 30, 2023

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**2022-001**

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Condition:	The Town does not maintain detailed records for streets or employee time that would allow us to properly perform tests of amounts included in the Survey.
Recommendation:	The Town should begin tracking all work on a daily basis in accordance with the Urban Manual. A review process should be implemented to ensure that the client prepared reconciliation agrees to the ledger and the Survey, prior to completion. A review process should also be considered to ensure adequate documentation is maintained and that the survey is completed timely.
Current Status:	Finding 2022-001 was resolved in the current year.