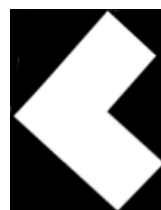


***Town of Clarksville, Virginia***  
***Annual Comprehensive Financial Report***  
***Year Ended June 30, 2024***



***Creedle, Jones***  
***& Associates, P.C.***  
***Certified Public Accountants***

## Town of Clarksville, Virginia

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Clarksville, Virginia

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Clarksville, 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 1 to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 99, Omnibus 2022 and No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Clarksville, 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.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town of Clarksville, 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 the Town of Clarksville, 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 on pages 1-8 and budgetary comparison information and schedules related to pension and OPEB funding on pages 60-62, 63-65, and 66-68 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clarksville, Virginia's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, component unit statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposed 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 combining and individual nonmajor fund financial statements, the component unit statements, 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 statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2025, on our consideration of the Town of Clarksville, 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 Clarksville, 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 the Town of Clarksville, Virginia's internal control over financial reporting and compliance.



Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
March 1, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Clarksville, Virginia presents the following discussion and analysis as an overview of the Town of Clarksville, Virginia's financial activities for the fiscal year ending June 30, 2024. We encourage readers to read this discussion and analysis in conjunction with the Town's basic financial statements.

### Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources by \$10,807,246. Of this amount, \$6,585,698 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$5,213,161 with an unrestricted balance of \$856,634.
- The Town's total net position increased by \$1,192,293 during the current fiscal year. Of this amount, an increase of \$564,283 is related to governmental activities and an increase of \$628,010 is attributed to business-type activities.
- As of June 30, 2024, the Town's Governmental Funds reported combined ending fund balances of \$6,970,490, an increase of \$579,866 in comparison with the prior year. Approximately 97.1% of this amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of fiscal year 2024 the general fund unassigned fund balance was \$6,768,496, or approximately 191.8% of total general fund expenditures.

### 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 required and other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those found in the private sector. They also report the Town's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the Town's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the Town's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Town's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Town's property tax base and the condition of Town facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the Town's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the Town include general government administration, public safety, public works, parks, recreation and cultural, and community development. Public utilities represent the business-type activities.



Furthermore, the government-wide financial statements include a legally separate entity, the Economic Development Authority of the Town of Clarksville, Virginia, for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported.

The Town has two types of funds:

*Governmental Funds* - Most of the Town's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other Town non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements presented later in this report.

*Proprietary Funds* – The Town uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information.

### **Notes to the Basic Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

### **Other**

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements.

## **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

### **Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

### Summary of Net Position

As of June 30, 2024 and 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>						
Current and other assets	\$ 8,112,857	\$ 7,488,623	\$ 1,956,959	\$ 1,621,878	\$ 10,069,816	\$ 9,110,501
Other noncurrent assets	209,833	217,795	134,262	-	344,095	217,795
Capital assets (net)	<u>5,057,091</u>	<u>4,413,632</u>	<u>9,886,071</u>	<u>8,406,131</u>	<u>14,943,162</u>	<u>12,819,763</u>
Total Assets	13,379,781	12,120,050	11,977,292	10,028,009	25,357,073	22,148,059
<b>Deferred Outflows of Resources</b>	<u>326,446</u>	<u>155,807</u>	<u>139,907</u>	<u>66,775</u>	<u>466,353</u>	<u>222,582</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,706,227</u>	<u>\$ 12,275,857</u>	<u>\$ 12,117,199</u>	<u>\$ 10,094,784</u>	<u>\$ 25,823,426</u>	<u>\$ 22,370,641</u>
<b>Liabilities</b>						
Other liabilities	\$ 1,162,126	\$ 1,142,806	\$ 1,158,664	\$ 472,139	\$ 2,320,790	\$ 1,614,945
Long-term liabilities	<u>1,439,606</u>	<u>595,898</u>	<u>5,544,355</u>	<u>4,981,124</u>	<u>6,983,961</u>	<u>5,577,022</u>
Total Liabilities	2,601,732	1,738,704	6,703,019	5,453,263	9,304,751	7,191,967
<b>Deferred Inflows of Resources</b>	297,249	389,882	201,019	100,176	498,268	490,058
<b>Net Position</b>						
Net investment in capital assets	4,210,972	4,169,426	4,356,527	3,184,265	8,567,499	7,353,691
Restricted	10,576	197,529	-	-	10,576	197,529
Unrestricted	<u>6,585,698</u>	<u>5,780,316</u>	<u>856,634</u>	<u>1,357,080</u>	<u>7,442,332</u>	<u>7,137,396</u>
Total Net Position	<u>10,807,246</u>	<u>10,147,271</u>	<u>5,213,161</u>	<u>4,541,345</u>	<u>16,020,407</u>	<u>14,688,616</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 13,706,227</u>	<u>\$ 12,275,857</u>	<u>\$ 12,117,199</u>	<u>\$ 10,094,784</u>	<u>\$ 25,823,426</u>	<u>\$ 22,370,641</u>

The Town's combined net position at June 30, 2024 of \$16,020,407 represents an increase of \$1,192,293 from the combined net position at June 30, 2023. The largest portion, 53.47%, of the Town's net position is reflected in its net investment in capital assets (land, buildings, improvements, etc.). The Town uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. 46.46% of total net position is unrestricted and available for providing services to the citizens of the Town and satisfying creditors. The remaining 0.07% of net position is restricted for other special projects.

## Statement of Activities

The following table summarizes revenues and expenses for the primary government:

### Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 213,186	\$ 189,322	\$ 1,579,147	\$ 1,483,664	\$ 1,792,333	\$ 1,672,986
Operating grants and contributions	697,694	275,945	352,722	30,000	1,050,416	305,945
<b>General Revenues</b>						
General property taxes, real and personal	805,303	804,550	-	-	805,303	804,550
Other taxes	1,721,580	1,357,276	-	-	1,721,580	1,357,276
Categorical aid from state	78,860	79,930	-	-	78,860	79,930
Unrestricted revenues from money and property	105,169	69,265	55,344	5,587	160,513	74,852
Miscellaneous	96,248	55,981	39,727	-	135,975	55,981
Total Revenues	<u>3,718,040</u>	<u>2,832,269</u>	<u>2,026,940</u>	<u>1,519,251</u>	<u>5,744,980</u>	<u>4,351,520</u>
<b>Expenses</b>						
General government administration	535,419	521,481	-	-	535,419	521,481
Public safety	1,024,186	841,275	-	-	1,024,186	841,275
Public works	807,610	755,192	-	-	807,610	755,192
Parks, recreation, and cultural	2,063	119,956	-	-	2,063	119,956
Community development	495,769	201,012	-	-	495,769	201,012
Water and sewer	-	-	1,497,044	1,485,967	1,497,044	1,485,967
Interest on long-term debt	13,355	4,949	177,241	163,158	190,596	168,107
Total Expenses	<u>2,878,402</u>	<u>2,443,865</u>	<u>1,674,285</u>	<u>1,649,125</u>	<u>4,552,687</u>	<u>4,092,990</u>
Increase (Decrease) in Net Position before Transfers	839,638	388,404	352,655	(129,874)	1,192,293	258,530
<b>Transfers</b>	<u>(275,355)</u>	<u>-</u>	<u>275,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	564,283	388,404	628,010	(129,874)	1,192,293	258,530
Beginning Net Position (Restated)	<u>10,242,963</u>	<u>9,758,867</u>	<u>4,585,151</u>	<u>4,671,219</u>	<u>14,828,114</u>	<u>14,430,086</u>
Ending Net Position	<u>\$ 10,807,246</u>	<u>\$ 10,147,271</u>	<u>\$ 5,213,161</u>	<u>\$ 4,541,345</u>	<u>\$ 16,020,407</u>	<u>\$ 14,688,616</u>

Governmental activities increased the Town's net position by \$564,283 for fiscal year 2024. Revenues from governmental activities totaled \$3,718,040. Other taxes comprise the largest source of these revenues, totaling \$1,721,580 or 46.3% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$2,878,402. Public safety was the Town's largest program with expenses totaling \$1,024,186. Public works, which totals \$807,610, represents the second largest expense.

For the Town's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

## Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>		<u>2023</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 535,419	\$ (535,419)	\$ 521,481	\$ (521,481)
Public safety	1,024,186	(802,735)	841,275	(739,516)
Public works	807,610	(214,267)	755,192	(398,684)
Parks, recreation, and cultural	2,063	30,004	119,956	(115,456)
Community development	495,769	(431,750)	201,012	(198,512)
Interest on long-term debt	<u>13,355</u>	<u>(13,355)</u>	<u>4,949</u>	<u>(4,949)</u>
Total	<u>\$ 2,878,402</u>	<u>\$ (1,967,522)</u>	<u>\$ 2,443,865</u>	<u>\$ (1,978,598)</u>

### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The Town's governmental funds reported combined ending fund balances of \$6,970,490. The combined governmental fund balance increased \$579,866 from the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$6,768,496. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 191.8% of total fund expenditures.

### BUDGETARY HIGHLIGHTS

#### General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

## Budgetary Comparison

### General Fund

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>						
Taxes	\$ 721,990	\$ 721,990	\$ 810,996	\$ 689,428	\$ 689,428	\$ 791,557
Other	1,217,487	1,217,487	1,721,580	1,053,219	1,053,219	1,357,276
Permits, privilege fees, and regulatory licenses	1,500	1,500	2,545	1,500	1,500	1,320
Fines and forfeitures	27,500	27,500	35,940	27,000	27,000	31,001
Revenue from use of money and property	51,388	51,388	104,183	32,886	32,886	68,798
Charges for services	158,877	158,877	174,701	158,877	158,877	157,001
Miscellaneous	94,394	94,394	89,538	45,000	45,000	54,642
Intergovernmental	<u>1,373,458</u>	<u>1,373,458</u>	<u>776,554</u>	<u>1,305,450</u>	<u>1,305,450</u>	<u>355,875</u>
Total Revenues	3,646,594	3,646,594	3,716,037	3,313,360	3,313,360	2,817,470
<b>Expenditures</b>	<u>4,056,987</u>	<u>4,056,987</u>	<u>3,529,281</u>	<u>2,964,194</u>	<u>2,964,194</u>	<u>2,346,834</u>
Excess (Deficiency) of Revenues over Expenditures	(410,393)	(410,393)	186,756	349,166	349,166	470,636
<b>Other Financing Sources (Uses)</b>						
Transfers	(200,000)	(200,000)	(275,355)	(210,000)	(210,000)	-
Proceeds of debt	<u>725,000</u>	<u>725,000</u>	<u>664,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>525,000</u>	<u>525,000</u>	<u>388,645</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>-</u>
Net Change in Fund Balance Before Transfer from Surplus	114,607	114,607	575,401	139,166	139,166	470,636
Transfer from Surplus Funds	<u>(114,607)</u>	<u>(114,607)</u>	<u>-</u>	<u>(139,166)</u>	<u>(139,166)</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,636</u>

There were no budget amendments during the fiscal year.

Actual revenues were more than final budget amounts by \$69,443, or 1.9%, while actual expenditures were \$527,706, or 13% less than final budget appropriations.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2024, the Town's governmental activities net capital assets total \$5,057,091, which represents a net increase of \$643,459 or 14.6% over the previous fiscal year-end balance. The business-type activities net capital assets total \$9,886,071, an increase of \$1,427,456 or 16.9% over the previous fiscal year as summarized in the following table.

## Change in Capital Assets

### Governmental Activities

	<u>Balance</u> <u>July 1, 2023</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Land and land improvements	\$ 1,210,193	\$ 212,068	\$ 1,422,261
Buildings and improvements	6,040,498	39,050	6,079,548
Furniture, equipment, and vehicles	<u>2,467,744</u>	<u>759,554</u>	<u>3,227,298</u>
Total Capital Assets	9,718,435	1,010,672	10,729,107
Less: Accumulated depreciation and amortization	<u>(5,304,803)</u>	<u>(367,213)</u>	<u>(5,672,016)</u>
Total Capital Assets, Net	<u>\$ 4,413,632</u>	<u>\$ 643,459</u>	<u>\$ 5,057,091</u>

### Business-Type Activities

	<u>Restated</u> <u>Balance</u> <u>July 1, 2023</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Land and land improvements	\$ 61,409	\$ -	\$ 61,409
Construction in process	-	1,374,873	1,374,873
Buildings and systems	17,271,752	469,516	17,741,268
Furniture, equipment, and vehicles	<u>354,847</u>	<u>-</u>	<u>354,847</u>
Total Capital Assets	17,688,008	1,844,389	19,532,397
Less: Accumulated depreciation and amortization	<u>(9,229,393)</u>	<u>(416,933)</u>	<u>(9,646,326)</u>
Total Capital Assets, Net	<u>\$ 8,458,615</u>	<u>\$ 1,427,456</u>	<u>\$ 9,886,071</u>

## Long-Term Debt

As of June 30, 2024 the Town's long-term obligations total \$6,375,663.

	<u>Balance</u> <u>July 1, 2023</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
<b>Governmental Activities</b>			
General Fund	<u>\$ 244,206</u>	<u>\$ 601,913</u>	<u>\$ 846,119</u>
Total Governmental Activities	244,206	601,913	846,119
<b>Business-Type Activities</b>			
Water Fund	2,436,597	(70,033)	2,366,564
Sewer Fund	2,785,269	1,218,171	4,003,440
Less: Undisbursed funds - Sewer	<u>-</u>	<u>(840,460)</u>	<u>(840,460)</u>
Sewer Fund	<u>2,785,269</u>	<u>377,711</u>	<u>3,162,980</u>
Total Business-Type Activities	<u>5,221,866</u>	<u>307,678</u>	<u>5,529,544</u>
Total Primary Government	<u>\$ 5,466,072</u>	<u>\$ 909,591</u>	<u>\$ 6,375,663</u>

More detailed information on the Town's long-term obligations is presented in Note 10 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget.

The average unemployment rate for the Town of Clarksville, Virginia in June 2023, which uses Mecklenburg County's rate, was 3.8%. This compares unfavorably to the state's rate of 3.0% and favorably to the national rate of 4.3%.

The estimate in April 2020 by the University of Virginia Weldon Cooper Center is a population of 1,300.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2025, which accounts for most of the Town's operational costs. The fiscal year 2025 adopted budget anticipates General Fund revenues and expenditures to be \$5,729,253, a 57.11% increase over the fiscal year 2024 final budget.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Tara Murphy, Treasurer/Clerk, Town of Clarksville, Virginia, P. O. Box 1147, Clarksville, Virginia 23927, telephone 434-374-8177, or visit the Town's website at [www.clarksvilleva.org](http://www.clarksvilleva.org).

# **BASIC FINANCIAL STATEMENTS**



## Town of Clarksville, Virginia

## Statement of Net Position

At June 30, 2024

	<u>Primary Government</u>			<u>Component Unit</u> <u>EDA of the Town of Clarksville, VA</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 7,814,716	\$ 1,739,290	\$ 9,554,006	\$ 4,686,288
Receivables	234,976	200,481	435,457	105,150
Internal balances	13,857	(13,857)	-	-
Due from other governments	41,345	-	41,345	-
Leases receivable, short-term portion	7,963	31,045	39,008	-
Note receivable, short-term portion	-	-	-	27,093
Total Current Assets	8,112,857	1,956,959	10,069,816	4,791,438
<b>Noncurrent Assets</b>				
Leases receivable, net of short-term portion	209,833	134,262	344,095	3,089,908
Note receivable, net of short-term portion	-	-	-	55,252
Total Noncurrent Assets	209,833	134,262	344,095	3,145,160
<b>Capital Assets</b>				
Land and land improvements	1,422,261	61,409	1,483,670	2,748,101
Other capital assets, net of accumulated depreciation	3,634,830	9,824,662	13,459,492	2,333
Capital Assets, Net	5,057,091	9,886,071	14,943,162	2,750,434
Total Assets	13,379,781	11,977,292	25,357,073	10,687,032
<b>Deferred Outflows of Resources</b>				
Other post-employment benefits	11,734	5,029	16,763	-
Pension	314,712	134,878	449,590	-
Total Deferred Outflows of Resources	326,446	139,907	466,353	-
Total Assets and Deferred Outflows of Resources	\$ 13,706,227	\$ 12,117,199	\$ 25,823,426	\$ 10,687,032
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 317,530	\$ 857,776	\$ 1,175,306	\$ -
Customer deposits	-	25,639	25,639	-
Unearned grants	761,275	-	761,275	-
Total Current Liabilities	1,078,805	883,415	1,962,220	-
<b>Long-Term Liabilities</b>				
<i>Due within one year</i>				
Bonds, loans, and other	83,321	275,249	358,570	34,615
<i>Due in more than one year</i>				
Net pension liability	636,007	272,574	908,581	-
Net other post-employment benefits liability	40,801	17,486	58,287	-
Bonds, loans, and other	762,798	5,254,295	6,017,093	1,848,358
Total Long-term Liabilities	1,522,927	5,819,604	7,342,531	1,882,973
Total Liabilities	2,601,732	6,703,019	9,304,751	1,882,973
<b>Deferred Inflows of Resources</b>				
Other post-employment benefits	6,552	2,808	9,360	-
Leases	213,301	165,041	378,342	3,039,809
Pension	77,396	33,170	110,566	-
Total Deferred Inflows of Resources	297,249	201,019	498,268	3,039,809
<b>Net Position</b>				
Net investment in capital assets	4,210,972	4,356,527	8,567,499	867,461
Restricted	10,576	-	10,576	-
Unrestricted	6,585,698	856,634	7,442,332	4,896,789
Total Net Position	10,807,246	5,213,161	16,020,407	5,764,250
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,706,227	\$ 12,117,199	\$ 25,823,426	\$ 10,687,032

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

Town of Clarksville, Virginia  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit EDA of the Town of Clarksville, VA
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government administration	\$ 535,419	\$ -	\$ -	\$ -	\$ (535,419)		\$ (535,419)	\$ -
Public safety	1,024,186	38,485	182,966	-	(802,735)		(802,735)	-
Public works	807,610	174,701	418,642	-	(214,267)		(214,267)	-
Parks, recreation, and cultural	2,063	-	32,067	-	30,004		30,004	-
Community development	495,769	-	64,019	-	(431,750)		(431,750)	-
Interest on long-term debt	13,355	-	-	-	(13,355)		(13,355)	-
Total Governmental Activities	2,878,402	213,186	697,694	-	(1,967,522)		(1,967,522)	-
Business-Type Activities								
Water	784,696	667,986	-	-		\$ (116,710)	(116,710)	-
Sewer	889,589	911,161	352,722	-		374,294	374,294	-
Total Business-Type Activities	1,674,285	1,579,147	352,722	-		257,584	257,584	-
Total Primary Government	\$ 4,552,687	\$ 1,792,333	\$ 1,050,416	\$ -			(1,709,938)	
Component Unit								
EDA of the Town of Clarksville, VA	\$ 72,513	\$ -	\$ 97,753	\$ -				25,240
General Revenues								
Taxes								
General property taxes, real and personal					805,303	-	805,303	-
Other local taxes					1,721,580	-	1,721,580	-
Grants and contributions not restricted to specific programs					78,860	-	78,860	-
Unrestricted revenues from use of money and property					105,169	55,344	160,513	3,694,888
Miscellaneous					96,248	39,727	135,975	4,797
Transfers					(275,355)	275,355	-	-
Total General Revenues and Transfers					2,531,805	370,426	2,902,231	3,699,685
Change in Net Position					564,283	628,010	1,192,293	3,724,925
Net Position - Beginning of Year (Restated)					10,242,963	4,585,151	14,828,114	2,039,325
Net Position - End of Year					\$ 10,807,246	\$ 5,213,161	\$ 16,020,407	\$ 5,764,250

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

Town of Clarksville, Virginia

Balance Sheet

Governmental Funds

At June 30, 2024

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,612,722	\$ 201,994	\$ 7,814,716
Property taxes receivable	60,094	-	60,094
Other receivables	174,882	-	174,882
Due from other funds	13,857	-	13,857
Leases receivable	217,796	-	217,796
Due from other governments	41,345	-	41,345
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 8,120,696</u>	<u>\$ 201,994</u>	<u>\$ 8,322,690</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 317,530	\$ -	\$ 317,530
Unearned grants	761,275	-	761,275
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,078,805	-	1,078,805
<b>Deferred Inflows of Resources</b>			
Unavailable revenue property taxes	60,094	-	60,094
Leases	213,301	-	213,301
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	273,395	-	273,395
<b>Fund Balance</b>			
Restricted	-	10,576	10,576
Assigned	-	191,418	191,418
Unassigned	6,768,496	-	6,768,496
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>6,768,496</u>	<u>201,994</u>	<u>6,970,490</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,120,696</u>	<u>\$ 201,994</u>	<u>\$ 8,322,690</u>

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

Town of Clarksville, Virginia

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

At June 30, 2024

Total Fund Balances for Governmental Funds \$ 6,970,490

**Total net position reported for governmental activities in the Statement of Net Position is different because:**

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

Land and land improvements	\$ 1,290,648
Construction in process	131,613
Buildings and improvements, net	2,908,093
Furniture, equipment, and vehicles, net	<u>726,737</u>

Total Capital Assets 5,057,091

Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue 60,094

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pension	314,712
Deferred outflows of resources related to OPEB	11,734
Deferred inflows of resources related to pension	(77,396)
Deferred inflows of resources related to OPEB	<u>(6,552)</u>

Total Deferred Outflows and Inflows of Resources 242,498

Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Bonds and notes payable	(846,119)
Net pension liability	(636,007)
Net other post-employment liability	<u>(40,801)</u>

Total (1,522,927)

Total Net Position of Governmental Activities \$ 10,807,246

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

Town of Clarksville, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 810,996	\$ -	\$ 810,996
Other local taxes	1,721,580	-	1,721,580
Permits, privilege fees, and regulatory licenses	2,545	-	2,545
Fines and forfeitures	35,940	-	35,940
Use of money and property	104,183	986	105,169
Charges for services	174,701	-	174,701
Miscellaneous	89,538	6,710	96,248
<i>Intergovernmental</i>			
Revenue from the Commonwealth of Virginia	241,684	-	241,684
Revenue from the Federal Government	534,870	-	534,870
Total Revenues	3,716,037	7,696	3,723,733
<b>Expenditures</b>			
<b>Current</b>			
General government administration	441,355	-	441,355
Public safety	1,606,547	-	1,606,547
Public works	801,397	-	801,397
Parks, recreation, and cultural	104,916	3,231	108,147
Community development	499,624	-	499,624
Debt service	75,442	-	75,442
Total Expenditures	3,529,281	3,231	3,532,512
Excess (Deficiency) of Revenues Over Expenditures	186,756	4,465	191,221
<b>Other Financing Sources (Uses)</b>			
Transfers (to) from other funds	(275,355)	-	(275,355)
Proceeds of debt	664,000	-	664,000
Total Other Financing Sources (Uses)	388,645	-	388,645
Net Change in Fund Balance	575,401	4,465	579,866
Fund Balance - Beginning of Year (Restated)	6,193,095	197,529	6,390,624
Fund Balance - End of Year	\$ 6,768,496	\$ 201,994	\$ 6,970,490

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

Town of Clarksville, Virginia

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

Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$	579,866
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**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capitalized assets	\$ 1,010,672		
Depreciation	<u>(367,213)</u>		
			643,459

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities.

(5,693)

Bond and financed purchase obligations are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability Statement of Net Position.

Repayments on debt	62,087		
Proceeds from debt	<u>(664,000)</u>		
			(601,913)

Net Adjustment (601,913)

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. Changes in the following accounts are as follows:

Net pension liability	(304,422)		
Deferred inflows - pension	79,427		
Deferred outflows - pension	171,230		
Deferred inflows - OPEB	1,830		
Deferred outflows - OPEB	(591)		
Net OPEB liability	<u>1,090</u>		
			<u>(51,436)</u>

Change in Net Position of Governmental Activities	\$	<u>564,283</u>
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The accompanying notes to the financial statements are an integral part of this statement.

## Town of Clarksville, Virginia

## Statement of Net Position

## Proprietary Funds

At June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 860,041	\$ 879,249	\$ 1,739,290
Due from other funds	191	9,758	9,949
Leases receivable - current	31,045	-	31,045
Accounts receivable	80,377	120,104	200,481
Total Current Assets	971,654	1,009,111	1,980,765
<b>Noncurrent Assets</b>			
Leases receivable, net of current portion	134,262	-	134,262
Capital assets, net	3,128,410	6,757,661	9,886,071
Total Noncurrent Assets	3,262,672	6,757,661	10,020,333
Total Assets	4,234,326	7,766,772	12,001,098
<b>Deferred Outflows of Resources</b>			
Other post-employment benefits	2,179	2,850	5,029
Pension	58,447	76,431	134,878
Total Deferred Outflows	60,626	79,281	139,907
Total Assets and Deferred Outflows of Resources	<u>\$ 4,294,952</u>	<u>\$ 7,846,053</u>	<u>\$ 12,141,005</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 5,175	\$ 852,601	\$ 857,776
Due to other funds	14,967	8,839	23,806
Customer deposits	25,639	-	25,639
Short-term portion of debt	130,054	145,195	275,249
Total Current Liabilities	175,835	1,006,635	1,182,470
<b>Noncurrent Liabilities</b>			
Long-term portion of debt	2,236,510	3,017,785	5,254,295
Net pension liability	118,115	154,459	272,574
Net other post-employment benefits liability	7,577	9,909	17,486
Total Noncurrent Liabilities	2,362,202	3,182,153	5,544,355
Total Liabilities	2,538,037	4,188,788	6,726,825
<b>Deferred Inflows of Resources</b>			
Other post-employment benefits	1,217	1,591	2,808
Leases	165,041	-	165,041
Pension	14,374	18,796	33,170
Total Deferred Inflows	180,632	20,387	201,019
<b>Net Position</b>			
Net investment in capital assets	761,846	3,594,681	4,356,527
Unrestricted	814,437	42,197	856,634
Total Net Position	1,576,283	3,636,878	5,213,161
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 4,294,952</u>	<u>\$ 7,846,053</u>	<u>\$ 12,141,005</u>

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

## Town of Clarksville, Virginia

## Statement of Revenues, Expenses, and Changes in Net Position

## Proprietary Funds

Year Ended June 30, 2024

	<u>Water Fund</u>	<u>Business-Type Activities - Enterprise Funds Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services	\$ 667,986	\$ 911,161	\$ 1,579,147
Lease revenues	32,172	-	32,172
Operating grant	-	352,722	352,722
Miscellaneous	1,734	37,993	39,727
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	701,892	1,301,876	2,003,768
<b>Operating Expenses</b>			
Town Manager	17,837	18,788	36,625
Administration	60,133	57,279	117,412
Line maintenance	72,755	84,175	156,930
Water treatment	314,754	-	314,754
Waste water treatment	-	406,522	406,522
Lift stations	-	47,868	47,868
Depreciation	183,956	232,977	416,933
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	649,435	847,609	1,497,044
Operating Income	52,457	454,267	506,724
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	8,345	14,827	23,172
Interest expense	(135,261)	(41,980)	(177,241)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	(126,916)	(27,153)	(154,069)
Income (Loss) Before Transfers	(74,459)	427,114	352,655
Operating Transfers In	100,000	175,355	275,355
	<hr/>	<hr/>	<hr/>
Change in Net Position	25,541	602,469	628,010
Total Net Position - Beginning of Year (Restated)	1,550,742	3,034,409	4,585,151
	<hr/>	<hr/>	<hr/>
Total Net Position - End of Year	\$ 1,576,283	\$ 3,636,878	\$ 5,213,161

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



## Town of Clarksville, Virginia

## Statement of Cash Flows

## Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 670,828	\$ 904,496	\$ 1,575,324
Lease revenues	35,219	-	35,219
Operating grants	-	352,722	352,722
Other receipts	1,734	37,993	39,727
Payments to personnel, suppliers and other operating costs	(467,712)	(571,246)	(1,038,958)
Net Cash Provided by Operating Activities	240,069	723,965	964,034
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer from other funds and Due to/from's	114,776	174,436	289,212
Net Cash Provided by Noncapital Financing Activities	114,776	174,436	289,212
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	-	(1,061,366)	(1,061,366)
Proceeds from capital debt	-	1,069,954	1,069,954
Principal paid on capital debt	(60,121)	(692,243)	(752,364)
Interest paid on capital debt	(145,172)	(41,980)	(187,152)
Net Cash Used in Capital and Related Financing Activities	(205,293)	(725,635)	(930,928)
<b>Cash Flows from Investing Activities</b>			
Interest income	8,345	14,827	23,172
Net Increase in Cash and Cash Equivalents	157,897	187,593	345,490
Cash and Cash Equivalents - Beginning of Year	702,144	691,656	1,393,800
Cash and Cash Equivalents - End of Year	<u>\$ 860,041</u>	<u>\$ 879,249</u>	<u>\$ 1,739,290</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 52,457	\$ 454,267	\$ 506,724
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>			
Depreciation expense	183,956	232,977	416,933
<i>Changes in assets and liabilities</i>			
Accounts receivable	1,576	(6,665)	(5,089)
Accounts payable and accrued expenses	(6,315)	25,425	19,110
Lease and related interest receivable	(132,620)	-	(132,620)
Customer deposits	1,266	-	1,266
Deferred outflows - pension	(29,751)	(43,635)	(73,386)
Deferred outflows - other post employment benefits	286	(32)	254
Net pension liability	51,798	78,668	130,466
Net other post-employment benefits liability	(801)	334	(467)
Deferred inflows - leases	135,667	-	135,667
Deferred inflows - pension	(16,990)	(17,049)	(34,039)
Deferred inflows - other post-employment benefits	(460)	(325)	(785)
Net Cash Provided by Operating Activities	<u>\$ 240,069</u>	<u>\$ 723,965</u>	<u>\$ 964,034</u>

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

## Town of Clarksville, Virginia

### Notes to the Financial Statements

Year Ended June 30, 2024

## 1 Summary of Significant Accounting Policies

### **Narrative Profile**

The Town of Clarksville, Virginia (the "Town"), which was founded in 1898, has a population of approximately 1,300 living within an area of 2.4 square miles. The Town is located in the south-central region of Virginia. The Town is governed by an elected mayor and an elected Town Council, with each serving administrative and legislative functions.

The Town is governed under the Town Manager form of government. The Town engages in a comprehensive range of municipal services, including general government administration, public safety, public works, parks, recreation, and cultural, and community development.

The financial statements of the Town have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below:

### **1-A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Town of Clarksville, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

### **Individual Component Unit Disclosures**

#### **Discretely Presented Component Unit**

##### *Economic Development Authority of the Town of Clarksville, Virginia*

The Authority is a separate and distinct entity from the Town of Clarksville, Virginia and is, in accordance with the Act, a political subdivision of the Commonwealth of Virginia.

A seven-member board appointed by the Town Council of the Town of Clarksville, Virginia governs the Authority. The directors are to serve staggered terms of four years each.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority or it may be assumed by the enterprise for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

#### **1-B. Financial Reporting Model**

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

***Management's Discussion and Analysis*** – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the Town's financial activities.

***Government-wide Financial Statements*** – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the Town and its discretely presented component unit at year end.

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

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

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

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

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

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

**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 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. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

**GASB-Required Supplementary Pension** – GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

#### **1-C. Financial Statement Presentation**

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

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the Town's governmental funds:

- *General Fund* – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.
- *Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following: Police Asset Forfeiture, Veteran’s Memorial, and Cemetery Fund.
- *Capital Projects Funds* – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. There are no Capital Projects Funds at this time.
- ***Proprietary Funds*** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has two enterprise funds, the Water Fund and Sewer Fund, which account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges.
- ***Fiduciary Funds (Custodial Funds)*** – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. There are no Fiduciary Funds at this time.
- ***Component Unit (Economic Development Authority of the Town of Clarksville, Virginia)***

The Economic Development Authority of the Town of Clarksville, Virginia has only one fund which is its operating fund. It accounts for all activities of the Authority.

#### **1-D. Measurement Focus and Basis of Accounting**

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and, subsequently, remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

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

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

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

**1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity**

**1-E-1 Cash and Cash Equivalents**

The Town operates a cash and investment pool which all funds utilize with the exception of the special revenue funds, each of which has separate bank accounts and investments.



The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The Town allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

#### **1-E-2 Investments**

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

#### **1-E-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 either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. There is no allowance amount at this time.

#### ***Real and Personal Property Tax Data***

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

#### **Real Property    Personal Property**

Lewy	July 1	July 1
Due Date	February 1	February 1

The Town bills and collects its own property taxes.

A 10% penalty or \$10 minimum is levied on all taxes not collected on or before their due date. An interest charge of 10% per annum is also levied on such taxes beginning on February 2.

#### **1-E-4 Leases**

As lessee, the Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town uses its estimated incremental borrowing rate as the discount rate for leases. The Town's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

As 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).

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a straight-line basis over the term of the lease.

#### **1-E-5 Prepaid Items**

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

#### **1-E-6 Capital Assets**

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



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

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Plant, equipment, and system	35 to 50 years
Motor vehicles	5 to 10 years
Equipment	2 to 15 years

#### **1-E-7 Deferred Outflows/Inflows of Resources**

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category includes Deferred Charge on Refunding reported on the Government-wide Statement of Net Position. The deferred charge on refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenue received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience, and lease deferrals.

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

#### **1-E-8 Pensions**

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

### **1-E-9 Group Life Insurance**

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **1-E-10 Fund Equity**

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

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

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

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

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

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

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

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

***Net Position Flow Assumptions*** - 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.

***Fund Balance Flow Assumptions*** - Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last

#### ***1-E-11 Operating Revenues and Expenses***

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

#### ***1-E-12 Interfund Activity***

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

#### ***1-E-13 Long-Term Obligations***

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

#### ***1-E-14 Adoption of New GASB Statements***

During the fiscal year ended June 30, 2024 the Town adopted the following GASB statements:

In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Town.

In June 2022, GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Town.

#### **1-F. Estimates**

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

## **2 Stewardship, Compliance, and Accountability**

### ***Budgets and Budgetary Accounting***

The Town Council annually adopts budgets for the various funds of the primary government and Component Unit EDA. All appropriations are legally controlled at the department level for the primary Government Funds. The EDA appropriation is determined by the Town Council and controlled in total by the primary government. Unexpended appropriations lapse at the end of each fiscal year.

#### ***Budgetary Data***

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

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component unit.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

### **Fund Deficits**

No funds had fund deficits.

### **Expenditures in Excess of Appropriations**

Expenditures exceeded appropriations in the Veteran's Memorial Fund at June 30, 2024.

## **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.

### *Investments*

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

### *Custodial Credit Risk*

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have custodial credit risk policies for investments.

### *Interest Rate Risk*

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Town's investments consist of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$ 178,893	N/A
Certificates of deposit	<u>207,659</u>	Less than 1 year
	<u>\$ 386,552</u>	

### Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U. S. government are not considered to have credit risk exposure.

The Town's investments by credit rating consist of the following:

<u>Rating (Moody's or S&amp;P)</u>	<u>Fair Value</u>
Unrated	\$ 386,552
	<u>\$ 386,552</u>

Cash and investments are reflected in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit EDA of the Town of Clarksville, Virginia</u>
<b>Deposits and Investments</b>				
Cash on hand	\$ 175	\$ -	\$ 175	\$ -
Demand deposits	7,668,400	1,677,772	9,346,172	4,686,288
Certificates of deposit	146,141	61,518	207,659	-
	<u>\$ 7,814,716</u>	<u>\$ 1,739,290</u>	<u>\$ 9,554,006</u>	<u>\$ 4,686,288</u>
<b>Statement of Net Position</b>				
<b>Deposits and Investments</b>				
Cash and cash equivalents	\$ 7,814,716	\$ 1,739,290	\$ 9,554,006	\$ 4,686,288
	<u>\$ 7,814,716</u>	<u>\$ 1,739,290</u>	<u>\$ 9,554,006</u>	<u>\$ 4,686,288</u>

## 4 Receivables

Receivables at June 30, 2024 consist of the following:

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property taxes	\$ 60,094	\$ -
Water and sewer	-	200,481
Garbage receivables	23,029	-
Meals tax receivable	88,673	-
Lodging receivable	37,465	-
Other misc. receivables	25,715	-
Total Receivables	<u>\$ 234,976</u>	<u>\$ 200,481</u>

## Component Unit – EDA of the Town of Clarksville, VA

Notes receivable are as follows:

	<u>Balance July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Note receivable from Industrial Development Authority of Mecklenburg County, VA for sale of Lakeside Commerce Property (1/3 interest). The payments are for 36 months with interest at 7.50%.	\$ -	\$ 86,667	\$ 4,322	\$ <u>82,345</u>	\$ 27,093
Total Notes Receivable	\$ -	\$ 86,667	\$ 4,322	\$ <u>82,345</u>	\$ 27,093

Remaining principal and interest on notes receivable are as follows:

	<u>Notes Receivable</u>	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 27,093	\$ 5,257
2026	29,197	3,154
2027	<u>26,055</u>	<u>904</u>
Net Notes Receivable	\$ <u>82,345</u>	\$ <u>9,315</u>

## 5 Leases

### Town as Lessor

The Town has entered into an agreement as lessor for land and a water tower. The lease agreements are summarized as follows:

<u>Property Description</u>	<u>Fund</u>	<u>Original Date</u>	<u>Renewal Payment Terms</u>	<u>Next Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>	<u>Short-Term</u>
<b>Governmental Activities</b>							
Land - Location of Clarksville Marina, Kerr Lake	General	4/1/2023	20 years	Varies; increases by 3.4% per year	4.00%	\$ <u>217,796</u>	\$ 7,963
<b>Business-Type Activities</b>							
Water Tower, Burlington Drive, Clarksville, VA	Water	6/18/2014	10 years	\$2,828.71/month	4.00%	<u>165,307</u>	<u>31,045</u>
Totals						\$ <u>383,103</u>	\$ <u>39,008</u>

	<u>General Fund Year Ending June 30, 2024</u>	<u>Water Fund Year Ending June 30, 2024</u>
<u>Lease-Related Revenue</u>		
Lease Revenue		
Land	\$ <u>11,376</u>	\$ <u>32,172</u>
Total Lease Revenue	11,376	32,172
Interest revenue	<u>8,848</u>	<u>1,102</u>
Total	\$ <u>20,224</u>	\$ <u>33,274</u>

Annual payments to be received are as follows:

<u>Fiscal Years Ending</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>
2025	\$ 7,963	\$ 8,567	\$ 16,530	\$ 31,045	\$ 6,047	\$ 37,092
2026	8,287	8,243	16,530	32,310	4,782	37,092
2027	8,625	7,905	16,530	33,626	3,466	37,092
2028	8,976	7,553	16,529	34,996	2,096	37,092
2029	9,342	7,188	16,530	33,330	671	34,001
2030-2034	52,738	29,910	82,648	-	-	-
2035-2039	64,393	18,255	82,648	-	-	-
2040-2043	57,472	4,514	61,986	-	-	-
Totals	<u>\$ 217,796</u>	<u>\$ 92,135</u>	<u>\$ 309,931</u>	<u>\$ 165,307</u>	<u>\$ 17,062</u>	<u>\$ 182,369</u>

**Component Unit - EDA of the Town of Clarksville, Virginia as Lessor**

The Authority has entered into an agreement as lessor for land. The lease agreement is summarized as follows:

<u>Property Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
610 Virginia Avenue (Land)	12/21/2021	10 years	Varies, see schedule below	5.00%	\$ 3,089,908

<u>Lease-Related Revenue</u>	<u>Year Ending June 30, 2024</u>
Lease revenue	\$ -
Interest revenue	-
Total	<u>\$ -</u>

Annual payments to be received are as follows:

<u>Fiscal Year</u>	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	194,555	284,622	479,177
2028	588,437	131,404	719,841
2029	618,543	101,298	719,841
2030-2031	1,688,373	111,232	1,799,605
	<u>\$ 3,089,908</u>	<u>\$ 628,556</u>	<u>\$ 3,718,464</u>



## 6 Interfund Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

### Primary Government

	<u>Transfer (To)</u>	<u>Transfer From</u>
<b>General Fund</b>		
To Water Fund for operating costs	\$ 100,000	\$ -
To Sewer Fund for operating costs	<u>175,355</u>	<u>-</u>
Total General Fund	275,355	-
<b>Sewer Fund</b>		
From General Fund for operating costs	<u>-</u>	<u>175,355</u>
Total Sewer Fund	-	175,355
<b>Water Fund</b>		
From General Fund for operating costs	<u>-</u>	<u>100,000</u>
Total Water Fund	<u>-</u>	<u>100,000</u>
Total Transfers	<u>\$ 275,355</u>	<u>\$ 275,355</u>

## 7 Due from/to Other Funds

Details of interfund receivables and payables as of June 30, 2024 are as follows:

	<u>Due From</u>	<u>Due To</u>
<b>Governmental Funds</b>		
General Fund from Water Fund	\$ 5,209	\$ -
General Fund from Sewer Fund	8,648	-
<b>Proprietary Funds</b>		
<b>Water Fund</b>		
Water Fund to Sewer Fund	-	9,758
Water Fund from Sewer Fund	191	-
Water Fund to General Fund	-	5,209
<b>Sewer Fund</b>		
Sewer Fund to Water Fund	-	191
Sewer Fund from Water Fund	9,758	-
Sewer Fund to General Fund	<u>-</u>	<u>8,648</u>
Totals	<u>\$ 23,806</u>	<u>\$ 23,806</u>

## 8 Due from Other Governmental Units

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

	<u>Governmental Activities</u>
<b>Commonwealth of Virginia</b>	
Cove project	\$ 13,368
Community development grant	10,269
Police grant	<u>17,708</u>
	<u>\$ 41,345</u>

## 9 Capital Assets

The following is a summary of changes in capital assets:

### Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 1,210,193	\$ 80,455	\$ -	\$ 1,290,648
Construction in process	-	131,613	-	131,613
Total Capital Assets Not Being Depreciated	1,210,193	212,068	-	1,422,261
<b>Other Capital Assets</b>				
Buildings and improvements	6,040,498	39,050	-	6,079,548
Furniture, equipment, and vehicles	2,467,744	759,554	-	3,227,298
Total Other Capital Assets	8,508,242	798,604	-	9,306,846
<b>Less: Accumulated depreciation for</b>				
Buildings and improvements	3,020,630	150,825	-	3,171,455
Furniture, equipment, and vehicles	2,284,173	216,388	-	2,500,561
Total Accumulated Depreciation	5,304,803	367,213	-	5,672,016
Other Capital Assets, Net	3,203,439	431,391	-	3,634,830
Net Capital Assets	\$ 4,413,632	\$ 643,459	\$ -	\$ 5,057,091

Depreciation expense was allocated as follows:

General government administration	\$ 78,471
Public safety	178,862
Public works	27,342
Parks, recreation, and cultural	5,938
Community development	76,600
Total Depreciation Expense	\$ 367,213

**Business-Type Activities**

	<b>Restated Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Water</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 58,473	\$ -	\$ -	\$ 58,473
Total Capital Assets Not Being Depreciated	58,473	-	-	58,473
<b>Other Capital Assets</b>				
Buildings and systems	6,705,576	-	-	6,705,576
Furniture, equipment, and vehicles	255,999	-	-	255,999
Total Other Capital Assets	6,961,575	-	-	6,961,575
<b>Less: Accumulated depreciation for</b>				
Buildings and systems	3,458,958	181,336	-	3,640,294
Furniture, equipment, and vehicles	248,724	2,620	-	251,344
Total Accumulated Depreciation	3,707,682	183,956	-	3,891,638
Other Capital Assets, Net	3,253,893	(183,956)	-	3,069,937
Net Capital Assets	\$ 3,312,366	\$ (183,956)	\$ -	\$ 3,128,410
<b>Sewer</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 2,936	\$ -	\$ -	\$ 2,936
Construction in process	-	1,374,873	-	1,374,873
Total Capital Assets Not Being Depreciated	2,936	1,374,873	-	1,377,809
<b>Other Capital Assets</b>				
Buildings and systems	10,566,176	469,516	-	11,035,692
Furniture, equipment, and vehicles	98,848	-	-	98,848
Total Other Capital Assets	10,665,024	469,516	-	11,134,540
<b>Less: Accumulated depreciation for</b>				
Buildings and systems	5,422,863	232,506	-	5,655,369
Furniture, equipment, and vehicles	98,848	471	-	99,319
Total Accumulated Depreciation	5,521,711	232,977	-	5,754,688
Other Capital Assets, Net	5,143,313	236,539	-	5,379,852
Net Capital Assets	\$ 5,146,249	\$ 1,611,412	\$ -	\$ 6,757,661

	<b>Restated Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Business-Type Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 61,409	\$ -	\$ -	\$ 61,409
Construction in process	-	1,374,873	-	1,374,873
Total Capital Assets Not Being Depreciated	61,409	1,374,873	-	1,436,282
<b>Other Capital Assets</b>				
Buildings and systems	17,271,752	469,516	-	17,741,268
Furniture, equipment, and vehicles	354,847	-	-	354,847
Total Other Capital Assets	17,626,599	469,516	-	18,096,115
<b>Less: Accumulated depreciation for</b>				
Buildings and systems	8,881,821	413,842	-	9,295,663
Furniture, equipment, and vehicles	347,572	3,091	-	350,663
Total Accumulated Depreciation	9,229,393	416,933	-	9,646,326
Other Capital Assets, Net	8,397,206	52,583	-	8,449,789
Net Capital Assets	<u>\$ 8,458,615</u>	<u>\$ 1,427,456</u>	<u>\$ -</u>	<u>\$ 9,886,071</u>

Depreciation expense was allocated as follows:

Water Fund	\$ 183,956
Sewer Fund	232,977
Total Depreciation Expense	<u>\$ 416,933</u>

**Component Unit - EDA of the Town of Clarksville, VA**

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 388,267	\$ -	\$ 15,174	\$ 373,093
Construction in process	611,528	1,763,480	-	2,375,008
Total Capital Assets Not Being Depreciated	999,795	1,763,480	15,174	2,748,101
<b>Other Capital Assets</b>				
Land improvements	33,254	-	28,254	5,000
Total Other Capital Assets	33,254	-	28,254	5,000
<b>Less: Accumulated depreciation for</b>				
Land improvements	2,417	250	-	2,667
Total Accumulated Depreciation	2,417	250	-	2,667
Other Capital Assets, Net	30,837	(250)	28,254	2,333
Net Capital Assets	<u>\$ 1,030,632</u>	<u>\$ 1,763,230</u>	<u>\$ 43,428</u>	<u>\$ 2,750,434</u>

# 10 Long-Term Debt

## PRIMARY GOVERNMENT

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

<u>Year(s) Ended June 30.</u>	<u>Governmental Activities General Bonds Payable</u>		<u>Business-Type Activities</u>		<u>Bond Premium</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 83,321	\$ 16,716	\$ 265,773	\$ -	\$ 9,476
2026	85,056	14,982	277,442	-	8,830
2027	86,827	13,211	279,047	-	8,139
2028	88,635	11,403	290,815	-	7,452
2029	90,480	9,557	302,670	-	6,864
2030-2034	411,800	19,130	1,676,692	-	24,603
2035-2039	-	-	1,087,286	-	2,658
2040-2044	-	-	528,073	-	-
2045-2049	-	-	486,470	-	-
2050-2054	-	-	532,726	-	-
2055-2059	-	-	322,615	-	-
2060-2064	-	-	252,373	-	-
Total	<u>\$ 846,119</u>	<u>\$ 84,999</u>	<u>\$ 6,301,982</u>	<u>\$ -</u>	<u>\$ 68,022</u>

Less: Undisbursed funds USDA Rural  
Development Series 2024B

(840,460)

Add: Unamortized bond premium

68,022

\$ 5,529,544

## COMPONENT UNIT

<u>Year(s) Ended June 30.</u>	<u>EDA of the Town of Clarksville, VA</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 34,615	\$ 169,641
2026	71,876	166,637
2027	75,553	162,960
2028	322,604	156,573
2029	588,437	131,404
2030-2034	<u>2,306,915</u>	<u>212,530</u>
	<u>\$ 3,400,000</u>	<u>\$ 999,745</u>
Less: Loan funds not yet disbursed	(1,517,027)	
	<u>\$ 1,882,973</u>	

## Changes in Long-Term Debt

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

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024	Due Within One Year
<b>Primary Government</b>					
<b>Governmental Activities</b>					
<b>General Fund</b>					
Bond Series 2014A with Benchmark Bank with annual payments of \$26,249.77 beginning on June 30, 2016, interest at 1.89%, maturity date of June 30, 2034.	\$ 244,206	\$ -	\$ 21,807	\$ 222,399	\$ 22,199
USDA Rural Development General Obligation and Sewer Revenue Bond, Series 2024A, dated May 14, 2024, payable in 480 monthly installments of \$2,939, interest at 1.875%. Maturity date April 14, 2064.	-	664,000	40,280	623,720	61,122
Total Governmental Activities	244,206	664,000	62,087	846,119	83,321
<b>Business-Type Activities</b>					
<b>Water Fund</b>					
\$517,497.95 Virginia Revolving Loan Fund, WSL-20-11 Water System Improvement Loan payable semi-annually June 1 and December 1 of each year to include interest at the rate of 3.00% starting June 1, 2013 and ending December 1, 2042.	388,663	-	15,121	373,542	15,578
Virginia Resource Authority Infrastructure and State Moral Obligation Revenue Bonds, Series 2015B original principal of \$2,170,000 due October 1, 2035; semi-annual payments due October (principal and interest ) and April (interest only) with interest ranging from 3.125% to 5.125%; the proceeds were used to payoff an outstanding General Obligation Water & Sewer Bond.	1,970,000	-	45,000	1,925,000	105,000
Total	2,358,663	-	60,121	2,298,542	120,578
<b>ADD</b>					
Unamortized Premium on Bond Series 2015B	77,934	-	9,912	68,022	9,476
Total Water Fund	2,436,597	-	70,033	2,366,564	130,054
<b>Sewer Fund</b>					
Virginia Resource Authority Sewer System General Obligation Revenue Refunding Bond, Series 2012 original principal of \$1,820,000 due November 1, 2032; semi-annual payments due October and April (interest only) with interest ranging from 2.25% to 5.15%. The proceeds were used to payoff the Virginia Pooled Financing Program, Series 2004.	980,000	-	130,000	850,000	80,000
USDA Rural Development General Obligation and Sewer Revenue Bond, Series 2024A, dated May 14, 2024. Payable in 480 monthly installments of \$1,596 each with an interest rate stated at 1.25%. Maturity date April 2064.	-	602,000	969	601,031	11,706
USDA Rural Development General Obligation and Sewer Revenue Bond, Series 2024B, dated May 14, 2024. Payable in 480 monthly installments of \$2,939 each with an interest rate stated at 2.125%. Maturity date April 2064.	-	948,000	-	948,000	15,298
\$602,000 18-Month Bond Anticipation Note (BAN) with Benchmark Community Bank dated September 8, 2021. This BAN is required by USDA Rural Development future debt.	162,640	360,414	523,054	-	-

	<u>Balance July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
\$79,980.00 General Obligation Bond Series 2013 with Carter Bank & Trust dated July 31, 2013. Payable in monthly installments of \$735.96, interest at 2.00%	729	-	729	-	-
Rural Development Sewer Improvement Loan issued October 29, 2015 payable in 480 monthly installments of \$5,663.00, interest at 1.875%. Maturity date September 22, 2055.	<u>1,641,900</u>	<u>-</u>	<u>37,491</u>	<u>1,604,409</u>	<u>38,191</u>
Total Sewer Fund - before undisbursed funds	2,785,269	1,910,414	692,243	<u>4,003,440</u>	145,195
Less: Undisbursed funds USDA Rural Development Series 2024B	<u>-</u>	<u>(840,460)</u>	<u>-</u>	<u>(840,460)</u>	<u>-</u>
Total Sewer Fund - after undisbursed funds	<u>2,785,269</u>	<u>1,069,954</u>	<u>692,243</u>	<u>3,162,980</u>	<u>145,195</u>
Total Business-Type Activities	<u>5,221,866</u>	<u>1,069,954</u>	<u>762,276</u>	<u>5,529,544</u>	<u>275,249</u>
Total Primary Government	<u>\$ 5,466,072</u>	<u>\$ 1,733,954</u>	<u>\$ 824,363</u>	<u>\$ 6,375,663</u>	<u>\$ 358,570</u>
<b>EDA of Town of Clarksville</b>					
Taxable lease Revenue Bond Series 2021	\$ 3,400,000	\$ -	\$ -	\$ 3,400,000	\$ 34,615
Less: funds not yet disbursed	<u>(2,873,976)</u>	<u>-</u>	<u>(1,356,949)</u>	<u>(1,517,027)</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 526,024</u>	<u>\$ -</u>	<u>\$ (1,356,949)</u>	<u>\$ 1,882,973</u>	<u>\$ 34,615</u>

## 11 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2024 is determined as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities Water Fund</u>	<u>Sewer Fund</u>	<u>Total Business-Type Activities</u>	<u>Component Unit EDA</u>
<b>Net Investment in Capital Assets</b>					
Cost of capital assets	\$ 10,729,107	\$ 7,020,048	\$ 12,512,349	\$ 19,532,397	\$ 2,753,101
Less: Accumulated depreciation	<u>(5,672,016)</u>	<u>(3,891,638)</u>	<u>(5,754,688)</u>	<u>(9,646,326)</u>	<u>(2,667)</u>
Book value	5,057,091	3,128,410	6,757,661	9,886,071	2,750,434
Less: Capital related debt	<u>(846,119)</u>	<u>(2,366,564)</u>	<u>(3,162,980)</u>	<u>(5,529,544)</u>	<u>(1,882,973)</u>
Net Investment in Capital Assets	<u>\$ 4,210,972</u>	<u>\$ 761,846</u>	<u>\$ 3,594,681</u>	<u>\$ 4,356,527</u>	<u>\$ 867,461</u>

## 12 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

### Governmental Funds - General Fund

#### Deferred Inflows of Resources

Delinquent taxes not collected within 60 days	\$ 60,094
Leases	<u>213,301</u>
Totals	<u>\$ 273,395</u>

### Component Unit EDA

#### Deferred Inflows of Resources

Leases	<u>\$ 3,039,809</u>
Totals	<u>\$ 3,039,809</u>

## 13 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 joined together with other local governments in Virginia to form the Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each 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, including employee dishonesty and employee health and accident insurance. The Component Unit EDA carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond coverage is as follows:

### United States Fidelity and Guaranty Company

Mayor	\$ 100,000
Treasurer	100,000
Town Manager	100,000
Assistant Town Manager	100,000

## 14 Commitments and Contingencies

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

## 15 Litigation

At June 30, 2024, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions or pending matters not be favorable to such entities.

## 16 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed 10% of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.



### **Computation of Legal Debt Margin**

Total Assessed Value of Taxed Real Property	<u>\$ 190,567,900</u>
Debt Limit per Constitution of Virginia - 10% Assessed Value	\$ 19,056,790
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>6,375,663</u>
Legal Debt Margin - June 30, 2024	<u>\$ 12,681,127</u>

**Note:** Includes all long-term general obligation bonded debt. Excludes capital leases and compensated absences, if applicable.

## **17 Pension Plan**

### **Plan Description**

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

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

## RETIREMENT PLAN PROVISIONS

### PLAN 1

#### *About Plan 1*

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

#### *Eligible Members*

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

#### *Hybrid Opt-In Election*

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

### PLAN 2

#### *About Plan 2*

Same as Plan 1.

#### *Eligible Members*

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

#### *Hybrid Opt-In Election*

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

### HYBRID RETIREMENT PLAN

#### *About the Hybrid Retirement Plan*

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

#### *Eligible Members*

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees\*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

#### *\*Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

### **PLAN 1**

#### ***Retirement Contributions***

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

#### ***Service Credit***

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

#### ***Vesting***

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

### **PLAN 2**

#### ***Retirement Contributions***

Same as Plan 1.

#### ***Service Credit***

Same as Plan 1.

#### ***Vesting***

Same as Plan 1.

### **HYBRID RETIREMENT PLAN**

#### ***Retirement Contributions***

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

#### ***Service Credit***

##### **Defined Benefit Component:**

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

##### **Defined Contributions Component:**

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

#### ***Vesting***

##### **Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

##### **Defined Contributions Component:**

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

## PLAN 1

### *Calculating the Benefit*

The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

### *Average Final Compensation*

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

### *Service Retirement Multiplier*

**VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

**Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

**Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

## PLAN 2

### *Calculating the Benefit*

See definition under Plan 1.

### *Average Final Compensation*

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

### *Service Retirement Multiplier*

**VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

**Sheriffs and regional jail superintendents:** Same as Plan 1.

**Political subdivision hazardous duty employees:** Same as Plan 1.

## HYBRID RETIREMENT PLAN

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution not required, except as governed by law until age 73.

### *Calculating the Benefit*

#### **Defined Benefit Component:**

See definition under Plan 1.

#### **Defined Contribution Component:**

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

### *Average Final Compensation*

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

### *Service Retirement Multiplier*

#### **Defined Benefit Component:**

**VRS:** The retirement multiplier for the defined benefit component 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.

**Sheriffs and regional jail superintendents:** Not applicable.

**Political subdivision hazardous duty employees:** Not applicable.

#### **Defined Contribution Component**

Not applicable.

**PLAN 1**  
***Normal Retirement Age***

**VRS:** Age 65.

**Political subdivisions hazardous duty employees:**  
Age 60.

***Earliest Unreduced Retirement Eligibility***

**VRS:** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

**Political subdivisions hazardous duty employees:**  
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

***Earliest Reduced Retirement Eligibility***

**VRS:** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

**Political subdivisions hazardous duty employees:**  
Age 50 with at least five years of service credit.

***Cost-of-Living Adjustment (COLA) in Retirement***

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

***Eligibility:***

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

**PLAN 2**  
***Normal Retirement Age***

**VRS:** Normal Social Security retirement age.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

***Earliest Unreduced Retirement Eligibility***

**VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

***Earliest Reduced Retirement Eligibility***

**VRS:** Age 60 with at least five years (60 months) of service credit.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

***Cost-of-Living Adjustment (COLA) in Retirement***

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

***Eligibility:***

*Same as Plan 1*

**HYBRID  
RETIREMENT PLAN**  
***Normal Retirement Age***

**Defined Benefit Component:**

**VRS:** Same as Plan 2.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Earliest Unreduced Retirement Eligibility***

**Defined Benefit Component:**

**VRS:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Earliest Reduced Retirement Eligibility***

**Defined Benefit Component:**

**VRS:** Age 60 with at least five years (60 months) of service credit.

**Political subdivisions hazardous duty employees:**  
Not applicable

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Cost-of-Living Adjustment (COLA) in Retirement***

**Defined Benefit Component:**

Same as Plan 2

**Defined Contribution Component:**

Not applicable

***Eligibility:***

*Same as Plan 1 and Plan 2*

### **PLAN 1**

#### *Exceptions to COLA Effective Dates:*

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

#### ***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

#### ***Purchase of Prior Service***

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

### **PLAN 2**

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1

#### ***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

#### ***Purchase of Prior Service***

Same as Plan 1

### **HYBRID RETIREMENT PLAN**

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1 and Plan 2

#### ***Disability Coverage***

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

#### ***Purchase of Prior Service***

##### **Defined Benefit Component:**

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

##### **Defined Contribution Component:**

Not applicable

### ***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	20
Inactive members:	
Vested inactive members	3
Non-vested inactive members	10
LTD	0
Inactive members active elsewhere in VRS	14
Active members	<u>23</u>
Total covered employees	<u>70</u>

### ***Contributions***

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

**If the employer used the certified rate:** The Town of Clarksville, Virginia's contractually required contribution rate for the year ended June 30, 2024 was 13.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town of Clarksville, Virginia were \$164,168 and \$153,445 for the years ended June 30, 2024 and June 30, 2023, 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. For Town of Clarksville, Virginia, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

### ***Actuarial Assumptions – General Employees***

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

Inflation	2.50%
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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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 in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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



Mortality rates:

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

Pre-Retirement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

### Long-Term Expected Rate of Return

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

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

*\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.*

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

### Discount Rate

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

### Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2022	\$ 5,095,223	\$ 4,621,530	\$ 473,693
<b>Changes for the Year</b>			
Service cost	141,056	-	141,056
Interest	341,614	-	341,614
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	449,902	-	449,902
Contributions - employer	-	148,934	(148,934)
Contributions - employee	-	54,676	(54,676)
Net investment income	-	296,989	(296,989)
Benefit payments, including refunds	(350,654)	(350,654)	-
Administrative expenses	-	(3,033)	3,033
Other changes	-	118	(118)
Net Changes	<u>581,918</u>	<u>147,030</u>	<u>434,888</u>
Balances at June 30, 2023	<u>\$ 5,677,141</u>	<u>\$ 4,768,560</u>	<u>\$ 908,581</u>

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

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

	<u>1.00% Decrease</u>	<u>Current Discount</u>	<u>1.00% Increase</u>
	<u>(5.75%)</u>	<u>Rate (6.75%)</u>	<u>(7.75%)</u>
Political subdivision's Net Pension Liability	\$ 1,644,282	\$ 908,581	\$ 295,101

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

For the year ended June 30, 2024, the Town of Clarksville, Virginia recognized pension expense of \$236,463. At June 30, 2024, the Town of Clarksville, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 276,863	\$ 42,084
Change in assumptions	8,559	-
Net difference between projected and actual earnings on pension plan investments	-	68,482
Employer contributions subsequent to the measurement date	<u>164,168</u>	<u>-</u>
Total	<u>\$ 449,590</u>	<u>\$ 110,566</u>

\$164,168 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. 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,		
2025	\$	90,965
2026		16,013
2027		65,899
2028		1,979
2029		-
Thereafter		-

#### ***Pension Plan Data***

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

## **18** **Group Life Insurance Program**

### ***Plan Description***

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

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

## GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

### Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance 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.

### Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- *Natural Death Benefit:* The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- *Accidental Death Benefit:* The accidental death benefit is double the natural death benefit.
- *Other Benefit Provisions:* In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

### Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program 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.

### Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

### Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$6,611 and \$6,179 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the fringe benefits line item of our financial statements.

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

At June 30, 2024, the participating employer reported a liability of \$58,287 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .00486% as compared to .00497% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$3,778. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 5,821	\$ 1,769
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,342
Change in assumptions	1,246	4,038
Changes in proportionate share	3,085	1,211
Employer contributions subsequent to the measurement date	<u>6,611</u>	<u>-</u>
Total	<u>\$ 16,763</u>	<u>\$ 9,360</u>

\$6,611 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, 2025. 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:

<b><u>Year Ended June 30,</u></b>	
2025	\$ 740
2026	(1,761)
2027	1,194
2028	275
2029	344
Thereafter	-

### **Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

### **Mortality rates – Non-Largest Ten Locality Employers - General Employees**

#### **Pre-Retirement:**

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

#### **Post-Retirement:**

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

#### **Post-Disablement:**

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

#### **Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

#### **Mortality Improvement Scale:**

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change



## Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

### Pre-Retirement:

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

### Post-Retirement:

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

### Post-Disablement:

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

### Beneficiaries and Survivors:

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

### Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Net GLI OPEB Liability**

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

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%



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 lognormal 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:

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

*\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.*

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

### **Discount Rate**

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

### ***Sensitivity of the 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
State Agency's Proportionate Share of the Group Life Insurance Plan Net OPEB Liability	\$ 86,399	\$ 58,287	\$ 35,558

### ***Group Life Insurance Program Fiduciary Net Position***

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## **19 Fund Balances – Governmental Funds**

As of June 30, 2024 fund balances are composed of the following:

	<b>General Fund</b>	<b>Police Asset Forfeiture</b>	<b>Veteran's Memorial</b>	<b>Cemetery Fund</b>	<b>Total Governmental Funds</b>
Assigned for specific projects	\$ -	\$ -	\$ 11,684	\$ 179,734	\$ 191,418
Restricted	-	10,576	-	-	10,576
Unassigned	6,768,496	-	-	-	6,768,496
	<u>\$ 6,768,496</u>	<u>\$ 10,576</u>	<u>\$ 11,684</u>	<u>\$ 179,734</u>	<u>\$ 6,970,490</u>

## **20 Restatement of Prior Year Net Position and Fund Balances**

	<b>Governmental Activities</b>	<b>General Fund</b>	<b>Business- Type Activities</b>	<b>Water Fund</b>
Balance July 1, 2023	\$ 10,147,271	\$ 6,097,403	\$ 4,541,345	\$ 1,506,936
Adjustment to Capital Assets for assets not recorded in prior year	-	-	43,806	43,806
Accrual for receivables for certain revenues not booked in prior years:				
Meals tax	67,030	67,030	-	-
Lodging tax	23,036	23,036	-	-
Utility tax	5,626	5,626	-	-
	<u>95,692</u>	<u>95,692</u>	<u>-</u>	<u>-</u>
Restated July 1, 2023	<u>\$ 10,242,963</u>	<u>\$ 6,193,095</u>	<u>\$ 4,585,151</u>	<u>\$ 1,550,742</u>

## 21 Upcoming Pronouncements

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## 22 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through March 1, 2025.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Town of Clarksville, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2024

General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
<b>General Property Taxes</b>				
Real property taxes	\$ 505,344	\$ 505,344	\$ 542,056	\$ 36,712
Personal property taxes	192,646	192,646	234,259	41,613
Public service corporation property taxes	17,000	17,000	20,976	3,976
Interest on taxes	2,000	2,000	4,480	2,480
Penalties on taxes	5,000	5,000	9,225	4,225
Total General Property Taxes	721,990	721,990	810,996	89,006
<b>Other Local Taxes</b>				
Local sales and use taxes	99,000	99,000	146,646	47,646
Consumer utility tax	60,000	60,000	67,621	7,621
Business license taxes	140,750	140,750	278,082	137,332
Franchise taxes	1,500	1,500	1,051	(449)
Motor vehicle licenses	13,000	13,000	13,173	173
Bank franchise tax	108,237	108,237	123,942	15,705
Meals tax	610,000	610,000	753,326	143,326
Lodging tax	185,000	185,000	337,739	152,739
Total Other Local Taxes	1,217,487	1,217,487	1,721,580	504,093
<b>Permits, Privilege Fees, and Regulatory Licenses</b>				
Other permits, licenses, and fees	1,500	1,500	2,545	1,045
Total Permits, Privilege Fees, and Regulatory Licenses	1,500	1,500	2,545	1,045
<b>Fines and Forfeitures</b>				
	27,500	27,500	35,940	8,440
<b>Revenue from Use of Money and Property</b>				
Revenue from use of money	10,000	10,000	68,893	58,893
Revenue from sale of property	1,000	1,000	2,375	1,375
Revenue from use of property	40,388	40,388	32,915	(7,473)
Total Revenue from Use of Money and Property	51,388	51,388	104,183	52,795
<b>Charges for Services</b>				
Sanitation and waste removal	158,877	158,877	174,701	15,824
Total Charges for Services	158,877	158,877	174,701	15,824

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Miscellaneous</b>				
Miscellaneous	69,394	69,394	33,594	(35,800)
Fire department loan reimbursement	-	-	24,596	24,596
Community Center	25,000	25,000	31,348	6,348
Total Miscellaneous	94,394	94,394	89,538	(4,856)
<b>Intergovernmental</b>				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Noncategorical Aid</i>				
PPTRA Funds	54,356	54,356	54,356	-
Debt set off funds	-	-	125	125
Communication tax	25,000	25,000	23,177	(1,823)
Mobile home titling tax	-	-	41	41
Auto rental sales tax	650	650	26	(624)
Rolling stock taxes - motor vehicle carriers tax	1,000	1,000	1,135	135
Total Noncategorical Aid	81,006	81,006	78,860	(2,146)
<i>Categorical Aid</i>				
Virginia Commission for the Arts	4,500	4,500	4,500	-
Litter Control Grant	1,000	1,000	2,085	1,085
CDBG Main Street grants	-	-	30,000	30,000
CDBG planning grant	-	-	10,269	10,269
VBFA Funds	-	-	48,900	48,900
Tourism Grant	25,000	25,000	4,850	(20,150)
DMV grant	-	-	65	65
Law Enforcement Assistance	34,000	34,000	39,655	5,655
K-9 grant	-	-	7,500	7,500
Fire Department Grant	15,000	15,000	15,000	-
Total Categorical Aid	79,500	79,500	162,824	83,324
Total Revenue from the Commonwealth of Virginia	160,506	160,506	241,684	81,178
<b>Revenue from the Federal Government</b>				
DMV - Transportation Safety	-	-	6,931	6,931
CDBG Main Street grants	130,000	130,000	136,000	6,000
Recreational Trails Program	-	-	27,567	27,567
ARPA Law Enforcement grant	111,000	111,000	110,731	(269)
ARPA funding - contingency reserve	971,952	971,952	250,557	(721,395)
Byrne JAG grant	-	-	3,084	3,084
Total Revenue from the Federal Government	1,212,952	1,212,952	534,870	(678,082)
Total Intergovernmental Revenue	1,373,458	1,373,458	776,554	(596,904)
Total Revenues	3,646,594	3,646,594	3,716,037	69,443
<b>Expenditures</b>				
<b>Current</b>				
<i>General Government Administration</i>				
Mayor and Council fees	10,000	10,000	9,000	1,000
Administrative	379,798	379,798	309,365	70,433
Treasurer	118,641	118,641	122,990	(4,349)
Total General Government Administration	508,439	508,439	441,355	67,084

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Safety</i>				
Police Department	860,995	860,995	872,308	(11,313)
Fire and rescue services	<u>70,100</u>	<u>70,100</u>	<u>734,239</u>	<u>(664,139)</u>
Total Public Safety	931,095	931,095	1,606,547	(675,452)
<i>Public Works</i>				
Maintenance of highways, streets, bridges, sidewalks	315,079	315,079	254,535	60,544
Sanitation	266,151	266,151	244,494	21,657
Maintenance of buildings and grounds	<u>312,162</u>	<u>312,162</u>	<u>302,368</u>	<u>9,794</u>
Total Public Works	893,392	893,392	801,397	91,995
<i>Parks, Recreation, and Cultural</i>				
Regional library	13,950	13,950	11,201	2,749
Parks and recreation	93,400	93,400	54,488	38,912
Community Center	<u>20,700</u>	<u>20,700</u>	<u>39,227</u>	<u>(18,527)</u>
Total Parks, Recreation, and Cultural	128,050	128,050	104,916	23,134
<i>Community Development</i>				
Planning and community development	1,491,973	1,491,973	496,794	995,179
Cooperative extension	<u>4,000</u>	<u>4,000</u>	<u>2,830</u>	<u>1,170</u>
Total Community Development	1,495,973	1,495,973	499,624	996,349
<i>Debt Service</i>	<u>100,038</u>	<u>100,038</u>	<u>75,442</u>	<u>24,596</u>
Total Expenditures	<u>4,056,987</u>	<u>4,056,987</u>	<u>3,529,281</u>	<u>527,706</u>
Excess (Deficiency) of Revenues Over Expenditures	(410,393)	(410,393)	186,756	597,149
<b>Other Financing Sources (Uses)</b>				
Transfers	(200,000)	(200,000)	(275,355)	(75,355)
Proceeds of debt	<u>725,000</u>	<u>725,000</u>	<u>664,000</u>	<u>(61,000)</u>
Total Other Financing Sources (Uses)	<u>525,000</u>	<u>525,000</u>	<u>388,645</u>	<u>(136,355)</u>
Net Change in Fund Balance Before Transfer from Surplus	114,607	114,607	575,401	460,794
Transfer from (to) Surplus Funds	<u>(114,607)</u>	<u>(114,607)</u>	<u>-</u>	<u>114,607</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	575,401	<u>\$ 575,401</u>
Fund Balance (Restated) - Beginning of Year			<u>6,193,095</u>	
Fund Balance - End of Year			<u>\$ 6,768,496</u>	

Town of Clarksville, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability  
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 141,056	\$ 121,603	\$ 119,224	\$ 119,279	\$ 81,256	\$ 73,576	\$ 76,239	\$ 81,030	\$ 73,519	\$ 70,717
Interest	341,614	336,083	306,219	276,705	259,421	242,630	222,943	208,744	201,981	192,019
Changes in benefit terms	-	-	-	168,716	-	-	-	-	-	(129,394)
Difference between expected and actual experience	449,902	(110,135)	(59,205)	17,370	66,153	61,675	171,551	36,730	(70,055)	-
Changes of assumptions	-	-	136,956	-	126,027	-	(48,221)	-	-	-
Benefit payments	(350,654)	(219,467)	(145,260)	(144,399)	(134,662)	(141,371)	(141,154)	(106,191)	(111,457)	-
<b>Net change in total pension liability</b>	<b>581,918</b>	<b>128,084</b>	<b>357,934</b>	<b>437,671</b>	<b>398,195</b>	<b>236,510</b>	<b>281,358</b>	<b>220,313</b>	<b>93,988</b>	<b>133,342</b>
<b>Total pension liability - beginning</b>	<b>5,095,223</b>	<b>4,967,139</b>	<b>4,609,205</b>	<b>4,171,534</b>	<b>3,773,339</b>	<b>3,536,829</b>	<b>3,255,471</b>	<b>3,035,158</b>	<b>2,941,170</b>	<b>2,807,828</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 5,677,141</b>	<b>\$ 5,095,223</b>	<b>\$ 4,967,139</b>	<b>\$ 4,609,205</b>	<b>\$ 4,171,534</b>	<b>\$ 3,773,339</b>	<b>\$ 3,536,829</b>	<b>\$ 3,255,471</b>	<b>\$ 3,035,158</b>	<b>\$ 2,941,170</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 148,934	\$ 140,574	\$ 130,538	\$ 114,939	\$ 74,362	\$ 61,732	\$ 59,691	\$ 64,937	\$ 60,993	\$ 57,546
Contributions - employee	54,676	51,877	47,790	47,843	44,027	40,324	41,884	39,479	37,142	36,889
Net investment income	296,989	(6,220)	1,001,745	68,307	223,500	232,028	345,032	49,401	122,620	371,454
Benefit payments	(350,654)	(219,467)	(145,260)	(144,399)	(134,662)	(141,371)	(141,154)	(106,191)	(111,457)	(129,394)
Administrator charges	(3,033)	(2,869)	(2,391)	(2,244)	(2,166)	(1,994)	(1,989)	(1,719)	(1,669)	(2,007)
Other	118	109	96	(82)	(141)	(207)	(307)	(21)	(25)	19
<b>Net change in plan fiduciary net position</b>	<b>147,030</b>	<b>(35,996)</b>	<b>1,032,518</b>	<b>84,364</b>	<b>204,920</b>	<b>190,512</b>	<b>303,157</b>	<b>45,886</b>	<b>107,604</b>	<b>334,507</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,621,530</b>	<b>4,657,526</b>	<b>3,625,008</b>	<b>3,540,644</b>	<b>3,335,724</b>	<b>3,145,212</b>	<b>2,842,055</b>	<b>2,796,169</b>	<b>2,688,565</b>	<b>2,354,058</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,768,560</b>	<b>\$ 4,621,530</b>	<b>\$ 4,657,526</b>	<b>\$ 3,625,008</b>	<b>\$ 3,540,644</b>	<b>\$ 3,335,724</b>	<b>\$ 3,145,212</b>	<b>\$ 2,842,055</b>	<b>\$ 2,796,169</b>	<b>\$ 2,688,565</b>
<b>Political subdivision's net pension liability - ending (a-b)</b>	<b>\$ 908,581</b>	<b>\$ 473,693</b>	<b>\$ 309,613</b>	<b>\$ 984,197</b>	<b>\$ 630,890</b>	<b>\$ 437,615</b>	<b>\$ 391,617</b>	<b>\$ 413,416</b>	<b>\$ 238,989</b>	<b>\$ 252,605</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.00%</b>	<b>90.70%</b>	<b>93.77%</b>	<b>78.65%</b>	<b>84.88%</b>	<b>88.40%</b>	<b>88.93%</b>	<b>87.30%</b>	<b>92.13%</b>	<b>91.41%</b>
<b>Covered payroll</b>	<b>\$ 1,144,255</b>	<b>\$ 1,081,707</b>	<b>\$ 991,345</b>	<b>\$ 1,141,356</b>	<b>\$ 1,091,137</b>	<b>\$ 983,390</b>	<b>\$ 962,828</b>	<b>\$ 809,939</b>	<b>\$ 762,118</b>	<b>\$ 705,137</b>
<b>Political subdivision's net pension liability as a percentage of covered payroll</b>	<b>79.40%</b>	<b>43.79%</b>	<b>31.23%</b>	<b>86.23%</b>	<b>57.82%</b>	<b>44.50%</b>	<b>40.67%</b>	<b>51.04%</b>	<b>31.36%</b>	<b>35.82%</b>



## Town of Clarksville, Virginia

### Schedule of Employer Contributions

#### Political Subdivisions Retirement Plan

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 164,168	\$ 164,168	\$ -	\$ 1,224,223	13.41%
2023	153,445	153,445	-	1,144,255	13.41%
2022	145,922	145,922	-	1,081,707	13.49%
2021	133,732	133,732	-	991,345	13.49%
2020	117,547	117,547	-	1,141,356	10.30%
2019	77,098	77,098	-	1,091,137	7.07%
2018	64,139	64,139	-	983,390	6.52%
2017	61,650	61,650	-	962,828	6.40%
2016	71,528	71,528	-	809,939	8.83%
2015	60,449	60,449	-	762,118	7.93%

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

#### For Reference Only:

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

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

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

## Town of Clarksville, Virginia

### Notes to Required Supplementary Information

For the Year Ended June 30, 2024

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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 PUB2010 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	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 Clarksville, Virginia**

Schedule of Employer's Share of Net OPEB Liability  
Group Life Insurance Plan  
For the Measurement Dates of June 30, 2017 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	<b>0.00486%</b>	0.00497%	0.00480%	0.00480%	0.00471%	0.00441%	0.00441%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	<b>\$ 58,287</b>	\$ 59,844	\$ 55,885	\$ 80,104	\$ 76,644	\$ 67,000	\$ 67,000
Employer's Covered Payroll	<b>1,144,255</b>	1,081,707	991,344	988,875	922,225	838,577	813,181
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	<b>5.09%</b>	5.53%	5.64%	8.10%	8.31%	7.99%	8.24%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<b>69.30%</b>	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.  
Since 2023 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*

**For Reference Only**

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

## Town of Clarksville, Virginia

### Schedule of Employer Contributions

#### OPEB Group Life Insurance Plan

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 6,611	\$ 6,611	\$ -	\$ 1,224,223	0.54%
2023	6,179	6,179	-	1,144,255	0.54%
2022	5,841	5,841	-	1,081,707	0.54%
2021	5,353	5,353	-	991,344	0.54%
2020	5,142	5,142	-	988,875	0.52%
2019	4,796	4,796	-	922,225	0.52%
2018	4,361	4,361	-	838,577	0.52%
2017	4,229	4,229	-	813,181	0.52%
2016	3,880	3,880	-	808,256	0.48%
2015	3,578	3,578	-	745,322	0.48%

#### For Reference Only:

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

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

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

## Town of Clarksville, Virginia

### Notes to Required Supplementary Information – OPEB GLI

For the Year Ended June 30, 2024

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

#### **Non-Largest Ten Locality Employers – General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 PUB2010 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 Clarksville, Virginia

Budgetary Comparison Schedule

Special Revenue Funds

June 30, 2024

Police Asset Forfeiture

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Use of money and property	\$ 500	\$ 500	\$ -	\$ (500)
<b>Intergovernmental</b>				
From the Commonwealth of Virginia	-	-	-	-
Total Revenues	500	500	-	(500)
<b>Expenditures</b>	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	500	500	-	(500)
<b>Other Financing Sources (Uses)</b>				
Contingency/surplus	(500)	(500)	-	500
Total Other Financing Sources (Uses)	(500)	(500)	-	500
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			10,576	
Fund Balance - End of Year			<u>\$ 10,576</u>	

Veteran's Memorial

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous	-	-	1,650	1,650
Total Revenues	-	-	1,653	1,653
<b>Expenditures</b>				
Parks, recreation, and cultural	-	-	3,231	(3,231)
Total Expenditures	-	-	3,231	(3,231)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(1,578)	(1,578)
<b>Other Financing Sources (Uses)</b>				
Contingency/surplus	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(1,578)	<u>\$ (1,578)</u>
Fund Balance - Beginning of Year			13,262	
Fund Balance - End of Year			<u>\$ 11,684</u>	



Cemetery Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Use of money and property	\$ 500	\$ 500	\$ 983	\$ 483
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>5,060</u>	<u>4,060</u>
Total Revenues	1,500	1,500	6,043	4,543
<b>Expenditures</b>	<u>500</u>	<u>500</u>	-	<u>500</u>
Total Expenditures	500	500	-	500
Excess (Deficiency) of Revenues Over Expenditures	1,000	1,000	6,043	5,043
<b>Other Financing Sources (Uses)</b>				
Transfer In (Out)	-	-	-	-
Contingency/surplus	<u>(1,000)</u>	<u>(1,000)</u>	-	<u>1,000</u>
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	-	<u>1,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,043	<u>\$ 6,043</u>
Fund Balance - Beginning of Year			<u>173,691</u>	
Fund Balance - End of Year			<u>\$ 179,734</u>	

## Town of Clarksville, Virginia

Combining Balance Sheet

Other Governmental Funds

At June 30, 2024

	<u>Special Revenue Funds</u>			<u>Total Other</u>
	<u>Police Asset</u>	<u>Veteran's</u>	<u>Cemetery</u>	<u>Governmental</u>
	<u>Forfeiture</u>	<u>Memorial</u>	<u>Fund</u>	<u>Funds</u>
<b>Assets</b>				
Cash and investments	\$ 10,576	\$ 11,684	\$ 179,734	\$ 201,994
Total Assets	<u>\$ 10,576</u>	<u>\$ 11,684</u>	<u>\$ 179,734</u>	<u>\$ 201,994</u>
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance</b>				
Assigned	-	11,684	179,734	191,418
Restricted	<u>10,576</u>	<u>-</u>	<u>-</u>	<u>10,576</u>
Total Fund Balance	<u>10,576</u>	<u>11,684</u>	<u>179,734</u>	<u>201,994</u>
Total Liabilities and Fund Balance	<u>\$ 10,576</u>	<u>\$ 11,684</u>	<u>\$ 179,734</u>	<u>\$ 201,994</u>

## Town of Clarksville, Virginia

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Other Governmental Funds

At June 30, 2024

	<u>Special Revenue Funds</u>			<u>Total Other Governmental Funds</u>
	<u>Police Asset Forfeiture</u>	<u>Veteran's Memorial</u>	<u>Cemetery Fund</u>	
<b>Revenues</b>				
Use of money and property	\$ -	\$ 3	\$ 983	\$ 986
Miscellaneous	-	1,650	5,060	6,710
<b>Intergovernmental</b>				
From the Commonwealth of Virginia	-	-	-	-
Total Revenues	-	1,653	6,043	7,696
<b>Expenditures</b>				
<b>Current</b>				
Parks, recreation, and cultural	-	3,231	-	3,231
Total Expenditures	-	3,231	-	3,231
Excess (Deficiency) of Revenues Over Expenditures	-	(1,578)	6,043	4,465
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(1,578)	6,043	4,465
Fund Balance - Beginning of Year	10,576	13,262	173,691	197,529
Fund Balance - End of Year	<u>\$ 10,576</u>	<u>\$ 11,684</u>	<u>\$ 179,734</u>	<u>\$ 201,994</u>

## Town of Clarksville, Virginia

Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia

## Statement of Net Position

As of June 30, 2024

## Assets

## Current Assets

Cash	\$ 4,686,288
Note receivable - short-term portion	27,093
Lease interest receivable	<u>78,057</u>
Total Current Assets	4,791,438

## Noncurrent Assets

Lease receivable	3,089,908
Note receivable - Net of short-term portion	<u>55,252</u>
Total Noncurrent Assets	3,145,160

## Capital Assets

Capital assets not being depreciated	2,748,101
Other capital assets	<u>2,333</u>
Net Capital Assets	<u>2,750,434</u>
Total Assets	<u>\$ 10,687,032</u>

## Liabilities, Deferred Inflows of Resources, and Net Position

## Liabilities

## Current Liabilities

Accounts payable	\$ -
Total Current Liabilities	-

## Long-Term Liabilities

<i>Due within one year</i>	
Bonds payable	34,615
<i>Due in more than one year</i>	
Bonds payable	<u>1,848,358</u>
Total Long-Term Liabilities	<u>1,882,973</u>
Total Liabilities	1,882,973

## Deferred Inflows of Resources

Leases	<u>3,039,809</u>
Total Deferred Inflows	3,039,809

## Net Position

Net investment in capital assets	867,461
Unrestricted	<u>4,896,789</u>
Total Net Position	<u>5,764,250</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 10,687,032</u>

# **Town of Clarksville, Virginia**

Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

### **Operating Revenues**

IRF Grant	\$ 97,753
Miscellaneous	<u>4,797</u>

Total Operating Revenues	102,550
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### **Operating Expenses**

Marketing consultant	1,500
Depreciation	250
Advertising	30,082
Miscellaneous	431
Professional fees	78
Insurance	<u>626</u>

Total Operating Expenses	<u>32,967</u>
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Net Operating Income	69,583
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### **Non-Operating Revenues (Expenses)**

Sale of property	3,693,818
Interest income on notes receivable	1,070
Interest expense	<u>(39,546)</u>

Total Non-Operating Revenues (Expenses)	<u>3,655,342</u>
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Change in Net Position	3,724,925
------------------------	-----------

Net Position - Beginning of Year	<u>2,039,325</u>
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Net Position - End of Year	<u><u>\$ 5,764,250</u></u>
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## Town of Clarksville, Virginia

Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia

## Statement of Cash Flows

Year Ended June 30, 2024

**Cash Flows from Operating Activities**

IRF Grant	\$ 97,753
Miscellaneous income	4,797
Payment to suppliers	<u>(34,217)</u>

Net Cash Provided by Operating Activities 68,333

**Cash Flows from Capital and Related Financing Activities**

Interest expense	(39,546)
Interest income on lease	4,322
Proceeds from bond issuance	1,070
Closing costs and bond issuance costs	1,356,949
Sale of property	3,650,580
Purchases of capital assets	<u>(1,763,480)</u>

Net Cash Provided by Capital and Related Financing Activities 3,209,895

Increase in Cash and Cash Equivalents 3,278,228

Cash and Cash Equivalents - Beginning of Year 1,408,060

Cash and Cash Equivalents - End of Year \$ 4,686,288

**Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities**

Operating income	\$ 69,583
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>	
Depreciation and amortization	250
Decrease in accounts payable	<u>(1,500)</u>

Net Cash Provided by Operating Activities \$ 68,333

# **STATISTICAL SECTION**

## Town of Clarksville, Virginia

Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

## Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenue <sup>(1)</sup>		Less Operating Expenses <sup>(2)</sup>		Net Revenues Available for Debt Service		Debt Service		Coverage		
							Principal	Interest			
2015	\$	1,233,486	\$	712,443	\$	521,043	\$	167,041	\$	201,955	1.41
2016		1,299,554		830,033		469,521		179,639 <sup>(3)</sup>		127,021	1.53
2017		1,818,981		780,136		1,038,844		183,732		236,868	2.47
2018		1,382,787		688,505		694,282		190,929		208,724	1.74
2019		1,357,804		872,551		485,253		201,323		203,827	1.20
2020		1,398,063		967,287		430,776		210,819		219,354	1.00
2021		1,424,109		971,548		452,561		452,561		208,793	0.68
2022		1,429,251		980,962		448,289		232,691		148,145	1.18
2023		1,519,251		1,073,511		445,740		235,376		163,158	1.12
2024		2,026,940		1,080,111		946,829		762,276		177,241	1.01

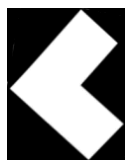
<sup>(1)</sup> Operating revenues and interest income

<sup>(2)</sup> Net of depreciation and amortization

<sup>(3)</sup> Net of bond refundings



## **COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Town Council  
Town of Clarksville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Clarksville, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Clarksville, Virginia's basic financial statements and have issued our report thereon dated March 1, 2025.

**Report on Internal Control over Financial Reporting**

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

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
March 1, 2025



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Town Council  
Town of Clarksville, Virginia

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

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

We have audited Town of Clarksville, Virginia's compliance with the types of compliance requirements identified as subject to the audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Clarksville, Virginia's major federal programs for the year ended June 30, 2024. Town of Clarksville, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Clarksville, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### **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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Clarksville, 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 Clarksville, 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 Clarksville, Virginia's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Clarksville, 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 Clarksville, 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 Clarksville, 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 Clarksville, 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 Clarksville, 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

*Creedle, Jones & Associates, P.C.*

Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
March 1, 2025

**Town of Clarksville, Virginia**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of the Treasury</b>			
<b>Direct Payments</b>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	\$ 250,557
<b>Pass-Through Payments</b>			
<i>Virginia Department of Environmental Quality</i> Coronavirus State and Local Fiscal Recovery Funds	21.027	440	352,722
<b>Pass-Through Payments</b>			
<i>Virginia Department of Criminal Justice Services</i> Coronavirus State and Local Fiscal Recovery Funds	21.027	140	110,731
<b>Pass-Through Payments</b>			
<i>Virginia Department of Housing and Community Development</i> Coronavirus State and Local Fiscal Recovery Funds	21.027	165	136,000
Total U.S. Department of the Treasury			850,010
<b>U.S. Department of Transportation</b>			
<b>Pass-Through Payments</b>			
<i>Virginia Department of Conservation and Recreation</i> Recreation Trails Program	20.219	199	27,567
<i>Virginia Department of Motor Vehicles</i> <i>Highway Safety Cluster</i> Transportation Safety Grant	20.600	530	6,931
Total Highway Safety Cluster			6,931
Total U.S. Department of Transportation			34,498
<b>U.S. Department of Justice</b>			
<b>Pass-Through Payments</b>			
<i>Virginia Department of Criminal Justice Services</i> Edward Byrne Memorial Justice Assistance Grant Program	16.738	140	3,084
Subtotal - Before Loans			887,592
<b>U.S. Department of Agriculture</b>			
<b>Direct Payments</b>			
Community Facilities Loans and Grants	10.766	n/a	664,000
Water and Waste Disposal Systems for Rural Communities (Series 2024A)	10.760	n/a	602,000
Water and Waste Disposal Systems for Rural Communities (Series 2024B)	10.760	n/a	107,540
Total Water and Waste Disposal Systems for Rural Communities			709,540
Total U.S. Department of Agriculture - Loans			1,373,540
Grand Total			\$ 2,261,132

See accompanying notes to schedule of expenditures of federal awards.

## Town of Clarksville, Virginia

### Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

#### 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Town of Clarksville, Virginia under programs of the federal government for the year ended June 30, 2024. 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 Town of Clarksville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Clarksville, Virginia.

#### 2. Summary of Significant Accounting Policies

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.

#### 3. Indirect Cost Rate

Town of Clarksville, Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### 4. Subrecipients

No awards passed through to subrecipients.

#### 5. Federal Loans Outstanding

The Town of Clarksville, Virginia had the following federal loan balances outstanding at year-end:

##### Federal Loans Outstanding through USDA Rural Development

<u>Program</u>	<u>Federal Catalog Number</u>	<u>Amount Outstanding</u>
Community Facilities Loans and Grants Promissory Note dated October 2023	10.766	\$ 623,720
Water and Waste Disposal Systems for Rural Communities Series 2024A	10.760	601,031
Series 2024B	10.760	<u>107,540</u>
Total Loans Outstanding		<u>\$ 1,332,291</u>



## Town of Clarksville, Virginia

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

#### SECTION I - SUMMARY OF AUDITOR'S RESULTS

##### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: 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 federal programs:*

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major federal 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 federal programs:*

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.766	Community Facilities Loans and Grants

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

No matters reported

#### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported