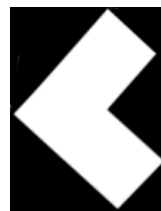


Town of Charlotte Court House, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2025



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

Town of Charlotte Court House, Virginia

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Charlotte Court House, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Charlotte Court House, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Charlotte Court House, 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, and each major fund of the Town of Charlotte Court House, Virginia, as of June 30, 2025, 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 *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 Charlotte Court House, 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 2025 the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, GASB Statement No. 102, *Certain Risk Disclosures*, and GASB Statement No. 103, *Financial Reporting Model Improvements*. 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 Charlotte Court House, 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 judgement 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 Charlotte Court House, 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 Charlotte Court House, 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 and budgetary comparison information on pages 1–7 and 31–33 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.

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 in in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026, our consideration of the Town of Charlotte Court House, 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 Charlotte Court House, 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 Charlotte Court House, Virginia's internal control over financial reporting and compliance.



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

South Hill, Virginia
February 3, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Charlotte Court House, Virginia presents the following discussion and analysis as an overview of the Town of Charlotte Court House, Virginia's financial activities for the fiscal year ending June 30, 2025. 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 \$1,273,866. Of this amount, \$657,968 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 \$2,423,730 with an unrestricted balance of \$39,341.
- The Town's total net position increased by \$8,307 during the current fiscal year. Of this amount, an increase of \$63,885 is related to governmental activities and a decrease of \$55,578 is attributed to business-type activities.
- As of June 30, 2025, the Town's Governmental Funds reported combined ending fund balances of \$652,067, an increase of \$84,444 in comparison with the prior year. Approximately 100% of this amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of fiscal year 2025, the general fund unassigned fund balance was \$652,067, or approximately 295.8% 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 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 b) liabilities 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 and parks, recreation and cultural. Public utilities represent the business-type activities.

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.

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 supplementary information such as a budgetary comparison schedule.

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, 2025 and 2024

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets						
Current and other assets	\$ 664,258	\$ 578,410	\$ 44,819	\$ 50,594	\$ 709,077	\$ 629,004
Capital assets (net)	<u>615,898</u>	<u>633,545</u>	<u>3,220,618</u>	<u>3,317,812</u>	<u>3,836,516</u>	<u>3,951,357</u>
Total Assets	<u>\$ 1,280,156</u>	<u>\$ 1,211,955</u>	<u>\$ 3,265,437</u>	<u>\$ 3,368,406</u>	<u>\$ 4,545,593</u>	<u>\$ 4,580,361</u>
Liabilities						
Other liabilities	\$ 6,290	\$ 1,974	\$ 841,707	\$ 889,098	\$ 847,997	\$ 891,072
Total Liabilities	6,290	1,974	841,707	889,098	847,997	891,072
Net Position						
Net investment in capital assets	615,898	633,545	2,384,389	2,434,415	3,000,287	3,067,960
Unrestricted	<u>657,968</u>	<u>576,436</u>	<u>39,341</u>	<u>44,893</u>	<u>697,309</u>	<u>621,329</u>
Total Net Position	<u>1,273,866</u>	<u>1,209,981</u>	<u>2,423,730</u>	<u>2,479,308</u>	<u>3,697,596</u>	<u>3,689,289</u>
Total Liabilities and Net Position	<u>\$ 1,280,156</u>	<u>\$ 1,211,955</u>	<u>\$ 3,265,437</u>	<u>\$ 3,368,406</u>	<u>\$ 4,545,593</u>	<u>\$ 4,580,361</u>

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, 2025 and 2024

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 160,435	\$ 144,313	\$ 160,435	\$ 144,313
Operating grants and contributions	15,000	15,000	100,000	-	115,000	15,000
General Revenues						
General property taxes, real and personal	44,127	42,614	-	-	44,127	42,614
Other taxes	175,037	131,746	-	-	175,037	131,746
Grants and contributions not restricted to specific programs	7,636	7,674	-	-	7,636	7,674
Use of property	3,600	3,300	-	-	3,600	3,300
Investment earnings	24,781	24,602	-	-	24,781	24,602
Miscellaneous	31,763	39,820	171	433	31,934	40,253
Total Revenues	<u>301,944</u>	<u>264,756</u>	<u>260,606</u>	<u>144,746</u>	<u>562,550</u>	<u>409,502</u>
Expenses						
General government administration	140,767	127,175	-	-	140,767	127,175
Public safety	33,600	33,000	-	-	33,600	33,000
Public works	63,244	56,745	-	-	63,244	56,745
Parks, recreation, and cultural	448	243	-	-	448	243
Water and sewer	-	-	316,184	240,202	316,184	240,202
Total Expenses	<u>238,059</u>	<u>217,163</u>	<u>316,184</u>	<u>240,202</u>	<u>554,243</u>	<u>457,365</u>
Change in Net Position Before Transfers	63,885	47,593	(55,578)	(95,456)	8,307	(47,863)
Transfers	-	(78,000)	-	78,000	-	-
Change in Net Position	63,885	(30,407)	(55,578)	(17,456)	8,307	(47,863)
Beginning Net Position	<u>1,209,981</u>	<u>1,240,388</u>	<u>2,479,308</u>	<u>2,496,764</u>	<u>3,689,289</u>	<u>3,737,152</u>
Ending Net Position	<u>\$ 1,273,866</u>	<u>\$ 1,209,981</u>	<u>\$ 2,423,730</u>	<u>\$ 2,479,308</u>	<u>\$ 3,697,596</u>	<u>\$ 3,689,289</u>

Governmental activities increased the Town's net position by \$63,885 for fiscal year 2025. Revenues from governmental activities totaled \$301,944. Other taxes comprise the largest source of these revenues, totaling \$175,037 or 58% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$238,059. General government administration was the Town's largest program with expenses totaling \$140,767.

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, 2025 and 2024

	<u>2025</u>		<u>2024</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	\$ 140,767	\$ (140,767)	\$ 127,175	\$ (127,175)
Public safety	33,600	(18,600)	33,000	(18,000)
Public works	63,244	(63,244)	56,745	(56,745)
Parks, recreation, and cultural	<u>448</u>	<u>(448)</u>	<u>243</u>	<u>(243)</u>
Total	<u>\$ 238,059</u>	<u>\$ (223,059)</u>	<u>\$ 217,163</u>	<u>\$ (202,163)</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 \$652,067. The combined governmental fund balance increased \$84,444 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 \$652,067. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 295.8% of total fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's General Fund saw an increase in fund balance of \$84,444, a strong ending position as revenues exceeded expenditures.

General property taxes fell short of budget by \$1,861. Investment revenue exceeded budget by \$4,781 due to ARPA funded project timing. These budgetary gains were offset by sales tax which fell short of budget by \$3,300. However, cigarette taxes actual came in above budget by \$16,596. Public works had expenses of \$1,258 over budgeted amount.

The 2025 General Fund expenditures were within budget by \$1,660.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2025, the Town's governmental activities net capital assets total \$615,898 which represents a net decrease of \$17,647 or 2.8% over the previous fiscal year-end balance. The business-type activities net capital assets total \$3,220,618, a decrease of \$97,194 or 2.9% over the previous fiscal year.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Land and land improvements	\$ 46,000	\$ -	\$ 46,000
Buildings and improvements	90,300	-	90,300
Infrastructure	615,564	-	615,564
Furniture, equipment, and vehicles	12,791	-	12,791
Total Capital Assets	764,655	-	764,655
Less: Accumulated depreciation and amortization	(131,110)	(17,647)	(148,757)
Total Capital Assets, Net	<u>\$ 633,545</u>	<u>\$ (17,647)</u>	<u>\$ 615,898</u>

Business-Type Activities

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Land	\$ 12,000	\$ -	\$ 12,000
Buildings and systems	4,731,777	-	4,731,777
Furniture, equipment, and vehicles	22,822	-	22,822
Total Capital Assets	4,766,599	-	4,766,599
Less: Accumulated depreciation and amortization	(1,448,787)	(97,194)	(1,545,981)
Total Capital Assets, Net	<u>\$ 3,317,812</u>	<u>\$ (97,194)</u>	<u>\$ 3,220,618</u>

Long-Term Debt

As of June 30, 2025, the Town's long-term obligations total \$836,229.

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Business-Type Activities			
Water and Sewer Fund	<u>\$ 883,397</u>	<u>\$ (47,168)</u>	<u>\$ 836,229</u>
Total Business-Type Activities	<u>883,397</u>	<u>(47,168)</u>	<u>836,229</u>
Total Primary Government	<u>\$ 883,397</u>	<u>\$ (47,168)</u>	<u>\$ 836,229</u>

More detailed information on the Town's long-term obligations is presented in Note 8 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 2026 budget.

The average unemployment rate for the Town of Charlotte Court House, Virginia in June 2025, which uses Charlotte County's rate, was 4.6%. This compares unfavorably to the state's rate of 3.9% and to the national rate of 4.1%.

According to the 2020 U.S. Census, the population in the Town of Charlotte Court House, Virginia was 756.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2026, which accounts for most of the Town's operational costs. The fiscal year 2026 adopted budget anticipates General Fund revenues and expenditures prior to use from draw down surplus funds to be \$304,706 a 13% increase over the fiscal year 2025 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 the Mayor, Town of Charlotte Court House, Virginia, P. O. Box 246, Charlotte Court House, Virginia 23923, telephone 434-542-5781 or visit the Town's website at www.towncch.com.

BASIC FINANCIAL STATEMENTS

Town of Charlotte Court House, Virginia

Statement of Net Position

At June 30, 2025

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 633,357	\$ 36,399	\$ 669,756
Receivables	<u>30,901</u>	<u>8,420</u>	<u>39,321</u>
Total Current Assets	664,258	44,819	709,077
Noncurrent Assets			
Capital assets, net of accumulated depreciation	<u>615,898</u>	<u>3,220,618</u>	<u>3,836,516</u>
Capital Assets, Net	<u>615,898</u>	<u>3,220,618</u>	<u>3,836,516</u>
Total Noncurrent Assets	<u>615,898</u>	<u>3,220,618</u>	<u>3,836,516</u>
Total Assets	<u>\$ 1,280,156</u>	<u>\$ 3,265,437</u>	<u>\$ 4,545,593</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 3,527	\$ 1,937	\$ 5,464
Pooled cash deficit	1,114	-	1,114
Accrued liabilities	1,649	297	1,946
Customer deposits	<u>-</u>	<u>3,244</u>	<u>3,244</u>
Total Current Liabilities	6,290	5,478	11,768
Noncurrent Liabilities			
<i>Due within one year</i>			
Bonds, loans, and other	-	47,502	47,502
<i>Due in more than one year</i>			
Bonds, loans, and other	<u>-</u>	<u>788,727</u>	<u>788,727</u>
Total Noncurrent Liabilities	<u>-</u>	<u>836,229</u>	<u>836,229</u>
Total Liabilities	6,290	841,707	847,997
Net Position			
Net investment in capital assets	615,898	2,384,389	3,000,287
Unrestricted	<u>657,968</u>	<u>39,341</u>	<u>697,309</u>
Total Net Position	<u>1,273,866</u>	<u>2,423,730</u>	<u>3,697,596</u>
Total Liabilities and Net Position	<u>\$ 1,280,156</u>	<u>\$ 3,265,437</u>	<u>\$ 4,545,593</u>

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

Town of Charlotte Court House, Virginia

Statement of Activities

For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	
Primary Government						
Governmental Activities						
General government administration	\$ 140,767	\$ -	\$ -	\$ (140,767)		\$ (140,767)
Public safety	33,600	-	15,000	(18,600)		(18,600)
Public works	63,244	-	-	(63,244)		(63,244)
Parks, recreation, and cultural	448	-	-	(448)		(448)
Total Governmental Activities	238,059	-	15,000	(223,059)		(223,059)
Business-Type Activities						
Water and Sewer Fund	316,184	160,435	100,000		(55,749)	(55,749)
Total Business-Type Activities	316,184	160,435	100,000		(55,749)	(55,749)
Total Primary Government	\$ 554,243	\$ 160,435	\$ 115,000			(278,808)
General Revenues						
Taxes						
General property taxes, real and personal				44,127	-	44,127
Other local taxes				175,037	-	175,037
Grants and contributions not restricted to specific programs				7,636	-	7,636
Use of property				3,600	-	3,600
Investment income				24,781	-	24,781
Miscellaneous				31,763	171	31,934
Transfers				-	-	-
Total General Revenues and Transfers				286,944	171	287,115
Change in Net Position				63,885	(55,578)	8,307
Net Position - Beginning of Year				1,209,981	2,479,308	3,689,289
Net Position - End of Year				\$ 1,273,866	\$ 2,423,730	\$ 3,697,596

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

Town of Charlotte Court House, Virginia

Balance Sheet

Governmental Funds

At June 30, 2025

	General Fund
Assets	
Cash and investments	\$ 633,357
Accounts receivable - Charlotte County	25,000
Property taxes receivable	<u>5,901</u>
Total Assets	<u>\$ 664,258</u>
Liabilities	
Accounts payable	\$ 3,527
Pooled cash deficit	1,114
Accrued payroll taxes	<u>1,649</u>
Total Liabilities	6,290
Deferred Inflows of Resources	
Unavailable revenue - property taxes	<u>5,901</u>
Total Deferred Inflows of Resources	5,901
Fund Balance	
Unassigned	<u>652,067</u>
Total Fund Balance	<u>652,067</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 664,258</u>

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

Town of Charlotte Court House, Virginia

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

At June 30, 2025

Total Fund Balances for Governmental Funds	\$ 652,067
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue	5,901
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	\$ 46,000
Buildings and improvements, net of accumulated depreciation	<u>569,898</u>
Total Capital Assets	<u>615,898</u>
Total Net Position of Governmental Activities	<u>\$ 1,273,866</u>

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

Town of Charlotte Court House, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2025

	General Fund
Revenues	
Property taxes	\$ 47,039
Other local taxes	175,037
Use of money and property	28,381
Miscellaneous	31,763
<i>Intergovernmental</i>	
Revenue from the Commonwealth of Virginia	<u>22,636</u>
 Total Revenues	 304,856
Expenditures	
Current	
General government administration	138,509
Public safety	33,600
Public works	47,855
Parks, recreation, and cultural	<u>448</u>
 Total Expenditures	 <u>220,412</u>
 Excess (Deficiency) of Revenues Over Expenditures	 84,444
Other Financing Sources (Uses)	
Transfers in (out)	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>-</u>
 Net Change in Fund Balance	 84,444
 Fund Balance - Beginning of Year	 <u>567,623</u>
 Fund Balance - End of Year	 <u><u>\$ 652,067</u></u>

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

Town of Charlotte Court House, 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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 84,444

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

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. (2,912)

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.

Capitalization of assets purchased -
Depreciation (17,647)

Change in Net Position of Governmental Activities \$ 63,885

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

Town of Charlotte Court House, Virginia

Statement of Net Position

Proprietary Fund

At June 30, 2025

**Business-Type
Activities -
Enterprise Fund
Water and
Sewer Fund**
Assets**Current Assets**

Cash	\$	36,399
Receivables		<u>8,420</u>

Total Current Assets		44,819
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Noncurrent Assets

Capital assets, net		<u>3,220,618</u>
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Total Noncurrent Assets		<u>3,220,618</u>
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Total Assets	\$	<u><u>3,265,437</u></u>
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Liabilities**Current Liabilities**

Accounts payable	\$	1,937
Accrued liabilities		297
Customer deposits		3,244
Current portion of long-term debt		<u>47,502</u>

Total Current Liabilities		52,980
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Long-Term Liabilities

Long-term debt, net of current portion		<u>788,727</u>
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Total Long-Term Liabilities		<u>788,727</u>
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Total Liabilities		841,707
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Net Position

Net investment in capital assets		2,384,389
Unrestricted		<u>39,341</u>

Total Net Position		<u>2,423,730</u>
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Total Liabilities and Net Position	\$	<u><u>3,265,437</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of Charlotte Court House, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Operating Revenues	
Water and sewer charges	\$ 158,160
Connection fees and reconnection fees	2,275
Operating grant	100,000
Miscellaneous income	<u>171</u>
Total Operating Revenues	260,606
Operating Expenses	
Salaries and related expenses (includes contract labor)	55,840
Grant expenses	98,500
Repairs	23,186
Depreciation	97,194
Supplies	8,391
Electricity - wells	8,336
Miscellaneous	<u>9,592</u>
Total Operating Expenses	<u>301,039</u>
Operating Loss	(40,433)
Nonoperating Revenues (Expenses)	
Interest expense	<u>(15,145)</u>
Total Nonoperating Revenues (Expenses)	<u>(15,145)</u>
Loss Before Operating Transfers	(55,578)
Operating Transfers In	<u>-</u>
Change in Net Position	(55,578)
Total Net Position - Beginning of Year	<u>2,479,308</u>
Total Net Position - End of Year	<u><u>\$ 2,423,730</u></u>

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

Town of Charlotte Court House, Virginia

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 160,297
Miscellaneous income	171
Operating grant	100,000
Payments to personnel and related fringe benefits	(55,801)
Payments to suppliers	<u>(145,158)</u>
Net Cash Provided by Operating Activities	59,509
Cash Flows from Noncapital Financing Activities	
Transfers (to) from other funds	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Principal paid on capital debt	(47,168)
Interest paid on capital debt	<u>(15,145)</u>
Net Cash Used in Capital and Related Financing Activities	(62,313)
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(2,804)
Cash and Cash Equivalents - Beginning of Year	<u>39,203</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 36,399</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (40,433)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</i>	
Depreciation expense	97,194
<i>Changes in assets and liabilities</i>	
Receivables	(229)
Prepaid expenses	3,200
Accounts payable	(353)
Accrued liabilities	39
Customer deposits	<u>91</u>
Net Cash Provided by Operating Activities	<u><u>\$ 59,509</u></u>

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

Town of Charlotte Court House, Virginia

Notes to the Financial Statements

Year Ended June 30, 2025

1 Summary of Significant Accounting Policies

Narrative Profile

The Town of Charlotte Court House, Virginia (the "Town"), which was incorporated in 1874, has a population of approximately 756 living within an area of 2 square miles. The Town is located in the central area of Charlotte County, Virginia. The Town is governed by an elected mayor and a six-member Council with each serving administrative and legislative functions.

The Town of Charlotte Court House, Virginia engages in a comprehensive range of municipal services, including general government administration, public safety, and public works.

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 Charlotte Court House, Virginia (the primary government).

1-B. Financial Reporting Model

The Town's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and required 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. These financial statements focus on the primary government. As such, 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 Statement of Net Position presents the financial position of the governmental and business-type activities of the Town 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.

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 major 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. There are no Special Revenue Funds as of June 30, 2025.
 - **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 as of June 30, 2025.
- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has one enterprise fund, the Water and Sewer Fund, which accounts 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 as of June 30, 2025.

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, 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, 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.

The Town's fiduciary funds are presented in the fund financial statements by type. 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 statements.

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

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

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.

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 was no allowance amount at June 30, 2025.

Real and Personal Property Tax Data

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

	<u>Real Property</u>	<u>Personal Property</u>
Due Date	March 5	March 5

The Town bills and collects its own property taxes.

A 10% penalty is levied on all taxes not collected on or before their due date. An interest charge of 8% per annum is also levied on such taxes beginning on September 5.

1-E-4 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-5 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's infrastructure consists primarily of a water and sewer system. 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	10 to 50 years
Furniture and other equipment	3 to 25 years
Vehicles	5 to 10 years

1-E-6 Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, second half installments levied during the fiscal year but due after June 30, and amounts prepaid on the second half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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-7 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The Town does not accrue compensated absences (annual leave benefits) at this time because of the immaterial amount of these benefits.

1-E-8 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, uncommitted fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-9 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 water and sewer. 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-10 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-11 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-12 Adoption of New GASB Statements

The Town adopted the following GASB statements during the year ended June 30, 2025:

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 the fiscal year June 30, 2025 for the Town.

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 the fiscal year June 30, 2025 for the Town.

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 the fiscal year ending June 30, 2025 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. All appropriations are legally controlled at the department level for the primary Government Funds. 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 May 1, the Town Clerk 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.
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.

Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations for June 30, 2025.

Fund Deficits

No funds had fund deficits.

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).

The Town does not have a formal investment policy addressing the various types of risks associated with investments.

The following is a summary of cash and cash equivalents:

<u>Asset Type</u>	<u>Carrying Amount</u>	
Petty cash	\$	100
Deposit accounts		<u>668,542</u>
Total Cash and Cash Equivalents	\$	<u>668,642</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government			
Cash and cash equivalents	\$ <u>632,243</u>	\$ <u>36,399</u>	\$ <u>668,642</u>

4 Receivables

Receivables at June 30, 2025 consist of the following:

	<u>Primary Government</u>		
<u>Receivables</u>	<u>Governmental Activities General</u>	<u>Business-Type Activities</u>	<u>Total</u>
Property taxes	\$ 5,901	\$ -	\$ 5,901
Water and sewer	-	8,420	8,420
Other miscellaneous	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Receivables	<u>\$ 30,901</u>	<u>\$ 8,420</u>	<u>\$ 39,321</u>

5 Interfund Transfers

There were no interfund transfers during the fiscal year.

6 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 46,000	\$ -	\$ -	\$ 46,000
Total Capital Assets Not Being Depreciated	46,000	-	-	46,000
Other Capital Assets				
Buildings and improvements	90,300	-	-	90,300
Infrastructure	615,564	-	-	615,564
Furniture, equipment, and vehicles	12,791	-	-	12,791
Total Other Capital Assets	718,655	-	-	718,655
Less: Accumulated depreciation for				
Buildings and improvements	(55,714)	(2,258)	-	(57,972)
Infrastructure	(62,606)	(15,389)	-	(77,995)
Furniture, equipment, and vehicles	(12,790)	-	-	(12,790)
Total Accumulated Depreciation	(131,110)	(17,647)	-	(148,757)
Other Capital Assets, Net	587,545	(17,647)	-	569,898
Net Capital Assets	\$ 633,545	\$ (17,647)	\$ -	\$ 615,898
Depreciation expense was allocated as follows:				
Administration	\$ 2,258			
Public works	15,389			
Total Depreciation Expense	\$ 17,647			

Business-Type Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 12,000	\$ -	\$ -	\$ 12,000
Total Capital Assets Not Being Depreciated	12,000	-	-	12,000
Other Capital Assets				
Buildings and systems	4,731,777	-	-	4,731,777
Equipment, furniture, and fixtures	22,822	-	-	22,822
Total Other Capital Assets	4,754,599	-	-	4,754,599
Less: Accumulated depreciation for				
Buildings and systems	(1,432,895)	(95,785)	-	(1,528,680)
Equipment, furniture, and fixtures	(15,892)	(1,409)	-	(17,301)
Total Accumulated Depreciation	(1,448,787)	(97,194)	-	(1,545,981)
Other Capital Assets, Net	3,305,812	(97,194)	-	3,208,618
Net Capital Assets	\$ 3,317,812	\$ (97,194)	\$ -	\$ 3,220,618

7 Compensated Absences

No provision has been booked for compensated absences due to lack of materiality.

8 Long-Term Debt

The Town has a loan from Virginia Department of Health with Virginia Resources Authority as Administrator. Installments of principal only of \$39,441.86 are payable on each June 1 and December 1 beginning December 1, 2007. This is a non-interest bearing loan.

The Town entered into a loan agreement with Rural Development in 2007. The funds were used for water improvements. The original loan was \$438,000 and will be payable over 40 years at 4.125% interest in monthly installments of \$1,906.

PRIMARY GOVERNMENT

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

Year	Principal	Interest	Total
2026	\$ 47,502	\$ 14,812	\$ 62,314
2027	47,840	14,473	62,313
2028	48,194	14,120	62,314
2029	48,561	13,752	62,313
2030	48,945	13,369	62,314
2031-2035	251,063	60,506	311,569
2036-2040	145,050	48,194	193,244
2041-2045	81,294	33,066	114,360
2046-2050	99,880	14,480	114,360
2051-2054	17,900	318	18,218
	<u>\$ 836,229</u>	<u>\$ 227,090</u>	<u>\$ 1,063,319</u>

Changes in Long-Term Debt

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

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Virginia Department of Health	\$ 512,744	\$ -	\$ 39,441	\$ 473,303	\$ 39,442
USDA Rural Development	<u>370,653</u>	<u>-</u>	<u>7,727</u>	<u>362,926</u>	<u>8,060</u>
Totals	<u>\$ 883,397</u>	<u>\$ -</u>	<u>\$ 47,168</u>	<u>\$ 836,229</u>	<u>\$ 47,502</u>

9 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, 2025 is determined as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Investment in Capital Assets			
Cost of capital assets	\$ 764,655	\$ 4,766,599	\$ 5,531,254
Less: Accumulated depreciation	<u>(148,757)</u>	<u>(1,545,981)</u>	<u>(1,694,738)</u>
Book value	615,898	3,220,618	3,836,516
Less: Capital related debt	<u>-</u>	<u>(836,229)</u>	<u>(836,229)</u>
Net Investment in Capital Assets	<u>\$ 615,898</u>	<u>\$ 2,384,389</u>	<u>\$ 3,000,287</u>

10 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Primary Government - General Fund Deferred Inflows of Resources

Delinquent taxes not collected within 60 days \$ 5,901

11 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 carries commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond covered is as follows:

Each Occurrence	\$ 1,000,000
Any One Fire	1,000,000
Any One Person	10,000

12 Commitments and Contingencies

If applicable, federal programs in which the Town participates 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.

13 Litigation

At June 30, 2025, 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.

14 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>32,247,236</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 3,224,724
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>836,229</u>
Legal Debt Margin - June 30, 2025	\$ <u>2,388,495</u>

Note: Includes all long-term general obligation debt.

15 Upcoming Pronouncements

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

16 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2025. Management has performed their analysis through February 3, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Charlotte Court House, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2025

General Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Variance with Original Budget Over (Under) Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under) Actual Amounts</u>
Revenues					
General Property Taxes					
Real property taxes	\$ 35,000	\$ 35,000	\$ -	\$ 34,025	\$ (975)
Personal property taxes	11,000	11,000	-	12,099	1,099
Merchants capital	600	600	-	680	80
Penalties and interest	2,300	2,300	-	235	(2,065)
Total General Property Taxes	48,900	48,900	-	47,039	(1,861)
Other Local Taxes					
Utility taxes	11,000	11,000	-	11,025	25
Utility BPOL/consumption tax	2,200	2,200	-	3,814	1,614
Bank franchise taxes	35,000	35,000	-	46,168	11,168
Sales taxes	22,500	22,500	-	19,200	(3,300)
Motor vehicle taxes	5,000	5,000	-	3,873	(1,127)
Cigarette taxes	5,000	5,000	-	21,596	16,596
Meals taxes	60,000	60,000	-	67,724	7,724
Business licenses	1,500	1,500	-	1,637	137
Total Other Local Taxes	142,200	142,200	-	175,037	32,837
Revenue from Use of Money and Property					
Rent income	3,600	3,600	-	3,600	-
Interest earned	20,000	20,000	-	24,781	4,781
Total Revenue from Use of Money and Property	23,600	23,600	-	28,381	4,781
Miscellaneous					
County payment in lieu of taxes	25,000	25,000	-	25,000	-
Litter grant - from county	2,000	2,000	-	1,838	(162)
Other miscellaneous	4,500	4,500	-	4,925	425
Total Miscellaneous	31,500	31,500	-	31,763	263
Intergovernmental					
<i>Revenue from the Commonwealth of Virginia</i>					
Personal Property Tax Relief Act	6,006	6,006	-	6,006	-
Rolling stock tax	-	-	-	6	6
State communication tax	1,600	1,600	-	1,624	24
Fire program	15,000	15,000	-	15,000	-
Total Revenue from the Commonwealth of Virginia	22,606	22,606	-	22,636	30
<i>Revenue from the Federal Government</i>					
Total Intergovernmental Revenue	22,606	22,606	-	22,636	30
Total Revenues	268,806	268,806	-	304,856	36,050

Expenditures	Original Budget	Final Budget	Variance Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
General Government Administration					
Salaries	87,105	87,105	-	81,960	(5,145)
Legal and other professional services	16,500	16,500	-	19,056	2,556
Postage, office, and equipment	8,700	8,700	-	7,677	(1,023)
Advertising	800	800	-	2,620	1,820
Conferences	2,500	2,500	-	2,424	(76)
Accounting software	3,600	3,600	-	3,610	10
Insurance	3,000	3,000	-	-	(3,000)
Payroll tax	7,317	7,317	-	6,405	(912)
Telephone	1,700	1,700	-	857	(843)
Zoning	2,000	2,000	-	1,361	(639)
Educational expenses	2,500	2,500	-	7,399	4,899
Miscellaneous	2,000	2,000	-	3,265	1,265
Dues and subscriptions	900	900	-	1,875	975
Total General Government Administration	<u>138,622</u>	<u>138,622</u>	-	<u>138,509</u>	<u>(113)</u>
Public Safety					
<i>Fire Department</i>					
State grant	15,000	15,000	-	15,000	-
Contribution - VFD	<u>18,600</u>	<u>18,600</u>	-	<u>18,600</u>	-
Total Fire Department	<u>33,600</u>	<u>33,600</u>	-	<u>33,600</u>	-
Total Public Safety	<u>33,600</u>	<u>33,600</u>	-	<u>33,600</u>	-
Public Works					
<i>Streets</i>					
Street lighting	10,500	10,500	-	12,001	1,501
Grass contract	<u>28,000</u>	<u>28,000</u>	-	<u>27,757</u>	<u>(243)</u>
Total Streets	<u>38,500</u>	<u>38,500</u>	-	<u>39,758</u>	<u>1,258</u>
<i>Buildings and Grounds</i>					
Other buildings and grounds	2,000	2,000	-	1,725	(275)
Electricity	6,000	6,000	-	3,506	(2,494)
Propane	1,800	1,800	-	1,666	(134)
Litter grant	<u>1,300</u>	<u>1,300</u>	-	<u>1,200</u>	<u>(100)</u>
Total Buildings and Grounds	<u>11,100</u>	<u>11,100</u>	-	<u>8,097</u>	<u>(3,003)</u>
Total Public Works	<u>49,600</u>	<u>49,600</u>	-	<u>47,855</u>	<u>(1,745)</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Original Budget Over (Under) Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under) Actual Amounts</u>
Parks, Recreation, and Cultural					
Annual tree lighting	250	250	-	448	198
Total Parks, Recreation, and Cultural	<u>250</u>	<u>250</u>	-	<u>448</u>	<u>198</u>
Total Expenditures	<u>222,072</u>	<u>222,072</u>	-	<u>220,412</u>	<u>(1,660)</u>
Excess (Deficiency) of Revenues Over Expenditures	46,734	46,734	-	84,444	37,710
Other Financing Sources (Uses)					
Transfers out	<u>(140,300)</u>	<u>(140,300)</u>	-	-	<u>140,300</u>
Net Change in Fund Balance Before Funds from Surplus	(93,566)	(93,566)	-	84,444	178,010
From Surplus	<u>93,566</u>	<u>93,566</u>	-	-	<u>(93,566)</u>
Net Change in Fund Balance After Funds from Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	84,444	<u>\$ 84,444</u>
Fund Balance - Beginning of Year				<u>567,623</u>	
Fund Balance - End of Year				<u>\$ 652,067</u>	

OTHER INFORMATION

Town of Charlotte Court House, Virginia

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

Water and Sewer Revenue Bonds

Fiscal Years Ended June 30	Gross Revenues*	Direct Operating Expenses**	Net Available	Principal***	Interest	Total Debt	Coverage
2025	\$ 260,606	\$ 203,845	\$ 56,761	\$ 47,168	\$ 15,145	\$ 62,313	0.91
2024	144,746	127,552	17,194	46,857	15,457	62,314	0.28
2023	138,208	106,323	31,885	46,558	15,756	62,314	0.51
2022	159,817	90,728	69,089	46,271	16,043	62,314	1.11
2021	132,071	80,294	51,777	45,995	16,319	62,314	0.83
2020	133,921	75,497	58,424	45,731	16,583	62,314	0.94
2019	133,886	61,507	72,379	45,477	16,837	62,314	1.16
2018	136,756	77,765	58,991	45,234	17,080	62,314	0.95
2017	166,444	110,633	55,811	45,000	17,314	62,314	0.90
2016	139,080	65,210	73,870	44,771	17,543	62,314	1.19

*Operating revenues and grants and interest income.

**Excluding depreciation, interest, and amortization.

***Excludes debt refinancing payoffs.

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 Charlotte Court House, 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, and each major fund of Town of Charlotte Court House, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Charlotte Court House, Virginia's basic financial statements and have issued our report thereon dated February 3, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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
February 3, 2026