

*CITY OF EMPORIA VIRGINIA*  
*ANNUAL COMPREHENSIVE FINANCIAL REPORT*  
*YEAR ENDED JUNE 30, 2023*



**CITY OF EMPORIA, VIRGINIA  
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# I. FINANCIAL SECTION





***Independent Auditor's Report***

To the City Council  
City of Emporia, 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 City of Emporia, Virginia (including its blended component units), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Emporia, 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 City of Emporia, Virginia (including its blended component units), as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications 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 City of Emporia, 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.

***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 City of Emporia, Virginia's ability to continue as a going concern for 12 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 doubt 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 City of Emporia, 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 City of Emporia, Virginia's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and other post-employment benefits (OPEB) funding 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

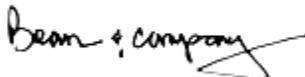
knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Emporia, Virginia’s basic financial statements. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025, on our consideration of the City of Emporia, 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 the City of Emporia, 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 City of Emporia, Virginia’s internal control over financial reporting and compliance.



Greenbelt, Maryland  
January 10, 2025

## Management's Discussion and Analysis

The management of the City of Emporia, Virginia presents the following discussion and analysis as an overview of the City of Emporia, Virginia's financial activities for the fiscal year ending June 30, 2023. We encourage readers to read this discussion and analysis in conjunction with the City's basic financial statements.

### Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the City's governmental activities exceeded its liabilities and deferred inflows of resources by \$25,328,700. Of this amount, \$9,521,801 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 \$1,650,876 with an unrestricted balance of \$(591,133).
- As of June 30, 2023, the City's Governmental Funds reported combined ending fund balances of \$11,433,317. Approximately 86% of this amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of fiscal year 2023, the General Fund unassigned fund balance was \$9,816,387 or approximately 39.3% of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 City as a whole using accounting methods similar to those found in the private sector. They also report the City's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the City'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 City's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the City's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the City's property tax base and the condition of City facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the City'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 City include general government administration, judicial administration, public safety, public works, health and welfare, education, parks,

recreation and cultural, and community development. Public utilities represent 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 City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported.

The City has three types of funds:

*Governmental Funds* - Most of the City's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets 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 City'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, Emporia Redevelopment and Housing Authority Fund, and Emporia Industrial Development Authority, all of which are considered to be major funds.

*Proprietary Funds* – The City 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.

*Fiduciary Funds* – The City is the trustee, or fiduciary, for the City's custodial funds. Custodial funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

### **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.

Governmental accounting and reporting standards also require reporting certain information about the City's other postemployment benefits as required supplementary information. The City has elected to include this information within the notes to the basic financial statements.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Statement of Net Position**

The following table reflectx the condensed Statement of Net Position

**Summary of Net Position**

As of June 30, 2023 and 2022

	Governmental Activities		Business Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 18,244,214	\$ 21,327,177	\$ 3,729,179	\$ 6,294,751	\$ 21,973,393	\$ 27,621,928
Capital Assets (net)	<u>20,682,132</u>	<u>15,226,374</u>	<u>36,987,540</u>	<u>31,274,154</u>	<u>57,669,672</u>	<u>46,500,528</u>
Total Assets	<u>38,926,346</u>	<u>36,553,551</u>	<u>40,716,719</u>	<u>37,568,905</u>	<u>79,643,065</u>	<u>74,122,456</u>
Deferred Outflows of Resources	<u>966,388</u>	<u>2,285,711</u>	<u>80,505</u>	<u>435,373</u>	<u>1,046,893</u>	<u>2,721,084</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 39,892,734</u>	<u>\$ 38,839,262</u>	<u>\$ 40,797,224</u>	<u>\$ 38,004,278</u>	<u>\$ 80,689,958</u>	<u>\$ 76,843,540</u>
<b>Liabilities</b>						
Current & Other Liabilities	3,213,970	7,202,218	2,083,249	2,536,596	5,297,219	9,738,814
Long-term Liabilities	<u>9,932,012</u>	<u>5,183,767</u>	<u>35,291,150</u>	<u>33,132,667</u>	<u>45,223,162</u>	<u>38,316,434</u>
Total Liabilities	<u>13,145,982</u>	<u>12,385,985</u>	<u>37,374,399</u>	<u>35,669,263</u>	<u>50,520,381</u>	<u>48,055,248</u>
Deferred Inflows of Resources	1,418,052	3,348,912	395,775	684,139	1,813,827	4,033,051
<b>Net Position</b>						
Net investment in capital assets	14,189,979	10,077,016	3,618,183	2,335,015	17,808,162	12,412,031
Restricted	1,616,920	1,366,140			1,616,920	1,366,140
Unrestricted	<u>9,521,801</u>	<u>11,661,209</u>	<u>(591,133)</u>	<u>(684,139)</u>	<u>8,930,668</u>	<u>10,977,070</u>
Total Net Position	<u>25,328,700</u>	<u>23,104,365</u>	<u>3,027,050</u>	<u>1,650,876</u>	<u>28,355,750</u>	<u>24,755,241</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 39,892,734</u>	<u>\$ 38,839,262</u>	<u>\$ 40,797,224</u>	<u>\$ 38,004,278</u>	<u>\$ 80,689,958</u>	<u>\$ 76,843,540</u>

The Commonwealth of Virginia requires that cities, as well as their financial dependent component units, be financed under a single taxing structure. This results in cities issuing debt to finance capital assets, such as infrastructure and governmental buildings. For the purpose of this financial statement, the debt and correlating assets (or portion therefore) is recorded as a long-term liability and an asset of the City. The net position of the total financial reporting entity best represents the entity's financial position. In the case of the City's reporting entity, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,355,750 at June 30, 2023. A large portion of the reporting entity's net position, \$17,808,162 reflects investment in capital assets (e.g., land, buildings, and equipment), less the outstanding debt associated with the asset acquisition. Net position which is unrestricted totals \$8,930,668.

Statement of Activities

The following table summarizes revenues and expenses for the primary government

Summary of Changes in Net Position  
For the Fiscal year ended June 30, 2023 and 2022

	Governmental	Activities	Business Type	Activities	Total Primary	Government
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 3,169,473	\$ 1,058,073	\$ 4,222,171	\$ 4,154,857	\$ 7,391,644	\$ 5,212,930
Operating grants and contributions		6,636,660	1,288,961		1,288,961	6,636,660
<b>General Revenues</b>						
General property taxes, real and personal	6,679,450	5,802,604			6,679,450	5,802,604
Other taxes & Fees	7,870,910	9,226,955			7,870,910	9,226,955
Grants and Contributions not restricted to specific programs	3,821,338	747,833			3,821,338	747,833
Unrestricted revenues from use of money and property	95,712	167,034			95,712	167,034
Investment Earnings	158,379	5,945		25,768	158,379	31,713
Miscellaneous	145,667	219,167	32,860	61,652	178,527	280,819
					-	-
Total Revenues	23,526,970	23,864,271	5,543,992	4,242,277	29,070,962	28,106,548
<b>Expenses</b>						
General government administration	2,625,401	2,112,083			2,625,401	2,112,083
Judicial administration	3,122,278	3,199,176			3,122,278	3,199,176
Public safety	5,940,859	4,482,699			5,940,859	4,482,699
Public works	3,079,242	2,786,014			3,079,242	2,786,014
Health and welfare	521,616	532,232			521,616	532,232
Education	6,346,405	6,107,985			6,346,405	6,107,985
Parks, recreation and cultural	455,040	427,173			455,040	427,173
Community development	1,648,515	2,310,465			1,648,515	2,310,465
Water and sewer			4,509,139	3,136,463	4,509,139	3,136,463
Interest on long-term debt	295,517	103,546	941,844	1,138,088	1,237,361	1,241,634
Total Expenses	24,034,873	22,061,373	5,450,983	4,274,551	29,485,856	26,335,924
Increase (Decrease) in Net Position Before Transfers	(507,903)	1,802,898	93,009	(32,274)	(414,894)	1,770,624
Transfers	(1,283,165)	-	1,283,165	-		
Asset Acquisition	4,015,403				4,015,403	
Change in Net Position	2,224,335	1,802,898	1,376,174	(32,274)	3,600,509	1,770,624
Beginning Net Position	23,104,365	21,301,467	1,650,876	1,683,150	24,755,241	22,984,617
Ending Net Position	\$ 25,328,700	\$23,104,365	\$ 3,027,050	\$ 1,650,876	\$ 28,355,750	\$ 24,755,241

Governmental activities Increased the City's net position by \$ 3,600,509 for the fiscal year 2023. Revenues from governmental activities totaled \$ 23,526,970. Other taxes comprise the largest source of these revenues., totaling \$7,870,910 or 33.4% of all government activities revenue.

The total cost of all governmental activities for this fiscal year was \$ 24,034,873. Education was the city's largest program with expenses totaling \$ 6,346,405. Public Safety, which totals \$ 5,940,859 represents the second largest expense.

## Net Cost of Governmental Activities

For the Fiscal years Ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</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	\$ 2,625,401	\$ (2,231,648)	\$ 2,112,083	\$ (1,419,034)
Judicial Administration	3,122,278	(3,122,278)	3,199,176	(2,447,987)
Public Safety	5,940,859	(3,979,987)	4,482,699	(2,714,026)
Public Works	3,079,242	(2,127,020)	2,786,014	(1,756,831)
Health and Welfare	521,616	(521,616)	1,070,210	(533,478)
Education	6,346,405	(4,906,598)	6,107,985	(4,337,773)
Parks, Recreation and Cultural	455,040	(455,040)	427,173	(431,786)
Community Development	1,648,515	(939,257)	2,310,465	(286,404)
Interest on Long Term Debt	295,517	(295,517)	103,546	(873,811)
Total	<u>\$ 24,034,873</u>	<u>\$ (18,578,961)</u>	<u>\$ 22,599,351</u>	<u>\$ (14,801,130)</u>

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate with finance related legal requirements. The focus of the City'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 City's governmental funds reported combined ending fund balances of \$11,433,317. The combined governmental fund balance decreased (\$3,117,168) from the prior year.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$9,816,387. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 39.3% 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 year Ended June 30, 2023 and 2022

	2023			2022		
	Original	Final	Actual	Original	Final	Actual
	Budget	Budget		Budget	Budget	
Revenues						
Taxes	6,587,128	6,587,128	6,362,045	12,275,190	12,275,190	14,717,688
Other	14,139,941	14,307,168	12,815,567	3,423,767	3,400,714	2,472,611
Intergovernmental	4,906,890	5,656,890	3,702,791	5,394,276	8,504,979	6,455,767
Total Revenues	<u>25,633,959</u>	<u>26,551,186</u>	<u>22,880,403</u>	<u>21,093,233</u>	<u>24,180,883</u>	<u>23,646,066</u>
Expenditures	29,286,290	29,739,713	24,977,632	22,230,377	29,177,726	23,208,426
Excess (Deficiency) of Revenues Over Expenditures	(3,652,331)	(3,188,527)	(2,097,229)	(1,137,144)	(4,996,843)	437,640
Other Financing Sources ( Uses)						
Fund Balance Appropriation	-	-	-	(20,000)	(20,000)	(20,000)
Issuance of debt	2,750,000	2,750,000	2,750,000	-	-	-
Capital lease Proceeds	385,000	385,000	385,000	79,800	76,184	298,015
Transfers In	-	-	-	-	-	-
Transfers Out	(250,000)	(250,000)	(4,240,898)	-	-	(204,799)
Total Other Financing Sources (Uses)	<u>2,885,000</u>	<u>2,885,000</u>	<u>(1,105,898)</u>	<u>59,800</u>	<u>56,184</u>	<u>73,216</u>
Change in Fund Balance before Surplus	(767,331)	(303,527)	(3,203,127)	(1,097,344)	(4,940,659)	510,856
From Surplus	267,331	303,527	-	1,097,344	4,940,659	-
Change In Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,203,127)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510,856</u>

Final amended budget revenues were more than the original budget by \$ 917,227

The final amended budget appropriations for expenditures exceeded the original appropriation by \$ 453,423

Actual revenues were less than the final budget amounts by \$ 3,670,783 or 20.41% while actual expenditures expenditures were \$ 4,762,081 or 16.01 % less than the final budget amounts.

The City budgeted grant income and expenditures which did not begin in FY 23.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2023, the City's governmental activities net capital assets total \$ 20,682,132 which represents a net increase of 5,455,757 or 2.6% over the previous fiscal year balance. The business type activities net capital assets total \$ 36,987,540 an increase of \$5,713,385 or 18.2% over the previous fiscal year.

	<u>Change in Governmental</u>	<u>Capital</u>	<u>Assets Activities</u>
	Balance 7/1/2022	Net Additions and Deletions	Balance 6/30/2023
Land and Improvements	\$ 2,302,871	\$ 2,750,000	\$ 5,052,871
Buildings and Improvements	8,458,051	11,024	8,469,075
Infrastructure	20,285,999	-	20,285,999
Furniture Equipment & Vehicles	12,250,742	4,416,387	16,667,129
Total Capital Assets	43,297,663	7,177,411	50,475,074
Less; Accumulated Depreciation & Amort.	(28,071,288)	(1,721,654)	(29,792,942)
Total Capital Assets, Net	<u>\$ 15,226,375</u>	<u>\$ 5,455,757</u>	<u>\$ 20,682,132</u>

	<u>Business</u>	<u>Type</u>	<u>Activities</u>
	Balance 7/1/2022	Net Additions and Deletions	Balance 6/30/2023
Land & Land Improvements	\$ 103,471.00	\$ -	\$ 103,471.00
Construction in Progress	8,059,513	6,802,925	14,862,438
added to buildings and systems	(3,796,294)	-	3,796,294
Building and Systems	39,577,018	76,936	39,577,018
Furniture, equipment, and vehicles	1,631,271	138,287	1,769,558
Total Capital assets	45,574,979	7,018,148	52,593,127
Less Accumulated Depreciation and and amortization	(14,300,824)	(1,304,763)	(15,605,587)
Total Capital Assets	<u>\$ 31,274,155</u>	<u>\$ 5,713,385</u>	<u>\$ 36,987,540</u>

### Long Term Debt

As of June 30, 2023, the City's long term obligations total \$40,522,230

	Balance July 1 2022	Net Additions and Deletions	Balance June 30, 2023
<b>Governmental Activities</b>			
Long Term Debt	\$ 5,147,722	\$ 2,865,360	\$ 8,013,082
Compensated Absenses	440,406	16,919	457,325
Total Governmental Activities	5,588,128	2,882,279	8,470,407
<b>Business Type Activities</b>			
Long Term Debt and Bond Premium	32,753,031	(872,092)	31,880,939
Compensated Absenses	159,842	11,042	170,884
Total Business Type Activities	32,912,873	(861,050)	32,051,823
Total Primary Government	<u>\$ 38,501,001</u>	<u>\$ 4,852,335</u>	<u>\$ 40,522,230</u>

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

## **Economic Factors and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget.

The average unemployment rate for the City of Emporia, Virginia in June 2023 was 4.5%. This compares unfavorably to the state's rate of 2.9% and the national rate of 3.6%.

The estimate in June 2023 by the University of Virginia Weldon Cooper Center is a population of 5,601.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2024, which accounts for most of the City's operational costs. The fiscal year 2024 adopted budget anticipates general fund revenues and expenditures to be \$35,036,053, a 15% increase over the fiscal year 2023 original budget.

## **Requests For Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Finance Director, City of Emporia, Virginia, 201 South Main Street, Emporia, Virginia 23847, telephone 434-634-3332, or visit the City's website at [www.ci.emporia.va.us](http://www.ci.emporia.va.us).

## II. BASIC FINANCIAL STATEMENTS



## Exhibit 1 – Statement of Net Position

City of Emporia, Virginia Statement of Net Position At June 30, 2023			
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	10,751,918	3,212,658	13,964,576
Receivables Net	1,876,202	516,521	2,392,723
Due from Other governments & Funds	4,098,736	-	4,098,736
Other Assets	1,517,358	-	1,517,358
<b>Total Current Assets</b>	<b>18,244,214</b>	<b>3,729,179</b>	<b>21,973,393</b>
<b>Noncurrent Assets</b>			
Capital Assets & ROU Assets		76,936	76,936
Land and Construction in Progress	5,052,871	14,965,909	20,018,780
Other Capital Assets, Net of accumulated depreciation	15,629,261	21,944,695	37,573,956
<b>Capital Assets, Net</b>	<b>20,682,132</b>	<b>36,987,540</b>	<b>57,669,672</b>
<b>Deferred Outflows of Resources</b>			
Pension	851,305	52,764	904,069
OPEB	115,083	27,741	142,824
<b>Total Deferred Outflows of Resources</b>	<b>966,388</b>	<b>80,505</b>	<b>1,046,893</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 39,892,734</b>	<b>\$ 40,797,224</b>	<b>\$ 80,689,958</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 731,113	\$ 592,270	\$ 1,323,383
Compensated Absences - Current Portion	45,732	17,088	62,820
Due to Other governments	173,841	-	173,841
Unearned Grant	1,773,187	-	1,773,187
Customer Deposits	-	217,224	217,224
Notes Payable & Capital Leases Obligations	-	209,234	209,234
Bonds Loans and Capital leases Due in one year	490,097	1,047,433	1,537,530
<b>Total Current Liabilities</b>	<b>3,213,970</b>	<b>2,083,249</b>	<b>5,297,219</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	411,593	153,796	565,389
Bonds, loans, and capital leases payable	7,214,129	671,153	7,885,282
Due to General Fund	-	3,725,743	3,725,743
W & S Bonds Payable	-	30,336,902	30,336,902
Notes Payable to Financial Institutions	385,000	230,000	615,000
Other Obligations	1,320,870	155,497	1,476,367
Net OPEB Liability	505,613	18,059	523,672
Net Pension Liability	94,807	-	94,807
<b>Total Noncurrent Liabilities</b>	<b>9,932,012</b>	<b>35,291,150</b>	<b>45,223,162</b>
<b>Total Liabilities</b>	<b>13,145,982</b>	<b>37,374,399</b>	<b>50,520,381</b>
<b>Deferred Inflows of Resources</b>			
Pension	1,261,459	240,278	1,501,737
OPEB	156,593	155,497	312,090
<b>Total Deferred Inflow of Resources</b>	<b>1,418,052</b>	<b>395,775</b>	<b>1,813,827</b>
<b>Net Position</b>			
Net Investment in Capital Assets	14,189,979	3,618,183	17,808,162
Restricted for			
Citizens Bank and Trust & IDF	1,616,920	-	1,616,920
Unrestricted	9,521,801	(591,133)	8,930,668
<b>Total Net Position</b>	<b>25,328,700</b>	<b>3,027,050</b>	<b>28,355,750</b>
<b>Total Liabilities, Deferred inflows of Resources, and Net Position</b>	<b>\$ 39,892,734</b>	<b>\$ 40,797,224</b>	<b>\$ 80,689,958</b>

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

## Exhibit 2 – Statement of Activities

City of Emporia, Virginia  
 Statement of Activities  
 For the year Ended June 30, 2023

Functions/Programs	Expenses	Charge for Services	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions		Business Type Activities	Total
<b>Primary Government</b>							
Governmental Activities							
General Government administration	\$ 2,625,401	\$ -	\$ 393,753	\$ -	\$ (2,231,648)		\$ (2,231,648)
Judicial administration	3,122,278				(3,122,278)		(3,122,278)
Public safety	5,940,859	1,385,315	575,557		(3,979,987)		(3,979,987)
Public Works	3,079,242	952,222			(2,127,020)		(2,127,020)
Health and Welfare	521,616				(521,616)		(521,616)
Education	6,346,405		1,439,807		(4,906,598)		(4,906,598)
Parks, recreation and cultural	455,040				(455,040)		(455,040)
Community development	1,648,515		709,258		(939,257)		(939,257)
Interest on long term debt	295,517				(295,517)		(295,517)
Total Governmental Activities	24,034,873	2,337,537	3,118,375		(18,578,961)		(18,578,961)
<b>Business-Type Activities</b>							
Water and Sewer Fund	5,469,868	4,222,171				\$ (1,247,697)	(1,247,697)
Total Business-Type Activities	5,469,868	4,222,171				(1,247,697)	(1,247,697)
Total Primary Government	29,504,741	6,559,708	3,118,375			(1,247,697)	(19,826,658)
<b>General Revenues</b>							
Taxes							
General Property Taxes, real and personal					6,679,450		6,679,450
Other Local Taxes					7,870,910		7,870,910
Grants and Contributions not restricted to specific programs					598,213	1,288,961	1,887,174
Use of Money and Property					158,379		158,379
Investment Earnings						18,885	18,885
Other Program Revenue					2,618,439		2,618,439
Miscellaneous					145,667	32,860	178,527
Transfers & Asset Acquisitions					2,732,238	1,283,165	4,015,403
Total General Revenues and Transfers					20,803,296	2,623,871	23,427,167
Change in Net Position					2,224,335	1,376,174	3,600,509
Net Position- Beginning of Year					23,104,365	1,650,876	24,755,241
Net Position -End of Year					\$ 25,328,700	\$ 3,027,050	\$ 28,355,750

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

## Exhibit 3 – Balance Sheet

City of Emporia  
Balance Sheet  
Government Funds

At June 30, 2023

	General Fund	Emporia Redevelopment and Housing Authority Fund	Emporia Industrial Development Authority	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 10,550,294	\$ 52,015	\$ 149,609	\$ 10,751,918
Property taxes receivable, net	317,405			317,405
Accounts Receivable	1,435,718	140	122,939	1,558,797
Due from Other Funds	4,098,736	-	-	4,098,736
Other Assets	207,049	1,310,309	-	1,517,358
<b>Total Assets</b>	<b>\$ 16,609,202</b>	<b>\$ 1,362,464</b>	<b>\$ 272,548</b>	<b>\$ 18,244,214</b>
<b>Liabilities</b>				
Accounts Payable	415,762	-	-	415,762
Accrued Liabilities	315,351	-	-	315,351
Lease notes and ROU Payables	1,065,351	-	-	1,065,351
Unearned Grants	1,773,187	-	-	1,773,187
Bond Issue Obligation	2,750,000	-	-	2,750,000
Due to Other Governments & Funds	155,759	-	18,082	173,841
<b>Total Liabilities</b>	<b>6,475,410</b>	<b>-</b>	<b>18,082</b>	<b>6,493,492</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue-deferred taxes	317,405	-	-	317,405
<b>Total Deferred Inflows of Resources</b>	<b>317,405</b>	<b>-</b>	<b>-</b>	<b>317,405</b>
<b>Fund Balance</b>				
Restricted for				
Citizens Bank building investment		1,362,464		1,362,464
Assigned				-
Unassigned	9,816,387		254,466	10,070,853
<b>Total Fund Balance</b>	<b>9,816,387</b>	<b>1,362,464</b>	<b>254,466</b>	<b>11,433,317</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 16,609,202</b>	<b>\$ 1,362,464</b>	<b>\$ 272,548</b>	<b>\$ 18,244,214</b>

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

City of Emporia Virginia  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
At June 30, 2023

Total Fund Balances for Governmental Funds \$ 11,433,317

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. These assets consist of:

Land	5,052,871	
Buildings and improvements net of accumulated depreciation	2,808,417	
Furniture, equipment and vehicles net of accumulated depreciation	5,643,741	
Infrastructure, net of accumulated depreciation	7,177,103	20,682,132
Total Capital Assets	20,682,132	

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

Unavailable Asset Pension	-	
Unavailable revenue-property taxes	317,405	
Total Unavailable Assets	317,405	317,405

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	851,305	
Deferred inflows of resources related to pension	(1,261,459)	
Deferred outflows of resources related to OPEB	75,527	
Deferred inflows of resources related to OPEB	(97,942)	
Total Deferred Outflows and Inflows of Resources	(432,569)	(432,569)

Liabilities applicable to the City'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	(5,715,958)	
Pension Liability	(94,807)	
OPEB Liability	(403,495)	
Compensated absences	(457,325)	
Total	(6,671,585)	(6,671,585)

Total Net Position Governmental Activities \$ 25,328,700

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

## Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances

City of Emporia Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2023

	General Fund	Emporia Redevelopment and Housing Authority Fund	Emporia Industrial Development Authority	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 6,362,045	\$ -		\$ 6,362,045
Other Local Taxes	7,870,910	-		7,870,910
Permits, privilege fees, and regulatory Licenses	25,608	-		25,608
Fines and Forfeitures	575,558	-		575,558
Use of money and property	95,712	25,587	27,080	148,379
Charges for services	1,025,962		86,993	1,112,955
Public Works-Fire & Rescue	1,465,352			1,465,352
Electronic Summons Revenue	23,664			23,664
Miscellaneous	122,003	-		122,003
Community Development	1,471,587	-	210,116	1,681,703
Recovered Costs	45,614			45,614
Welfare & Social Services	314,511			314,511
<i>Intergovernmental</i>				-
Revenue from the Commonwealth of Virginia	1,730,205			1,730,205
Revenue from the Federal Government	1,751,672		25,000	1,776,672
				-
Total Revenues	22,880,403	25,587	349,189	23,255,179
General government administration	2,188,166	-	-	2,188,166
Judicial Administration	3,181,401	-	-	3,181,401
Public safety	5,255,382	-	-	5,255,382
Public Works	2,959,329	-	-	2,959,329
Health & Welfare	538,948	-	-	538,948
Education	6,346,405	-	-	6,346,405
Parks, recreation, and cultural	455,040	-	-	455,040
Community development	1,157,035	29,263		1,186,298
Business Incubation Grants	-	-	42,325	42,325
Business Incentive Card Program	-	-	34,499	34,499
Non-Departmental (Including Capital Projects)	2,330,767			2,330,767
Debt Service/Including Lease Obligation Payments	565,159	-	-	565,159
Property Tax Abatement Incentive		-	182,730	182,730
Total Expenditures	24,977,632		259,554	25,266,449
Excess (Deficiency ) of Revenues Over Expenditures	(2,097,229)	(3,676)	89,635	(2,011,270)
<b>Other Financing Sources (Uses)</b>				
Fund Balance Appropriation	-			-
Transfers in	-		2,750,000	2,750,000
Transfers Out	(4,240,898)			(4,240,898)
Capital Lease proceeds	385,000			385,000
Issuance of Debt /Land Acquisition	2,750,000		(2,750,000)	-
Total Other Financing Sources (Uses)	(1,105,898)	-	-	(1,105,898)
Net Change in Fund Balance				(3,117,168)
Fund Balance-Beginning of Year	13,019,514	1,366,140	164,831	14,550,485
Fund Balance-End of Year	\$ 9,816,387	\$ 1,362,464	\$ 254,466	\$ 11,433,317

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

City of Emporia 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, 2023

Net Change in Fund Balances -Total Governmental Funds (3,117,168)

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

Capital Assets	4,886,450	
Depreciation	<u>(1,720,654)</u>	
Net Adjustment		3,165,796

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 317,405

Bond and capital lease proceeds 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 in the statement of Net Position.

Debt Issuance Proceeds	(385,000)	
Repayments on debt	<u>384,405</u>	
Net Adjustment		(595)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension liabilities, deferred outflows and inflows

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Compensated absences	16,919	
Net OPEB liability, deferred outflows and inflows	<u>1,841,978</u>	
Net Adjustment		1,858,897

Change in Net Position of Governmental Activities	<u>\$ 2,224,335</u>
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The accompanying notes to the financial statements are an integral part of this statement

## Exhibit 5 – Statement of Net Position Proprietary Fund

City of Emporia Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2023

		Business-Type Activities <u>Enterprise Fund</u> Water and Sewer <u>Fund</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 3,212,658	
Receivables, Net	516,521	
Total Current Assets	<u>3,729,179</u>	
Noncurrent Assets		
Right of Use Assets under Lease, Net	76,936	
Land and construction in progress	14,965,909	
Capital Assets, Net	37,756,346	
Less Accumulated Depreciation and Amortization	<u>(15,811,651)</u>	
Total Noncurrent Assets	36,987,540	
Deferred Outflows of Resources		
Pension	52,764	
OPEB	27,741	
Total Deferred Outflows of Resources	<u>80,505</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 40,797,224</u>	
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable & Accrued Liabilities	\$ 592,270	
Customer Deposits	217,224	
Compensated absences-current portion	17,088	
Notes Payable & Capital Leases	209,234	
Bonds, Loans and capital leases payable due within one year	1,047,433	
Total Current Liabilities	<u>2,083,249</u>	
Noncurrent Liabilities		
Compensated Absences, Net	153,796	
Net Pension liability	18,059	
Net OPEB liability	155,497	
Due to General Fund	3,725,743	
Notes and Leases Payable	901,153	
Bonds, loans, and capital lease payable, net	30,336,902	
Total Noncurrent Liabilities	<u>35,291,150</u>	
Total Liabilities	37,374,399	
Deferred Inflows of Resources		
Pension	240,278	
OPEB -Life Ins.and Retirement	155,497	
Total Deferred Inflows of Resources	<u>395,775</u>	
<b>Net Position</b>		
Net Investment in capital assets	3,618,183	
Unrestricted	(591,133)	
Total Net Position	<u>3,027,050</u>	
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 40,797,224</u>	

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

## Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position

City of Emporia, Virginia  
Statement of Revenues Expenses an Changes in Net Position  
Proprietary Funds  
Year ended June 30, 2023

	Business-Type Activities <u>Enterprise Fund</u> Water and Sewer <u>Fund</u>
Operating Revenues	
Charges for services , net	\$ 4,222,171
Grant revenue earned	1,288,961
Miscellaneous	<u>32,860</u>
Total Operating Revenues	5,543,992
Operating Expenses	
Personel services and benefits	1,324,537
Maintenance, supplies, and vehicle	628,778
Professional Services	576,374
Chemicals	191,193
Electrical Services	259,710
Depreciation & Amortization	1,528,547
Total Operating Expenses	<u>4,509,139</u>
Operating Income	1,034,853
Nonoperating Revenue (Expenses)	
Interest Income	18,885
Interest Expense	<u>(960,729)</u>
Total Nonoperating Revenues (Expenses ) before Transfers	(941,844)
Income (Loss) Before Transfers	93,009
Transfers in (Out)	1,283,165
Change in Net Position	<u>1,376,174</u>
Total Net Position -Beginning of Year	<u>1,650,876</u>
Total Net Position-End of Year	<u>\$ 3,027,050</u>

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

## Exhibit 7 – Statement of Cash Flows

City of Emporia, Virginia  
 Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2023

	Business-Type Activities- <u>Enterprise Fund</u> Water and Sewer <u>Fund</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from Customers	\$ 4,353,539
Other Receipts	32,860
Payments to Personnel and Benefits	(1,324,637)
Payments to suppliers	(1,760,760)
Net Cash Provided by Operating Activities	<u>1,301,002</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Due to General Fund and transfers from General Fund	2,560,526
Federal Grant -CARES Act Utility Funding/Transferred from General Fund	1,288,961
Net Cash Provided in Noncapital Financing Activities	<u>3,849,487</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases and construction of capital assets	(6,101,255)
Increase in Notes Payable	230,000
Payment on ROU asset obligations	
Principal Payments on Bonds	(955,121)
Interest payments on Capital Debt	(960,729)
Net Cash paid on Debt Obligations	<u>(7,682,400)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Income	18,885
Net Cash Provided by Investing Activities	<u>18,885</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(2,513,026)</u>
<b>Cash and Cash Equivalents-Beginning of Year</b>	<u>5,725,684</u>
<b>Cash and Cash Equivalents-End of Year</b>	<u>\$ 3,212,658</u>
<b>Reconciliation of Operating Income to Net Cash provided by Operating Activities</b>	
Operating Income	93,009
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities	
Depreciation & Bond Premium Amortization	1,528,547
<i>Changes in assets and liabilities</i>	52,546
Receivables, net	172,652
Pension Asset	181,311
Deferred Outflows Pension, GLI & Milliman	259,445
Accounts Payable and accrued expenses	(486,029)
Accrued Interest Payable	(463,727)
Bank S.T. Overdrafts	209,234
Notes Payable Capital Lease	10,439
Compensated absences	(473)
Customer deposits	(33,204)
Unearned grant	
Due to General Fund	(355,742)
Deferred Inflows Pension	67,378
Deferred Inflows GLI	-
Deferred Inflows Miliman	84,160
Pension Liability & GLI	(18,544)
Deferred Outflows-OPEB	
Net Position Adjustment	<u>\$ 1,301,002</u>
Net Cash Provided by Operating Activities	

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

**City of Emporia Virginia**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

**City of Emporia, Virginia**  
**Notes To The Financial Statements**  
**Year Ended June 30, 2023**

## **1 Summary of Significant Accounting Policies and Use of Estimates**

### *Narrative Profile*

The City of Emporia, Virginia (the “City”) has a population of approximately 5,601 living within its corporate limits. The City is located in the Southside area in Southeastern Virginia. The City is governed by an appointed City Manager and a seven-member City Council with each serving administrative and legislative functions.

The City is governed under the City Executive – City Council form of government. The City of Emporia, Virginia engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation, and cultural, and community development.

The financial statements of the City have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts of the Commonwealth of Virginia and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). 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 City of Emporia, Virginia (the primary government). 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.

#### **Inclusions in the Reporting Entity**

##### **Blended Component Units**

The following are legally separate component units for which the City is financially accountable and, therefore, the related financial activities have been blended with the City’s financial reporting.

**Emporia Redevelopment and Housing Authority Fund** was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of areas within the territorial limits of the City. City staff provided management assistance to the Authority.

**Emporia Industrial Development Authority Fund** was established for the purpose of carrying out commercial development activities for certain areas of the City. City staff provides management assistance to the Authority. Members of the Authority are approved by the City Council.

## **Exclusions from the Reporting Entity**

### **Jointly Governed Organizations**

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

#### *Greensville County School Board*

The Greensville County School Board provides educational services to the City of Emporia, Virginia and the County of Greensville, Virginia. The two localities provide annual contributions for operations and capital improvements based upon an agreed-upon shared services agreement. The City appoints two representatives to a six-member School Board, with the remaining representatives coming from the County of Greensville, Virginia. The City appropriated to the School Board \$5,005,051 and final expenditures after adjustments were \$6,331,069, which included \$1,326,018 in Sales taxes allocated to education during fiscal year 2023.

#### *Greensville-Emporia Department of Social Services*

The Greensville-Emporia Department of Social Services provides social services to the residents of the City of Emporia, Virginia and the County of Greensville, Virginia. The County of Greensville, Virginia reports the entity as a discretely presented component unit due to its financial accountability and majority representation on the governing body of the Department. The City appropriated \$309,032 during fiscal year 2023 to the Department and final adjusted expenditures for the year were \$249,939.

#### *Southside Regional Jail Authority*

The Southside Regional Jail Authority was created by the participating localities of the City of Emporia, Virginia and the County of Greensville, Virginia in May 1995. The jail is considered a jointly governed organization of the localities with each locality represented on the Board of the Authority. The City appropriated \$942,568 during fiscal year 2023 to the Authority for services rendered and final expenditures for the year were \$896,388

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

The City's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and 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 City'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 City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City'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 City at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The City 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 City'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 City. 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 City.

***Fund Financial Statements*** – During the year, the City segregates transactions related to certain City 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 City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary 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 City 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. 75– Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

***GASB-Required Supplementary OPEB*** – GASB issued Statement No. 75– Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

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

In the fund financial statements, financial transactions and accounts of the City 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 City 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 City 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 City’s major governmental funds:
  - ***General Fund*** – The General Fund is the primary operating fund of the City and accounts for all revenues and expenditures applicable to the general operations of the City 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 consist of the Emporia Redevelopment and Housing Authority Fund and Emporia Industrial Development Authority 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. The City has no Capital Projects Fund 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 City 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 City is that the cost of providing services to the general public be financed or recovered through user charges.

- ***Fiduciary Funds (Trust and Custodial Funds)*** – Fiduciary funds account for assets held by the City 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. Custodial Funds consist of the following:
  - a. Private Purpose Trust Funds – The City has no Private Purpose Trust Funds at this time.
  - b. Custodial Funds – The City has no Custodial Funds at this time.

***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 and fiduciary 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, judicial administration, public safety, public works, health and welfare, 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, judicial administration, public safety, public works, health and welfare, 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 compensated absences and claims and judgments, are recorded only when payment is due.

The City’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 City, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the City.

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 City'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 City operates a cash account for each fund and its related activities. Therefore, all cash and deposit accounts 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.

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***

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 un-collectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The receivable amounts were as follows at June 30, 2023:

General Fund-taxes receivable	<u>\$ 382,415</u>
Water and Sewer Fund -Accounts receivables	<u>\$ 516,521</u>

*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>
Levy	September 1	June 1
Due Date	December 5	July 1

The City bills and collects its own property taxes.

An interest charge of 10% per annum is also levied on real property taxes not collected on or before their due date. An interest charge of 10% per annum is also levied on personal property taxes not collected on or before August 1.

**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 non-spendable 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 City reports these assets in the governmental activity 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 City maintains a capitalization threshold of \$5,000. The City's infrastructure consists primarily of roads and bridges. 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	25 to 50 years
Furniture and other equipment	3 to 10 years
Vehicles	5 to 15 years
Infrastructure	15 to 50 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

***1-E-6      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 also includes amounts related to pensions for certain actuarially determined differences 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.

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 City 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 City 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 total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

***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 Program***

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      *Other Postemployment Benefits Plans***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Emporia, Virginia's OPEB Plan for Retiree's Health Insurance and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. See Notes to the financial statement for more information regarding the Plan.

#### **1-E-11      *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 City is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Non-spendable – 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 non-spendable, 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 City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

### ***1-E-12 Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, 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-13 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-14 Long-Term Obligations***

The City 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-15 Adoption of New GASB Statements***

The City adopted the following GASB statements during the year ended June 30, 2023:

GASB Statement No.87, *Leases*, This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement apply to financial statements of all state and local governments. The new standards require that a contract that transfers ownership of the underlying asset to the lessee by the end of the contract, and does not contain a termination option should be reported as a financed purchase of the underlying asset by the lessee. At the commencement of the lease term, a lessee should recognize a lease liability and an intangible right-to-use lease asset.

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, This Statement establishes guidelines on the accounting and financial reporting for subscription based information technology arrangements (SBITA) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party’s information technology as specified in the contract for a period of time in an exchange like transaction. Under this statement, Emporia has recognized a right to use subscription assets and a corresponding subscription liability. The requirements of this statement are effective for the fiscal year beginning after June 15, 2022.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the City.

### ***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 City 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 City in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the fund level. These appropriations for each fund can be revised only by the City 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 Exceeded Appropriations in the Following Funds at June 30, 2023**

A budget was not legally adopted for the IDA Fund or Emporia Redevelopment and Housing Authority Fund; as such, expenditures exceeded appropriations at the fund level.

**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*

Statues authorize the City 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 City of Emporia, Virginia only invests in Certificates of Deposit at local banks. Therefore, there is no custodial risk, credit risk of debt securities, concentration of credit risk, or foreign currency risk. The only risk of interest rates is that associated with short- term rates at the local banks which are generally invested in Certificates of Deposit held less than one year.

The following is a summary of cash and cash equivalents:

<u>Asset Type</u>	<u>Balance June 30, 2023</u>	
Petty Cash	\$	1,100
Deposit Accounts		<u>13,963,476</u>
Total Cash and Cash Equivalents	\$	<u><u>13,964,576</u></u>

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents	<u>\$ 10,751,918</u>	<u>\$ 3,212,658</u>	<u>\$ 13,964,576</u>

#### 4 Receivables

Receivables at June 30, 2023, consist of the following:

	Governmental Activities	Business Type Activities
Property Taxes	382,415	
Meals and Lodging Taxes	317,405	
Other	1,266,393	
Water and Sewer		841,280
Total	1,966,213	841,280
Allowance for uncollectibles	90,011	324,759
Net Receivables	1,876,202	516,521

#### 5 Interfund Transfers

Interfund transfers as of June 30, 2023, are as follows:

	Transfer to	Transfer From
<i>Primary Government</i>		
General Fund		
To Industrial Development for tax incentive	\$ 182,732	\$ -
To Industrial Development Fund for Asset Acquisition	2,750,000	-
To Water & Sewer Fund for APRA Grant Costs	1,283,166	-
To Housing Fund for Economic Incentive Grants	25,000	-
Industrial Development Fund		
From General Fund Tax incentive Program	-	182,732
From General Fund for Asset Acquisition	-	2,750,000
From General Fund for APRA Grant Facilities Structure investment -Water & Sewer	-	1,283,166
From General Fund for Housing Economic Development Incentive	-	25,000
Total Transfers within Primary Government	\$ 4,240,898	\$ 4,240,898

## 6 Due from Other Governmental Units

Details of the City's receivables from other governmental units, as of June 30, 2022, are as follows:

### County of Greensville, Virginia

School Board-Education	295,842
Total County of Greensville, Virginia	<u>\$ 295,842</u>

### Commonwealth of Virginia

Personal Property Tax Relief Act ( PPTRA )	157,487
Local Sales Tax	395,273
Communication Sales and Use Taxes	29,911
Education State Sales Tax	198,390
Constitutional Officers	26,909
911 Wireless Grant	8,680
Local Gov. Grants	193,449
Total Commonwealth of Virginia	<u>\$ 1,010,099</u>

## 7 Due to Other Governmental Units

Details of the City's payables to other governmental units, as of June 30, 2022, are as follows:

	<b>General</b>
Social Services Operations - Greensville County, Virginia	<u>\$ 32,820</u>

## 8 Capital Assets

The following is a summary of changes in capital assets:

<b>General Fund 2023</b>				
	Balance July 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 2,302,871	\$ 2,750,000	\$ -	\$ 5,052,871
Building & Improvements	8,458,051	11,024	-	8,469,075
Total Capital Assets	10,760,922	2,761,024	-	13,521,946
<b>Other Capital Assets</b>				
ROU Assets				
Infrastructure	20,285,999	-	-	20,285,999
Furniture, equipment and vehicles	12,250,742	4,416,387	-	16,667,129
Total Other Capital Assets	32,536,741	4,416,387	-	36,953,128
<b>Less: Accumulated Depreciation for</b>				
Buildings and Systems	26,665,607	1,721,654	-	28,387,261
Furniture Equipment and vehicles	1,405,681	-	-	1,405,681
Total Accumulated Depreciation	28,071,288	1,721,654	-	29,792,942
Other Capital Assets, Net			-	
<b>Net Capital Assets, Net</b>	<u>\$ 15,226,375</u>	<u>\$ 5,455,757</u>	<u>\$ -</u>	<u>\$ 20,682,132</u>
Depreciation Expense was Allocated to:				
General Government Administration	\$ 524,468			
Public Safety	\$ 936,623			
Public Works	\$ 260,563			
Total	<u>\$ 1,721,654</u>			
Business -Type Activities				
	Balance July 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 103,471	\$ -	\$ -	\$ 103,471
Construction in progress	8,059,513	6,802,925	-	14,862,438
Total Capital Assets Not Being Depreciated	8,162,984	6,802,925	-	14,965,909
<b>Other Capital Assets</b>				
ROU Assets				
Buildings and systems	35,780,724	-	-	35,780,724
Furniture, equipment and vehicles	1,631,271	215,223	-	1,846,494
Total Other Capital Assets	37,411,995	215,223	-	37,627,218
<b>Less: Accumulated Depreciation for</b>				
Buildings and Systems	12,877,422	22,026	-	12,899,448
Furniture Equipment and vehicles	1,405,681	29,656	-	1,435,337
Total Accumulated Depreciation	14,300,824	1,304,763	-	15,605,587
Other Capital Assets, Net	22,103,115		-	22,021,631
<b>Net Capital Assets, Net</b>	<u>\$ 31,274,155</u>	<u>\$ 5,713,385</u>	<u>\$ -</u>	<u>\$ 36,987,540</u>

## 9 Compensated Absences

In accordance with National Council on Governmental Accounting Standards Statement 4 " Accounting and Financial Reporting principles for Claims and Judgments and Compensated Absences," the City has accrued the liability arising from outstanding claims Judgments, and compensated Absences,.

"the City has accrued the liability arising from outstanding claims, judgments

All regular, full-time employees hired January 1, 2024, and after, excluding police officers hired prior to 2015, shall be covered under the provisions of a general leave policy of paid time off (PTO) in lieu of accruing sick an annual leave. Each City employee earns PTO based on years of service as follows:

<u>Years of Service</u>	<u>Hours Accrued per month</u>
Under 5 years	12 hours
5-9 years	14 hours
10+14 years	16 hours
15-19 years	18 hours
20-24 years	20 hours
25 years or more	22 hours

Accrued PTO may be paid based on years of service as follows:

<u>Years of Service</u>	<u>Maximum Payment</u>
Under 5 years	36 days
5-9 years	42 days
10-14 years	48 days
15-19 years	54 days
20-24 years	60 days
25 years or more	68 days

The City has outstanding compensated absenses totaling \$ 437,278 in the government activities. The balance in the business-type activities is \$ 170,884

## 10 Long-Term

### PRIMARY GOVERNMENT

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

Year Ended June 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 277,827	\$ 230,884	\$ 1,061,617	\$ 621,128
2025	281,140	224,915	929,869	585,475
2026	289,586	218,741	1,146,792	545,230
2027	298,169	226,745	1,187,245	504,613
2028-2032	4,367,820	298,976	6,674,250	1,877,729
2033-2037	758,001	59,924	5,319,116	910,466
2038-2042	54,967		11,431,323	822,299
2043-2047	-		1,649,428	201,743
2048-2052	-		442,569	23,218
Total	\$ 6,327,510	\$ 1,260,185	\$ 29,842,209	\$ 6,091,901

### Changes in Long-Term Bond Debt

As of December 15, 2005, the City entered into a Service Agreement Resolution with the County of Greensville, Virginia, as additional security for the payment of the Southside Regional Jail Authority Revenue Refund Bond Series 2005 in the amount of \$6,335,900. The City pledged its full faith and credit to pay such amounts as may be needed to make up any deficit in the amount required to pay the Debt Service. Therefore, the City could be responsible for fifty percent of the Bond amount should the Southside Regional Jail default on the debt. The SRJA refinanced this debt on September 19, 2012 with series 2012 Revenue Refunding Bond in the amount of \$4,569,600.

The City of Emporia issued a General Obligation Refunding Bond Series 2023 on March 31, 2023. The bond is a general obligation Bond Anticipation note Series 2023. The principal amount of \$2,750,000 was issued with a stated interest rate of 5.14%. The interest on the bond is due in semi-annual installments of October 1 and April 1 annually, commencing October 1, 2023. Principal on the bond is not due until April 2028, at which time the entire amount of the bond outstanding is due and payable. The bond proceeds will be used for asset acquisition and economic development.

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

<b>Primary Government Governmental Activities</b>	<b>Balance July 1, 2022</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance June 30, 2023</b>	<b>Due Within One Year</b>
General Obligation Refunding Bond, Series 2006 with Carter Bank and Trust, principal amount of \$7,560,000 issued June 15th 2006, with interest at 1.21 % subject to be reset in future years, interest due and payable in semi-annual installments on May 1 and November 1, commencing November 1, 2006. Principal shall be due and payable in annual installments on May 1 of each year, commencing May 1, 2007 through and including the maturity date of May 1, 2036.	\$ 1,456,795		\$ 79,642	\$ 1,377,153	\$ 82,827
Lease with Carter Bank & Trust dated January 30, 2018 payable over 7 years at 2.5% interest	12,924		5,073	7,881	5,073
Lease with Carter Bank and Trust dated March 2, 2016 for an animal control vehicle and dump truck with 84 payments of \$ 1,466 at 1.75%.	12,366		12,366	-	-
Lease/note Payable with Bci Capital, Inc. for \$ 468,000 payable over 7 years. Monthly payments of \$5,926 at 1.77 % interest	356,247		70,723	285,524	70,723
Lease/note payable with BciCapital for \$ 185,000 payable over 5 years. Monthly payments of \$ 3223 at 1.77 % interest	125,084		36,771	88,313	36,771
Lease/note payable with Bci Capital for \$137,200 payable over 36 months. Monthly payments of \$ 3,867.49 at 1.01% interest	106,879		45,994	60,885	45,994
Lease/note payable with Bci Capital for \$ 277,752 payable over 60 months. Monthly payments of \$ 4770.49 at 1.23% interest	241,450		55,129	186,321	55,129
Note Payable with Benchmark Community Bank, Dated October 4th, 2022. The note has an interest rate of 2.99%. Interest and principal on the note is due annually. The first payment is due November 4th 2023.	-	385,000	-	385,000	62,601
Lease with BB&T for \$ 64,418 dated September 6, 2018 for a tractor/mower with payments of \$860.49 at 3.32% over 6 years.	31,745		8,641	23,104	10,325
Note Payable with Benchmark Community Bank for police vehicles dated October 30, 2019 with payments of \$ 4,266 at 1.8% over 3 years	23,450		22,315	1,135	1,135
General Obligation Bond Series 2020B with Zion Bank dated December 2020; interest rates vary from .65 to 2.25% payable semi-annually on August 1 and February 1; principal payments begin on August 1, 2021 and matures in 20 years in August 2032	1,220,000		105,000	1,115,000	105,000
Note payable with Benchmark Community Bank for Refuse Dump Truck police vehicles dated October 30, 2019 with payments of \$ 4,266 at 1.99% over 7 years.	216,203		47,377	168,826	47,377
General Obligation Bond Series 2015A with Carter Bank & Trust for \$ 1,800,000 dated August 13, 2015. Interest rate at 2.95% commencing March 1, 2016 and terminating September 1, 2034.	1,335,000		85,000	1,250,000	90,000
General Obligation Refunding Bond Series 2023, with Zions Bank. Principal amount of \$ 2,750,000, issued on March 31, 2023. The interest rate is 5.14%. The interest on the bond is due in semi-annual installments on October 1, and April 1, commencing October 1, 2023. There are no installment payments due on the bond principal. The total amount of the bond is due is due on April 1, 2028.	-	2,750,000	-	2,750,000	-
<b>Subtotal</b>	<b>5,138,143</b>	<b>3,135,000</b>	<b>574,031</b>	<b>7,699,112</b>	<b>583,609</b>
<b>Compensated Absences</b>	<b>458,784</b>		<b>(1,459)</b>	<b>457,325</b>	<b>45,732</b>
<b>Total Governmental Activities</b>	<b>\$ 5,596,927</b>	<b>\$ 3,135,000</b>	<b>\$ 572,572</b>	<b>\$ 8,156,437</b>	<b>\$ 629,341</b>

**Business Type Activities**

Note Payable with Benchmark Community Bank, Dated October 4th, 2022. The note has an interest rate of 2.99%. Interest and principal on the note is due annually. The first payment is due November 4th 2023.

	-	230,000	-	230,000	28,366
BB&T Lease/note, Principal amount of \$ 46,424 issued September 15th, 2016 with payments starting October 15th 2016, with interest at 1.78% due and payable in 84 monthly payments of \$ 588, ending September 15, 2023	9,047	-	6,960	2,087	2,087
Lease with BciCapital, Inc. for \$ 38,018 payable over 60 months with -0-% interest	32,949		7,604	25,345	7,603
Lease with Bci Capital, Inc. for 39 months with an interest rate of .78% monthly payments of principal and interest of \$ 588.22	3,160		3,160	-	-
Lease with Bci Capital, Inc. for 60 months with an interest rate of 1.19% payments of principal and interest of \$ 541.02	27,407		6,200	21,207	6,200
Finance lease of \$ 29,618 payable over 60 months with an interest rate of 1.18% with principal and interest payment of \$ 508.62	19,666		6,103	13,563	5,830
General Obligation Bond Series 2014 at 3.10% payments of principal due annually on November 1 of each year and interest due semi-annually May 1 and November 1, maturing November 1, 2034.	1,228,000	-	78,000	1,150,000	80,000
General Obligation Bond Series 2020 with Zion Bank dated December 2020; Interest rates vary from 3% to 5% payable semi-monthly on August 1 and February 1; principal payments begin August 1, 2021 and matures in 20 years in August 2040.	6,645,000	-	270,000	6,375,000	270,000
Net /bond and Uamortized Premium	1,216,314		146,971	1,069,343	60,816
	7,861,314	-	416,971	7,444,343	330,816
\$ 6 million General Obligation Bond Anticipation Note, Series 2020 (Ban) Interest rate of 1.33% payable semi-annually June 1 and December 1; final principal is due at final maturity on December 1, 2022. On December 12th 2022, the final maturity for this bond was extended to December 1, 2023.	6,000,000	-	-	6,000,000	6,000,000
General Obligation Refunding Bond, series 2006 with Carter Bank and Trust, principal amount of \$7,560,000 ssued June 15th 2006, with interest at 1.21% subject to be reset in future years, interest due and payable in semi-annual installments on May 1 and November 1, commencing November 1, 2006. Principal shall be due and payable in annual installments on May 1 of each year, commencing May 1, 2007 through and including the maturity date of May 1, 2036.	3,224,422		176,276	3,048,146	183,327
USDA Rural Development General Obligation and Revenue Water System Bond, series 2013A issued December 16, 2013 with a maximum face amount of \$9,000,000 at 2.375% interest payable over 40 years with the first two years having interest only with principal paid annually thereafter with interest paid semi-annually.	7,606,061	-	182,232	7,437,589	186,130
USDA Rural Devvelopment General Obligation & Revenue Water system Bond, Series 2012 A at 2.00%; interest only for first 24 months, paid annually, then 456 monthly payments of \$ 5,769.	1,553,035		38,466	1,514,569	39,160
5,593,000 issued September 14, 2018 at 3.88%. Interest payments due semi-annually on April 1 and October 1 of each year with an annual principal payment due on October 1. Bond matures on October 1, 2038	5,179,000		219,000	4,960,000	228,000
Sub-total	40,605,375	230,000	806,586	31,543,448	7,097,519
Total Bonds and Premium	40,605,375	230,000	806,586	31,543,448	7,097,519
Compensated Absenses	159,842	11,042	-	170,884	17,088
Total Business -Type Activities	40,765,217	241,042	806,586	31,714,332	7,114,607
Total Primary Government	\$ 46,362,144	\$ 3,376,042	\$ 1,379,158	\$ 39,870,769	\$ 7,743,948

## 11 Net Investment in Capital Assets

The "Net Investment in capital asset" amount reported on the government-wide Statement of Net Position as of June 30, 2023 is determined as follows:

	Governmental Activities	Business-Type Activities
<i>Net Investment in Capital Assets</i>		
Cost of Capital Assets	50,474,074	\$ 52,799,191
Less: Accumulated Depreciation	(29,791,942)	(15,811,651)
Book Value	20,682,132	36,987,540
Less: Capital Related Debt	(6,492,153)	(33,369,357)
Add: Restricted Cash from Bond Proceeds	-	-
Net Investment in Capital Assets	<u>\$ 14,189,979</u>	<u>\$ 3,618,183</u>

## 12 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

### Primary Government -General Fund

Delinquent Taxes not collected within 30 days \$ 317,405

## 13 Risk Management

The City 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 City 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 City 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 City continues to carry 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.

The following constitutional and appointed officers are insured through the Commonwealth of Virginia, Department of the Treasury, and Division of Risk Management in effect at June 30, 2022:

Karen Taylor, Treasurer	\$500,000
Joyce E. Prince, Commissioner of Revenue	\$30,000
D. Keith Prince, Jr., City Sheriff	\$30,000

Also, all employees, volunteers, and members of Council of the City of Emporia, Virginia are insured for \$100,000 through the Virginia Municipal League.

## 14 Commitments and Contingencies

Federal programs in which the City 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.

## 15 Litigation

There were several matters of litigation involving the city, however, at June 30, 2023, there were no matters of litigation involving the City of Emporia that would materially affect the net position of the city at June 30, 2023, or subsequent to the June 30 2023 financial statement date.

## 16 Legal Compliance

### Computation of Legal Debt Margin

Total Value of Taxed Real Property	<u>\$403,350,000</u>
Debt limit per Constitution of Virginia- 10% Assessed Value	40,335,000
Amount of Debt Applicable to Debt Limit	
Gross G.O. Debt	<u>31,995,745</u>
Legal Debt Margin - June 30,2023	<u>\$ 8,339,255</u>

Note: Includes all long-term general obligation bonded debt as disclosed in Note 10. Excludes capital leases and compensated absenses

## 17 Pensions Plan

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 Retirement Plan and the additions to/deductions from the Political Subdivision Retirement Plan’s fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Plan Description*

All full-time, salaried permanent 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	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> 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.</p> <p><i>Hybrid Opt-In Election</i> 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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>Eligible Members</b> 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.</p> <p><i>Hybrid Opt-In Election</i> 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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• 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</li> </ul> <p><i>* Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>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.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pretax 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.</p>	<p><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> 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.</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Service Credit</b> 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.</p>	<p><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <i>Defined Benefit Component:</i> 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.</p> <p><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <i>Defined Benefit Component:</i> 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.</p> <p><i>Defined Contributions Component:</i> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>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.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> <li>• Distributions not required, except as governed by law.</li> </ul>
<p><b>Calculating the Benefit</b> 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.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> 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.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><i>Political subdivision hazardous duty employees:</i> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <i>VRS:</i> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><i>VRS:</i> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><i>Political subdivision hazardous duty employees:</i> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><i>Defined Benefit Component:</i> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>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%.</p> <p><i>Eligibility:</i> 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.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>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%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p>
<p><i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short- term or long-term disability.</li> <li>• 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.</li> <li>• The member dies in service and the</li> </ul>	<p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.</p>	<p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>		
<p><b>Disability Coverage</b> 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.</p>	<p><b>Disability Coverage</b> 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.</p>	<p><b>Disability Coverage</b> 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.</p> <p>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.</p>
<p><b>Purchase of Prior Service</b> 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 toward 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.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component:</i> Not applicable.</p>

**Employees Covered by Benefit Terms**

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	91
Inactive members:	
Vested inactive members	16
Non-vested inactive members	33
LTD	0
Inactive members active elsewhere in VRS	45
	94
Active members	<u>103</u>
Total Covered Employees	<u>288</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 City of Emporia, Virginia's contractually required contribution rate for the year ended June 30, 2023 was 12.05% of covered employee compensation. This rate was based on an actuarially determined rate from 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 City of Emporia, Virginia were, \$ 683,684 and \$648,606 for the years ended June 30, 2023, and June 30, 2022 respectively.

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the City of Emporia, Virginia, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30,

**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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

**Mortality rates:**

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:

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

\* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

### ***Discount Rate***

The discount rate used to measure the total 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, 2022, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Total Pension Liability <u>(a)</u>	Increase (Decrease )	
		Plan Fiduciary Net Position <u>(b)</u>	Net pension Liability <u>(a)-(b)</u>
Balances at June 30, 2021	31,151,975	32,231,048	(1,079,073)
Changes for the Year			
Service cost	650,229		650,229
Interest	2,092,385		2,092,385
Benefit changes	-		-
Assumption changes	-		-
Differences between expected and and actual experience	(721,358)		(721,358)
Contributions-employer		623,429	(623,429)
Contributions-employee		253,769	(253,769)
Net investment income		(28,534)	28,534
Benefit payments, including refunds	(1,607,830)	(1,607,830)	-
Administrative expenses		(20,086)	20,086
Other changes		739	(739)
Net Changes	<u>413,426</u>	<u>(778,513)</u>	<u>1,191,939</u>
Balances at June 30, 2022	<u>31,565,401</u>	<u>31,452,535</u>	<u>112,866</u>

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

The following presents the net pension liability of the City of Emporia, Virginia using the discount rate of 6.75% as well as what the City of Emporia, 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:

	1.00% Decrease	Current	1.00% Increase
	<u>5.75%</u>	Discount Rate <u>6.75%</u>	<u>7.75%</u>
Political subdivision's Net Pension Liability (Asset)	4,056,620	112,866	(3,132,304)

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

For the year ended June 30, 2023, the City of Emporia, Virginia recognized pension expense of \$ 683,684. At June 30, 2023 the City of Emporia, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,340	\$ (564,556)
Change in assumptions	319,435	-
Net difference between projected and actual earnings on pension plan investments	-	(937,182)
Employer contributions subsequent to the measurement date	683,684	
Total	<u>\$ 1,013,459</u>	<u>\$ (1,501,738)</u>

\$ 683,684 reported as deferred outflows of resources related to pensions resulting from the City of Emporia, Virginia's contribution subsequent to the measurement date will be recognized as a reduction of the Net Position Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>		
2023	\$	(458,552)
2024		(572,388)
2025		(815,133)
2026		(1,064,689)
2027		-
Thereafter		-

#### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued *VRS 2022 Annual Comprehensive Financial Report*. (Annual Report)  
A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at [Http://www.varetire.org/Pdf/Publications/2202-annual-report.pdf](http://www.varetire.org/Pdf/Publications/2202-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA. 23218-2500.

## 18 Other Post-Employment Benefits – 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 spouse or dependent children through the optional Group Life Insurance program.

The Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employees 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 a 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:

## 19 Other Post-Employment Benefits Plan

### *Plan Description*

In addition to pension benefits provided by the Virginia Retirement System, the City offers post employment healthcare benefits. These benefits are governed by the City and may be amended by City Council. Employees who are eligible for retirement benefits and are covered by the active plan at the time of retirement, along with their eligible dependents who are covered by the active plan, are eligible to continue healthcare insurance under the City's plan for active employees until age 65 when they become eligible for Medicare. The retiree must pay 100% of all premiums.

Health Benefits include medical, dental, and vision. Retirees who are not eligible for Medicare may elect one of the following medical options:

- Anthem KA 500
- Anthem KA Expanded

Retirees who are Medicare eligible may only elect the Medicare supplement

### *Relationship between Valuation Date, Measurement Date, and Reporting Date*

The valuation date is July 1, 2021. This is the date as of which the actuarial valuation is performed. The measurement date is June 30, 2023. This is the date as of which the total OPEB liability is determined. The reporting date is June 30, 2023. This the plan's and/or employer's fiscal year end date.

### *Significant Changes*

Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of our projections, we have chosen to make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

### *Participant Data as of July 1, 2022*

Actives	102
Retirees	-
Spouses of Retirees	-
Beneficiaries	-
Total Covered Employees	<u>102</u>

*Changes in Total OPEB Liability*

	Increase	(Decrease)
	<u>Total OPEB Liability</u>	
Balance at June 30, 2022	\$	445,848
Changes for the Year		
Service Cost		29,424
Interest on total OPEB Liability		16,696
Effect of Plan Changes		-
Effect of economic/demographic gains or losses		-
Effect of assumptions changes or inputs		(4,508)
Benefit Payments		(6,927)
Balance as of June 30, 2023	\$	<u>480,351</u>

*Sensitivity Analysis*

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.65% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate.

Using Discount Rates	<u>1.00% Decrease</u> ▼ (2.65%)	Discount Rate (3.65%)	<u>1.00% Increase</u> ▼ (4.65%)
Total OPEB Liability	\$ 522,757	\$ 480,351	\$ 441,191

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

Using Current Healthcare  
Cost Trend Rates

	<u>1.00% Decrease</u>	Current Trend Rate	<u>1.00% Increase</u>
Total OPEB Liability	419,970	480,351	551,305

As of June 30, 2023, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between expected and actual experience	\$ 46,862	\$ (112,878)
Changes of Assumptions	10,695	(3,717)
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 57,557</u>	<u>\$ (116,595)</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expensr as follows:

Year Ended 6/30/2023	
2024	\$ (3,683)
2025	(3,683)
2026	(9,941)
2027	(24,547)
2028	(17,184)
Thereafter	-

**Total OPEB Liability**

	<u>6/30/2022</u>	<u>06/30/23</u>
Total OPEB Liability	445,848	480,351
Covered Payroll	5,043,851	5,043,851
Total OPEB Liability as a % of Covered Payroll	8.84%	9.52%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and GASB 75.

**Discount Rate**

	<u>2022</u>	<u>2023</u>
Discount rate	3.54%	3.65%
20 year Tax Exempt Municipal Bond Yield	3.54%	3.65%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index .

*Other Key Actuarial Assumptions*

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2023 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Valuation Date	7/1/2021	7/1/21
Measurement Date	6/30/2022	6/30/23
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Healthcare trend rates	Please See 7/2/2021 Valuation Report	Please See 7/2/2021 Valuation Report
Salary increases including inflation	Please See 7/2/2021 Valuation Report	Please See 7/2/2021 Valuation Report

## 20 Aggregate OPEB Information

	Primary		Government	
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB PLANS				
Group Life Insurance 2022				
Primary Government Retiree Health Insurance	\$ 81,078	\$ (138,834)	\$ 445,848	\$ 42,987
Primary Government 2023	57,557	(116,595)	480,351	42,712
Totals	<u>\$ 138,635</u>	<u>\$ (255,429)</u>	<u>\$ 926,199</u>	<u>\$ 85,699</u>

Negative (numbers) represent assets

## 21 Fund Balances – Governmental Funds

As of June 30, 2023 fund balances are composed of the following:

	Primary Government			
	General Fund	Emporia Redevelopment and Housing Fund	Emporia Industrial Development Authority Fund	Total Governmental Funds
Restricted For				-
Citizens Bank Building Investment	\$ -	\$ 1,362,464	\$ -	\$ 1,362,464
Total Restricted Balances				-
Assigned				-
Unassigned	9,816,387	-	254,466	10,070,853
Total Fund Balances	<u>\$ 9,816,387</u>	<u>\$ 1,362,464</u>	<u>\$ 254,466</u>	<u>\$ 11,433,317</u>

## 22 Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatements with one entity as June 30, 2023.

Type of Business	Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Manufacturing	Machinery and tools Ttax	50%	\$182,730

## 23 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through January 10, 2025, and did not determine the need for adjustments to the June 30, 2023 financial statements.

### III. REQUIRED SUPPLEMENTARY INFORMATION



## Exhibit 8 – Budgetary Comparison Schedule

	City of Emporia, Virginia			
	Budgetary	Comparison	Schedule	Variance With Final Budget Positive (Negative)
	Year ended	June 30,	2023	
	General		Fund	
Original Budget	Final budget	Actual		
<b>Revenues</b>				
General Property Taxes				
Real property taxes	\$ 3,495,546	\$ 3,495,546	\$ 3,417,369	\$ (78,177)
Personal property Taxes	2,335,643	2,335,643	2,124,318	(211,325)
Public Service corporation property taxes	207,959	207,959	267,382	59,423
Machinery & Tool taxes	486,980	486,980	495,477	8,497
Penalties & Interest on taxes	61,000	61,000	57,499	(3,501)
Total General Property Taxes	<b>6,587,128</b>	<b>6,587,128</b>	<b>6,362,045</b>	<b>(225,083)</b>
Other Local Taxes				
Local sales & use taxes	2,000,000	2,000,000	2,259,673	259,673
Consumer utility taxes	400,000	400,000	390,440	(9,560)
Business license taxes	790,000	790,000	832,140	42,140
Franchise tax	39,000	39,000	-	(39,000)
Motor vehicle license taxes	115,000	115,000	109,731	(5,269)
Bank stock tax	185,000	185,000	216,745	31,745
Recordation taxes	29,500	29,500	34,472	4,972
Hotel & motel room taxes	1,450,000	1,450,000	1,436,552	(13,448)
Meals taxes	2,050,000	2,050,000	2,390,548	340,548
Communications sales & use taxes	200,000	200,000	200,609	609
Total Other Local Taxes	<b>7,258,500</b>	<b>7,258,500</b>	<b>7,870,910</b>	<b>612,410</b>
Permits, Fees and Regulatory Licenses				
Animal license	1,800	1,800	1,890	90
Permits & other license	15,100	15,100	23,719	8,619
Total Permits, Fees and Licenses	<b>16,900</b>	<b>16,900</b>	<b>25,609</b>	<b>8,709</b>
Fines and Forfeitures				
	<b>1,461,650</b>	<b>1,461,650</b>	<b>575,558</b>	<b>(886,092)</b>
Revenue from the use of money & Property				
Interest on Bank Deposits	-	-	6,120	6,120
Interest on Investments	160,000	160,000	89,592	(70,408)
Interest on SNAP Accounts	2,212	2,212	-	(2,212)
Revenue from the use of Money	<b>162,212</b>	<b>162,212</b>	<b>95,712</b>	<b>(66,500)</b>

<b>Charges for Services</b>				
Law Library	1,600	1,600	1,366	(234)
Fire & Rescue Service		15,062	19,875	4,813
Animal Control	-	-	187	187
Sanitation Services	980,000	980,000	952,221	(27,779)
Health fee and opioid settlement	-	-	48,331	48,331
Miscellaneous	5,000	5,000	3,981	(1,019)
Charges for services	<b>986,600</b>	<b>1,001,662</b>	<b>1,025,962</b>	<b>24,300</b>
Miscellaneous revenue	<b>50,085</b>	<b>202,250</b>	<b>122,003</b>	<b>(80,247)</b>
Recovered costs	<b>268,083</b>	<b>268,083</b>	<b>45,614</b>	<b>(222,469)</b>
<b>Fire and Rescue Service</b>				
Fire Program Revenue	30,000	30,000	30,000	-
Emergency Service-Federal				-
Total Fire and Rescue Service	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	-
<b>Public Works</b>				
Streets & Highways	1,146,467	1,146,467	1,379,301	232,834
Litter Control	5,000	5,000	9,570	4,570
Total	<b>1,151,467</b>	<b>1,151,467</b>	<b>1,388,871</b>	<b>237,404</b>
Public Works	-	-		-
Tobacco Region Rev.Comm. Grant	-	-	46,482	46,482
<b>Welfare and Social Services</b>				
Family Violence prevention Program	125,410	125,410	134,704	9,294
VDSS Child Advocacy Services-State	207,953	207,953	175,306	(32,647)
VA Comm. For the Arts	4,500	4,500	4,500	-
Total Welfare and Social Services	<b>337,863</b>	<b>337,863</b>	<b>314,511</b>	<b>(23,352)</b>
<b>Community Development</b>				
Education -State Sales Tax	<b>1,261,704</b>	<b>1,261,704</b>	<b>1,439,807</b>	<b>178,103</b>
Total Categorical Aid				
<b>Community Development Block Grants</b>				
CIG Program Income	-	-	1,780	1,780
VDOT-E. Atlantic St. Sidewalk Project	356,723	356,723	-	(356,723)
VDOT-State of Good Repair Funds	757,154	757,154	-	(757,154)
DHCD- South Main Street Project	-	-	30,000	30,000
Total Community Dev. Block Grants	<b>1,113,877</b>	<b>1,113,877</b>	<b>31,780</b>	<b>(1,082,097)</b>
<b>Electronic Summons Revenue</b>				
Electronic Summons Fees	<b>41,000</b>	<b>41,000</b>	<b>23,665</b>	<b>(17,335)</b>
<b>Intergovernmental</b>				
Revenue from the Commonwealth of Virginia				
Noncategorical aid				
Mobile home titling taxes	-	-	150	150
State recordation taxes	6,480	6,480	-	(6,480)
Railroad rolling stock taxes	11,000	11,000	11,639	639
PPTRA reimbursement	648,653	648,653	582,080	(66,573)
Auto rental taxes	18,000	18,000	4,102	(13,898)
ATV/moped sales tax			242	242
Total Non-Categorical Aid	<b>684,133</b>	<b>684,133</b>	<b>598,213</b>	<b>(85,920)</b>

Categorical aid

Shared Expenses

DC Sexual Assault Grant-State Sheriff	-	-	18,824	18,824
Commissioner of the revenue	168,620	168,620	175,503	6,883
Treasurer	88,514	88,514	92,054	3,540
Registrar/Electoral Board	65,056	65,056	68,086	3,030
Registrar/Electoral Board	35,950	35,950	58,109	22,159
<b>Total Shared Expense</b>	<b>358,140</b>	<b>358,140</b>	<b>412,576</b>	<b>54,436</b>

DCJS Sexual Assault Grant

Victim Witness Grant -State	110,876	27,890	31,968	4,078
Assistance to Localities Oper. P.D.	220,148	220,148	188,613	(31,535)
VA Juvenile Community Crime Control	63,101	63,101	146,184	83,083
CANP Grant	36,590	36,590	16,647	(19,943)
E911-Wireless Board	45,000	45,000	49,303	4,303
DC JS ARPA Funds	-	-	68,452	68,452
CAC ARPA Funds	-	-	14,563	14,563
Go VA 4 Match (GOVA4)	335,000	335,000	-	(335,000)
LOLE BLOCK GRANT	-	-	10,187	10,187
Inter-Agency Gov. Grant-Cardinal	-	-	193,499	193,499
<b>Total Public Safety</b>	<b>810,715</b>	<b>727,729</b>	<b>719,415</b>	<b>(8,313)</b>

Total Categorical Aid

<b>810,715</b>	<b>1,085,869</b>	<b>1,131,991</b>	<b>46,123</b>
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Total Revenue from the Commonwealth of Virginia

<b>1,852,988</b>	<b>1,770,002</b>	<b>1,730,205</b>	<b>(39,797)</b>
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Federal Categorical Aid

Emergency Services Federal-Dept.of Homeland Security	-	10,285	10,285	10,285
DCJS ARPA EQUIP & TECH. ASSISTANCE	-	750,000	319,856	(430,144)
CSLFRF NEU (COVID RECOV. FUNDS -REV)	2,566,491	2,566,491	1,175,998	(1,390,493)
Victim/Witness Grant-Federal	-	82,986	87,482	4,495
Emergency Services Federal	10,285	-	-	-
DCJS Special Sexual Assault Grant Federal	-	-	8,155	8,155
VDSS Child Advocacy Services-Federal	155,126	155,126	-	(155,126)
DCJS Sexual Assault Grant -Federal	322,000	322,000	149,896	(172,105)

Total Revenue from the Federal Government

<b>3,053,902</b>	<b>3,886,888</b>	<b>1,751,672</b>	<b>(2,124,932)</b>
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Total Intergovernmental Revenues

<b>4,906,890</b>	<b>5,656,890</b>	<b>3,481,876</b>	<b>(2,164,729)</b>
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Total Revenues

<b>25,633,959</b>	<b>26,551,186</b>	<b>22,880,403</b>	<b>(3,670,783)</b>
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Expenditures

Current

**General Government Administration**

City Council	244,270	330,770	282,881	(47,889)
General Administration	755,735	755,735	754,162	(1,573)
Legal services	160,000	160,000	113,375	(46,625)
Commissioner of Revenue	352,293	352,293	304,289	(48,004)
Treasurer	153,247	153,247	170,529	17,282
Director of Finance	232,300	232,300	238,059	5,759
Data Processing	46,260	46,260	120,880	74,620
Board of Elections/Registrar	201,851	214,226	203,991	(10,235)
<b>Total General Government Administration</b>	<b>2,145,956</b>	<b>2,244,831</b>	<b>2,188,166</b>	<b>(56,665)</b>

**Judicial Administration**

Circuit Court-shared services	1,647,083	1,726,330	1,628,315	(98,015)
Magistrate	1,174	1,174	1,774	600
Juvenile and Domestic Relations Court &Magistrate	138,416	163,834	162,505	(1,329)
Seriff's Department	330,184	330,184	306,019	(24,165)
Law Library	2,000	2,000	1,428	(572)
Victim Witness-State	110,876	27,890	44,936	17,046
VDSS Child Advocacy Services	207,953	207,953	219,270	11,317
Family violence/Sexual /Assault Grant	125,410	125,410	154,779	29,369
Sexual assault-victim witness	322,000	322,000	290,680	(31,320)
Sexual assault-victim witness (SASP)	-	-	17,790	17,790
Sexual assault-victim witness (State Grant)	-	-	39,831	39,831
Victim Witness-Federal	-	82,896	69,633	(13,263)
VJCCC Grant	109,515	109,515	94,129	(15,386)
DSS APRA	24,359	24,359	-	(24,359)
DCJS APRA	96,000	96,000	89,450	(6,550)
DCJS APRA	30,000	30,000	21,303	(8,697)
DCJS APRA	36,590	36,590	39,560	2,970
	<b>3,181,560</b>	<b>3,286,134</b>	<b>3,181,401</b>	<b>(104,733)</b>

Total Judicial Administration

**Public Safety**

Police Department	5,285,973	6,035,973	4,565,570	(1,470,403)
Volunteer Fire Department	226,823	226,823	213,179	(13,644)
Ambulance and rescue service	24,242	39,304	21,770	(17,534)
Juvenile Court Services Unit	35,340	35,340	35,449	109
Building inspections	185,254	185,254	187,614	2,360
Animal control	140,540	140,540	123,461	(17,079)
Emergency Services	108,625	108,625	108,339	(286)
Total Public Safety	<b>6,006,797</b>	<b>6,771,859</b>	<b>5,255,382</b>	<b>(1,516,477)</b>

**Public Works**

High. Bridges & sidewalks- Gen. Admin	172,765	445,765	209,292	(236,473)
High. Bridges & sidewalks	2,224,176	2,224,176	1,008,617	(1,215,559)
Sanitation & Waste Removal	1,133,383	1,133,383	961,843	(171,540)
Maintenance buildings & grounds Fleet Main.	917,282	917,282	779,577	(137,705)
Total Public Works	<b>4,447,606</b>	<b>4,720,606</b>	<b>2,959,329</b>	<b>(1,761,277)</b>

**Health & Welfare**

State Health Department	96,302	96,302	84,816	(11,486)
Mental Health	55,917	55,917	55,917	-
Welfare Services	273,648	273,648	241,272	(32,376)
Agency on Aging	156,943	156,943	156,943	-
Total Health and Welfare	<b>582,810</b>	<b>582,810</b>	<b>538,948</b>	<b>(43,862)</b>

**Education**

School Support	4,296,931	4,296,931	5,005,051	708,120
Sales Tax Education	1,261,704	1,261,704	1,326,018	64,314
School Supertendent	500	500	500	-
Community Colleges	57,923	57,923	14,836	(43,087)
Total Educational	<b>5,617,058</b>	<b>5,617,058</b>	<b>6,346,405</b>	<b>729,347</b>

<b>Parks Recreation &amp; Cultural</b>				
Grounds Maintenance	372,010	369,010	295,301	(73,709)
EGRA	51,000	51,000	51,000	-
Library	113,950	113,950	108,739	(5,211)
Total Parks Recreation & Cultural	<b>536,960</b>	<b>533,960</b>	<b>455,040</b>	<b>(78,920)</b>
<b>Community Development</b>				
Development Services	3,293,010	3,305,010	579,762	(2,725,248)
Planning Commissions	6,000	6,000	-	(6,000)
Economic Development Authority	350,000	350,000	-	(350,000)
Airport	64,800	64,800	64,800	-
				-
CIP Grants	-	-	-	-
VHDA Community Impact Grants	15,000	15,000	19,984	4,984
South Main Street Project	<b>15,000</b>	<b>15,000</b>	<b>664,546</b>	<b>649,546</b>
VHDA Community Impact Grants				-
				-
Side Walks VDOT Revenue & Match	713,446	713,446	449,164	(264,282)
Legal Services	-	-	331	331
Property Acquisition FEMA & Match	-	-	23,250	23,250
Property Acquisition DHCD			18,900	18,900
E. Atlantic Street CIG Grant	<b>713,446</b>	<b>713,446</b>	<b>491,645</b>	<b>(221,801)</b>
	-	-		-
South Main Street Project			844	844
Total Planning and Zoning	4,442,256	4,454,256	1,157,035	(3,297,221)
Coop Extension Pgrm Contribution				
Temporary Help Service Fees	-	-	35,760	35,760
Coop Extension Pgm. Contribution	40,864	40,864	-	(40,864)
Ext. Office Shared Services	7,238	7,238	7,700	462
4-H Scholars Program	-	(7,013)	-	7,013
Debt Service Extension Office	11,319	11,309	11,319	10
Cooperative Extension Program	<b>59,421</b>	<b>52,408</b>	<b>54,779</b>	<b>2,371</b>
				-
Electronic Summons Expense	<b>41,000</b>	<b>41,000</b>	-	<b>(41,000)</b>
				-
				-
Non Departmental				-
Washington Park Association, Inc.	15,000	15,000	-	(15,000)
Village View	3,800	3,800	3,800	-
The Improvement Association	33,000	33,000	33,000	-
Chamber of Commerce	1,500	1,500	1,600	100
Peanut Festival	4,000	4,000	4,000	-
Meherrin River Arts Council	10,000	10,000	10,000	-
Emporia /Greens Literacy Council	2,736	2,736	-	(2,736)
Family YMCA of Emporia-Greens Inc.	30,000	30,000	30,000	-
American Red Cross	2,500	2,500	-	(2,500)
Community Youth Center Limited	16,640	16,640	16,640	-
Med Flight	100	100	400	300
Citizens United to preserve Training	10,000	10,000	10,000	-
Southside RAM of Virginia	-	-	4,000	4,000
Emporia -Greenville Fuller Ctr. House	4,000	4,000	4,000	-
Crater Planning District Commission	4,670	4,670	4,670	-
6th Judicial Circuit Contribution	5,600	5,600	5,600	-
Contingency	128,689	65,314	54,285	(11,029)
COVID Recovery Funds	1,952,631	1,225,394	1,175,998	(49,396)
Total Non -Departmental Funds	<b>2,224,866</b>	<b>1,434,254</b>	<b>1,357,993</b>	<b>(76,260)</b>
Equipment Expenditures & Capital Projects	917,995	917,995	917,995	-
Debt Service and Capital Leases	565,159	565,159	565,159	-
Total Expenditures	29,286,290	29,739,713	24,977,632	(4,762,081)
Excess (Deficiency) of Revenue Over Expenses	(3,652,331)	(3,188,527)	(2,097,229)	1,091,298

Other Financing Sources (Uses)				
Transfers In	-	-	-	
Transfers Out	(250,000)	(250,000)	(4,240,898)	(3,990,898)
Capital Lease and financial Institution Debt	385,000	385,000	385,000	-
Issuance of Bonds	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,750,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	2,885,000	2,885,000	(1,105,898)	
Net Change in Fund Balance	(267,331)	(303,527)	(3,203,127)	(2,899,600)
From Surplus	<u>267,331</u>	<u>303,527</u>	-	<u>(303,527)</u>
Net Change in Fund Balance after Surplus	<u>\$ -</u>	<u>\$ -</u>	(3,203,127)	<u>\$ (3,203,127)</u>
Fund Balance-Beginning of year			<u>13,019,514</u>	
Fund Balance End of Year			<u>\$ 9,816,387</u>	

Emporia Redevelopment and Housing Authority Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative )
Revenues				
Use of Money and Property	\$ -	\$ -	\$ 25,587	\$ 25,587
Total Revenues	-	-	25,587	25,587
Community Development	-	-	29,263	(29,263)
Excess (Deficiency) of Revenues Over Expenditures			(3,676)	(3,676)
Other Financing Sources ( Uses )				
Transfers in	-	-		
Net Change in Fund Balance after transfer from Surplus			(3,676)	(3,676)
Transfers from Surplis Funds	-	-	-	-
Net Change in Fund Balance after Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(3,676)	<u>\$ (3,676)</u>
Fund Balance -Beginning of Year			<u>1,366,140</u>	
Fund Balance -End of Year			<u>\$ 1,362,464</u>	

Emporia Industrial Development Authority Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative )
<b>Revenues</b>				
Use of money and property	-	-	\$ 324,189	324,189
Intergovernmental	-	-	-	-
	-	-	-	-
Revenue from the Federal Government	-	-	-	-
CARES Act -APRA	-	-	25,000	25,000
	-	-	-	-
Total Revenue from the Federal Government	-	-	25,000	25,000
Total Intergovernmental Revenues	-	-	25,000	25,000
	-	-	-	-
Total Revenues	-	-	349,189	349,189
	-	-	-	-
	-	-	-	-
<b>Expenditures</b>				
<i>Community Development</i>	-	-	-	-
Business Incentives & Property Tax Incentives	-	-	42,325	(42,325)
Property Tax abatement	-	-	182,731	(182,731)
Payouts-Business Incubation Grants	-	-	34,350	(34,350)
Other Program Costs & Incentives	-	-	148	(148)
Total Community Development	-	-	259,554	(259,554)
	-	-	-	-
Total Expenditures	-	-	259,554	(259,554)
	-	-	-	-
Excess (Deficiency) of Revenues over Expenses	-	-	89,635	89,635
	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	2,766,281	(2,766,281)
Asset Acquisition	-	-	(2,766,281)	2,766,281
	-	-	-	-
Total Other Financing Sources ( Uses)	-	-	-	-
	-	-	-	-
Net Change in Fund Balance Before Transfer from Surplus	-	-	89,635	89,365
	-	-	-	-
Transfer from Surplus Funds	-	-	-	-
	-	-	-	-
Net Change in Fund Balance After Transfer from Surplus	-	-	89,635	89,635
	-	-	-	-
Fund Balance-Beginning of Year			164,831	
			-	
Fund Balance - End of Year			\$ 254,466	

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

City of Emporia Virginia  
 Schedule of Changes in the Political Subdivision's  
 Net Pension Liability and Related Ratios  
 For the Plan year ended June 30

	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>							
Service Cost	\$ 650,229	\$ 643,025	\$ 655,207	\$ 618,606	\$ 540,486	\$ 558,549	\$ 539,612
Interest	2,092,385	1,938,687	1,858,560	1,813,886	1,746,013	17,187,299	1,620,434
Changes in Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(721,358)	(322,941)	231,899	(127,060)	81,374	(599,615)	288,704
Changes in Assumptions	-	1,013,861	-	769,325	-	(94,063)	-
Benefit Payments	(1,607,830)	(1,683,902)	(1,433,270)	(1,473,125)	(1,323,396)	(1,051,117)	(1,050,238)
Net Change in Total Pension Liability	413,426	1,588,730	1,312,392	1,601,632	1,044,477	523,053	1,398,512
Total Pension Liability -Beginning	31,151,975	29,563,245	28,250,853	26,649,221	25,604,744	25,072,691	23,674,179
Total Pension Liability Ending (a)	<u>\$ 31,565,401</u>	<u>\$ 31,151,975</u>	<u>\$ 29,563,245</u>	<u>\$ 28,250,853</u>	<u>\$ 26,649,221</u>	<u>\$ 25,604,744</u>	<u>\$ 25,072,691</u>
<b>Plan Fiduciary Net Position</b>							
Contributions -Employer	\$ 623,429	\$ 595,482	\$ 503,840	\$ 508,551	\$ 528,732	\$ 494,818	\$ 506,409
Contributions -Employee	253,769	244,301	237,063	238,219	236,618	219,230	204,860
Net Investment Income	(28,534)	7,052,088	500,163	1,672,873	7,776,476	2,650,279	378,168
Benefit Payments	1,670,830	(1,683,902)	(1,433,274)	(1,473,125)	(1,323,396)	(1,051,117)	(1,050,238)
Administrator Charges	20,086	17,904	(17,214)	(16,945)	(15,472)	(15,335)	13,592
Other	739	(661)	(587)	(1,048)	(1,572)	(2,357)	(160)
Net Change in Plan Fiduciary Net Position	(778,513)	6,190,726	(210,009)	928,555	1,201,386	2,295,518	25,447
Plan Fiduciary Net Position -Beginning	32,231,048	26,040,322	26,250,331	25,321,776	24,120,390	21,824,872	21,799,425
Plan Fiduciary Net Position -Ending (b)	<u>\$ 31,452,535</u>	<u>\$ 32,231,048</u>	<u>\$ 26,040,322</u>	<u>\$ 26,260,331</u>	<u>\$ 25,321,776</u>	<u>\$ 24,120,390</u>	<u>\$ 21,824,872</u>
Political Subdivision's Net Pension Liability-Ending (a-b)	\$ 112,866	\$ (1,079,073)	\$ 3,522,923	\$ 2,000,522	\$ 1,327,445	\$ 1,484,354	\$ 3,247,819
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.64	1.035	11.92%	7.08%	4.98%	5.80%	12.95%
Covered Payroll	\$ 5,382,623	\$ 5,008,851	\$ 4,955,030	\$ 4,925,969	\$ 4,806,696	\$ 4,475,770	\$ 4,147,860
Political Subdivisions Net Pension as a Percentage of Covered Payroll	2.10	\$ (21.50)	71.10%	40.61%	27.62%	33.16%	78.30%

## Schedule of Employer Contributions Political Subdivision's Retirement Plan

**City of Emporia, Virginia**  
**Schedule of Employer Contributions**  
**Political Subdivisions Retirement Plan**  
**For the years Ended June 30, 2013 Through 2023**

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribu.. (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employers Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2023	648,606	648,606	-	5,382,623	12.05
2022	650,548	650,548	-	5,398,735	12.05%
2021	617,679	617,679	-	5,125,970	12.05%
2020	521,765	521,765	-	4,955,030	10.53%
2019	518,704	518,704	-	4,925,969	10.53%
2018	537,388	537,388	-	4,806,696	11.18%
2017	500,390	500,390	-	4,475,770	11.18%
2016	508,943	508,943	-	4,147,860	12.27%
2015	510,074	510,074	-	4,157,086	12.27%
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A

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

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

**Notes to Required Supplementary Information**

**City of Emporia, Virginia**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2023**

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

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

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

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

## Schedule of Employers Share of Net OPEB Liability Group Life Insurance Plan

City of Emporia, Virginia  
 Schedule of Employers's Share of Net OPEB Liability  
 Group Life Insurance Plan GLI

For the Measurement Dates of June 30, 2022, 2021, 2020, 2019, 2018 and 2017

	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.025%	0.02474	0.02%	0.25%	0.03%	0.02%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	480,351	445,848	401,855	408,932	384,000	365,000
Employer's Covered Payroll	5,043,851	5,043,851	4,955,030	4,925,969	4,806,696	4,475,770
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	9.52%	8.84%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the total GLI OPEB Liability	51.79%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six 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 in the VRS 2022 annual report and in each annual report.

## Group Life Insurance OPEB Plan Schedule of Employer Contributions

City of Emporia, Virginia  
 Group Life Insurance OPEB Plan  
 Schedule of Employer Contributions  
 For the years Ended June 30, 2014 Through 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribu.. (2)	Contribution Deficiency (Excess) (3)	Employers Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	29,066	29,066	-	5,382,623	0.05%
2022	28,761	32,356	3,595	5,398,735	0.05%
2021	27,680	27,680	-	5,125,970	0.05%
2020	25,766	25,766	-	4,955,030	0.05%
2019	25,615	25,615	-	4,925,969	0.05%
2018	24,995	24,995	-	4,806,696	0.05%
2017	23,374	23,374	-	4,475,770	0.05%
2016	19,927	19,927	-	4,151,540	0.05%
2015	19,954	19,954	-	4,157,087	0.05%
2014	19,576	19,576	-	4,078,419	0.05%

For Reference Only:

Column 1 - Employer contribution 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

**Notes to Required Supplementary Information - OPEB Group Life Insurance Program**

**City of Emporia, Virginia  
Notes to Required Supplementary  
OPEB Group Life Insurance Program  
For the Year Ended June 30, 2023**

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update d to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers – Hazardous Duty Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update d to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

## Schedule of Changes to Total OPEB Liability and Related Ratios

City of Emporia Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 29,242	\$ 32,552	\$ 28,324	\$ 22,759	\$ 16,042	\$ 16,679
Interest on total OPEB Liability	16,696	12,814	12,390	14,116	14,144	12,843
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(160,910)	-	-	-	-
Effect of assumption changes or inputs	(4,508)	1,743	2,105	21,026	13,061	(12,705)
Benefit payments	6,927	(2,102)	(26,531)	(18,416)	(5,941)	(29,198)
Net change in total OPEB liability	34,503	(115,903)	16,288	155,775	37,306	(12,381)
Total OPEB Liability -beginning	445,848	561,751	545,463	389,688	352,382	364,763
Total OPEB Liability -ending	<u>\$ 480,351</u>	<u>\$ 445,848</u>	<u>\$ 561,751</u>	<u>\$ 545,463</u>	<u>\$ 389,688</u>	<u>\$ 352,382</u>
Covered Payroll	\$ 5,043,851	\$ 5,043,851	\$ 4,876,404	\$ 4,876,404	\$ 4,876,760	\$ 4,876,760
Political subdivision's net OPEB liability as a percentage of covered payroll	9.52%	8.84%	11.52%	11.19%	7.99%	7.23%

*This schedule is presented to illustrate the requirement to show information for ten years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current standards, they should not be reported*

**Schedule of Contributions OPEB Retiree Health Insurance**

**City of Emporia Virginia  
 Schedule of Contributions-OPEB Retiree Health Insurance  
 For the Years Ended June 30, 2014 through 2023**

<b>Fiscal Year Ending June 30</b>	<b>Actuarially Detetermined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2023	-	-	-	5,043,851	0.00%
2022	-	-	-	5,043,851	0.00%
2021	-	-	-	4,874,404	0.00%
2020	-	-	-	4,876,404	0.00%
2019	-	-	-	4,786,760	0.00%
2018	-	-	-	4,876,760	0.00%
2017	-	-	-	4,512,300	0.00%
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A

## IV. 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 City Council  
City of Emporia, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Emporia, Virginia (including its blended component units), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Emporia, Virginia's basic financial statements, and have issued our report thereon dated January 10, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

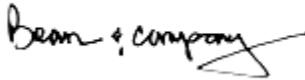
As part of obtaining reasonable assurance about whether the City of Emporia, Virginia’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*.

## City of Emporia, Virginia’s Response to Findings

City of Emporia, Virginia’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Emporia, Virginia’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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.



Greenbelt, Maryland  
January 10, 2025



**Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance**

To the City Council  
City of Emporia, Virginia

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

*Opinion on Each Major Federal Program*

We have audited the City of Emporia, Virginia’s compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City of Emporia, Virginia’s major federal programs for the year ended June 30, 2023. City of Emporia, 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, the City of Emporia, 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, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States: 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); and *for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards, Uniform Guidance, and specifications are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Emporia, 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 the City of Emporia, 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 the City of Emporia, 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 the City of Emporia, 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 a material noncompliance when it exists. The risk of not detecting a 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 City of Emporia, 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 risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Emporia, 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 City of Emporia, 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 City of Emporia, 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.

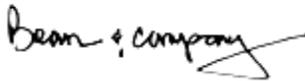
### **Report on Internal Control over Compliance**

*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 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.



Greenbelt, Maryland  
January 10, 2025



## **Report on Compliance With Commonwealth of Virginia's Laws, Regulations, Contract and Grants**

To the City Council  
City of Emporia, Virginia

We have audited the financial statements of the City of Emporia, Virginia, as of and for the year ended June 30, 2023, and have issued our report thereon dated January 10, 2025.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the City of Emporia, Virginia, is the responsibility of the City of Emporia, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Emporia, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

### *Code of Virginia*

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Debt Provisions
- Procurement
- Unclaimed Property
- Personal Property Tax Relief Act

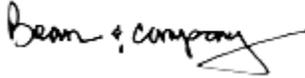
### *State Agency Requirements*

- Economic Development Opportunity Fund

The results of our tests disclosed one instance of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Emporia, Virginia had not complied, in all material respects, with those provisions.

Our report on the finding of non-compliance is presented in section II- Financial Statement Findings. The finding is noted as finding 2023-001.

This report is intended solely for the information of the City Council of Emporia, Virginia, the City Manager, the Auditor of Public Accounts of the Commonwealth of Virginia, and applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties.



Greenbelt Maryland  
January 10, 2025

## Schedule of Expenditures of Federal Awards

City of Emporia, Virginia  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Homeland Security (DHS)</b>			
Pass-Through Payments			
<i>Commonwealth of Virginia Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	127	\$ 10,285
Subtotal- U.S. Department of Homeland Security			<u>10,285</u>
<b>U.S. Department of the Treasury</b>			
Pass-Through Payments			
<i>Commonwealth of Virginia Department of Accounts</i>			
Cornavirus State and Local Fiscal Recovery Funds to Non-Entitlement Units of Government (ARPA)	21.027	151	2,459,165
<i>Commonwealth of Virginia Department of Criminal Justice Services</i>			
<i>American Rescue Plan Act -VSGFP Restoration Funding</i>	21.027	140	94,375
<i>CAC Mental Health and Healing Support ARPA Funding</i>	21.027	140	14,563
Subtotal- US Department of the Treasury			<u>2,568,103</u>
<b>U.S. Department of Justice (DOJ)</b>			
Pass-Through Payments			
<i>Commonwealth of Virginia Department of Criminal Justice Services</i>			
Crime Victim Assistance (VOCA)	16.575	140	216,738
Sexual Assault Services Program (SASP)	16.575	140	6,835
Victim Witness Program	16.575	140	92,192
Edward Byrne Memorial Justice Assistance Grants	16.738	140	10,037
DCJS Victim Services American Rescue Act Fund	16.575	140	57,894
<i>CAC Mental Health and Healing Support ARPA</i>			
Coronavirus Emergency Supplemental Funding (CESF)	16.034	140	15,051
Subtotal- US Department of Justice			<u>398,747</u>
Grand Totals			<u>\$ 2,977,135</u>

See Notes to Schedule of Expenditures of Federal Awards

## Notes To The Schedule of Expenditures of Federal Awards

### 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (The Schedule)

Includes the Federal award activity of the City of Emporia, Virginia under programs of

the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Emporia, Virginia, it is not intended and does not present the financial position, changes in net position, or cash flows of the City of Emporia, 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 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**

The City of Emporia, Virginia has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

### 4. **Subrecipients**

No awards passed through to subrecipients

**Schedule of Findings and Questioned Costs**

**EMPORIA, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**A. SUMMARY OF AUDITOR’S RESULTS**

**Schedule of Expenditures of Federal Awards**

Type of auditor’s report issued on whether the Schedule of Expenditures of Federal Awards audited were prepared in accordance with the Modified Cash Basis:

  X   Unmodified             Qualified  
       Adverse             Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?             Yes        X   No
- Significant deficiency(ies) identified?             Yes        X   None Reported

Noncompliance material to financial statement notes?

       Yes        X   No

**Federal Awards**

Type of auditor’s report issued on compliance for the Federal Program Expenditure of Emporia Virginia

  X   Unmodified             Qualified  
       Adverse             Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?             Yes        X   No
- Significant deficiency(ies) identified?

- See Finding 2023-01 Reported

- 

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?

See Finding 2023-01        X  

**B. FINDINGS – Schedule of Expenditures of Federal Awards**

None required to be reported

## **Section II Financial Statement Findings Year Ended June 30, 2023**

### **Finding 2023-001**

Audit reports and submission of the completed audit report and the Annual Comprehensive Financial Report to the Auditor of Public Accounts and the Federal Clearinghouse is not in compliance with the Commonwealth of Virginia Statutes and Federal guidelines.

#### **Criteria:**

State requirements at §15.2-2511 of the Code of Virginia, and Uniform Guidance under OMB single audit guidelines, and Federal Clearing House submission requirements.

#### **Condition:**

Emporia has not met its report submission requirements. The Commonwealth of Virginia requires that the ACFR be completed and submitted by the December 15<sup>th</sup> following the end of the jurisdiction's fiscal year. The Federal Clearinghouse required report submission is within nine months of the close of the jurisdiction's fiscal year.

#### **Cause:**

The audit and the Annual Comprehensive Financial Report requirements necessitate consecutive audit and ACFR presentations. The reporting requirements necessitate completing the previous report before the current one can be completed. The previous reports have been completed late, therefore causing the current report to not be completed before the Commonwealth of Virginia and the Federal Clearing House required submission dates.

#### **Effect or Potential Effect**

The inability to complete the process timely, puts the city out of compliance with its reporting mandates. The lack of compliance is a statute and reporting violation. This could have significant negative effect on the City's operations, reporting and financial well-being.

#### **Recommendation:**

We recommend that the city work as expeditiously as possible to put in place all that is required to timely complete its recordkeeping, which would facilitate the timely completion and submission of the Annual Comprehensive Financial Report and the submission of the Schedule of Expenditures of Federal Awards.

## City of Emporia Response to Finding



## CITY OF EMPORIA

January 23, 2025

### **Response to Finding 2023-001:**

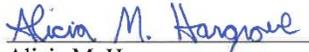
We acknowledge the finding regarding the non-compliance with the submission of the completed audit report and the Annual Comprehensive Financial Report (ACFR) to the Auditor of Public Accounts and the Federal Clearinghouse, as outlined in the Commonwealth of Virginia Statutes and Federal guidelines. We recognize the importance of adhering to these requirements and are taking immediate steps to resolve the issue.

To support improved reporting and compliance, we have recently purchased a new Enterprise Resource Planning (ERP) system. This system is designed to streamline our financial reporting processes, improve accuracy, and ensure timely submission of all required reports. The implementation of this system will significantly enhance our ability to meet statutory and federal guidelines moving forward.

Additionally, we are addressing the audit backlog. As part of the Request for Proposal (RFP) for the 2024 audit, we will require the selected auditing firm to provide a comprehensive plan for addressing any outstanding audits and getting us caught up to ensure compliance with all reporting deadlines.

We are committed to resolving this issue swiftly and are confident that these actions will lead to improved compliance in future audits and submissions. Thank you for your continued support as we work to strengthen our processes.

  
\_\_\_\_\_  
William E. Johnson, III  
City Manager

  
\_\_\_\_\_  
Alicia M. Hargrove  
Director of Finance

