

Town of Charlotte Court House, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2022



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

Town of Charlotte Court House, Virginia

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Charlotte Court House, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Charlotte Court House, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Charlotte Court House, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Charlotte Court House, Virginia, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022 the Town adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Charlotte Court House, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Charlotte Court House, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1–7 and 33–35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the Town of Charlotte Court House, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Charlotte Court House, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Charlotte Court House, Virginia's internal control over financial reporting and compliance.



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

South Hill, Virginia
June 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Charlotte Court House, Virginia presents the following discussion and analysis as an overview of the Town of Charlotte Court House, Virginia's financial activities for the fiscal year ending June 30, 2022. We encourage readers to read this discussion and analysis in conjunction with the Town's basic financial statements.

Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources by \$1,244,452.64. Of this amount, \$575,615.23 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$2,335,209.86 with an unrestricted balance of \$42,473.88.
- The Town's total net position increased by \$176,558.68 during the current fiscal year. Of this amount, an increase of \$214,788.28 is related to governmental activities and a decrease of \$38,229.60 is attributed to business-type activities.
- As of June 30, 2022, the Town's Governmental Funds reported combined ending fund balances of \$565,235.40, an increase of \$209,155.33 in comparison with the prior year. Approximately 100% of this amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of fiscal year 2022, the general fund unassigned fund balance was \$565,235.40, or approximately 304.67% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The Town has two types of funds:

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

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

Notes to the Basic Financial Statements

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

Other

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and other assets	\$ 576,779.90	\$ 521,203.63	\$ 46,510.95	\$ 41,234.09	\$ 623,290.85	\$ 562,437.72
Capital assets (net)	<u>668,837.41</u>	<u>665,030.98</u>	<u>3,269,548.10</u>	<u>3,360,823.56</u>	<u>3,938,385.51</u>	<u>4,025,854.54</u>
Total Assets	<u>\$ 1,245,617.31</u>	<u>\$ 1,186,234.61</u>	<u>\$ 3,316,059.05</u>	<u>\$ 3,402,057.65</u>	<u>\$ 4,561,676.36</u>	<u>\$ 4,588,292.26</u>
Liabilities						
Other liabilities	\$ 1,164.67	\$ 156,570.25	\$ 980,849.19	\$ 1,028,618.19	\$ 982,013.86	\$ 1,185,188.44
Total Liabilities	1,164.67	156,570.25	980,849.19	1,028,618.19	982,013.86	1,185,188.44
Net Position						
Net investment in capital assets	668,837.41	665,030.98	2,292,735.98	2,337,740.67	2,961,573.39	3,002,771.65
Unrestricted	<u>575,615.23</u>	<u>364,633.38</u>	<u>42,473.88</u>	<u>35,698.79</u>	<u>618,089.11</u>	<u>400,332.17</u>
Total Net Position	<u>1,244,452.64</u>	<u>1,029,664.36</u>	<u>2,335,209.86</u>	<u>2,373,439.46</u>	<u>3,579,662.50</u>	<u>3,403,103.82</u>
Total Liabilities and Net Position	<u>\$ 1,245,617.31</u>	<u>\$ 1,186,234.61</u>	<u>\$ 3,316,059.05</u>	<u>\$ 3,402,057.65</u>	<u>\$ 4,561,676.36</u>	<u>\$ 4,588,292.26</u>

Statement of Activities

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

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 138,243.71	\$ 131,163.66	\$ 138,243.71	\$ 131,163.66
Operating grants and contributions	199,213.50	298,075.64	20,795.62	-	220,009.12	298,075.64
General Revenues						
General property taxes, real and personal	40,128.84	37,377.08	-	-	40,128.84	37,377.08
Other taxes	111,740.60	96,980.22	-	-	111,740.60	96,980.22
Grants and contributions not restricted to specific programs	7,798.41	8,480.38	-	-	7,798.41	8,480.38
Use of property	3,900.00	3,900.00	-	-	3,900.00	3,900.00
Investment earnings	1,073.95	589.95	-	-	1,073.95	589.95
Miscellaneous	32,676.59	26,638.24	778.00	832.50	33,454.59	27,470.74
Total Revenues	396,531.89	472,041.51	159,817.33	131,996.16	556,349.22	604,037.67
Expenses						
General government administration	96,479.40	68,307.09	-	-	96,479.40	68,307.09
Public safety	31,500.00	31,200.00	-	-	31,500.00	31,200.00
Public works	53,727.07	53,073.95	-	-	53,727.07	53,073.95
Parks, recreation, and cultural	37.14	-	-	-	37.14	-
Water and sewer	-	-	198,046.93	187,888.53	198,046.93	187,888.53
Total Expenses	181,743.61	152,581.04	198,046.93	187,888.53	379,790.54	340,469.57
Increase (Decrease) in Net Position	214,788.28	319,460.47	(38,229.60)	(55,892.37)	176,558.68	263,568.10
Beginning Net Position	1,029,664.36	710,203.89	2,373,439.46	2,429,331.83	3,403,103.82	3,139,535.72
Ending Net Position	\$ 1,244,452.64	\$ 1,029,664.36	\$ 2,335,209.86	\$ 2,373,439.46	\$ 3,579,662.50	\$ 3,403,103.82

Governmental activities increased the Town's net position by \$214,788.28 for fiscal year 2022. Revenues from governmental activities totaled \$396,531.89. Operating grants and contributions comprise the largest source of these revenues, totaling \$199,213.50 or 50.2% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$181,743.61. General Government Administration was the Town's largest program with expenses totaling \$96,479.40.

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

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>		<u>2021</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	\$ 96,479.40	\$ (96,479.40)	\$ 68,307.09	\$ (68,307.09)
Public safety	31,500.00	(16,500.00)	31,200.00	41,609.47
Public works	53,727.07	130,486.43	53,073.95	172,192.22
Parks, recreation, and cultural	<u>37.14</u>	<u>(37.14)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 181,743.61</u>	<u>\$ 17,469.89</u>	<u>\$ 152,581.04</u>	<u>\$ 145,494.60</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The Town's governmental funds reported combined ending fund balances of \$565,235.40. The combined governmental fund balance increased \$209,155.33 from the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$565,235.40. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 304.6% of total fund expenditures.

BUDGETARY HIGHLIGHTS

General Fund

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

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>			<u>2021</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 36,000.00	\$ 36,000.00	\$ 38,302.32	\$ 35,600.00	\$ 35,600.00	\$ 37,427.39
Other	92,300.00	92,300.00	111,740.60	71,225.00	71,225.00	96,980.22
Use of money and property	4,800.00	4,800.00	4,973.95	9,000.00	9,000.00	4,489.95
Fines and forfeitures	-	-	-	7,500.00	7,500.00	-
Miscellaneous	27,710.00	27,710.00	32,676.59	28,701.00	28,701.00	26,638.24
Intergovernmental	50,061.00	50,061.00	207,011.91	18,406.00	18,406.00	306,556.02
Total Revenues	<u>210,871.00</u>	<u>210,871.00</u>	<u>394,705.37</u>	170,432.00	170,432.00	472,091.82
Expenditures	<u>296,510.00</u>	<u>296,510.00</u>	<u>185,550.04</u>	170,432.00	170,432.00	194,123.86
Transfers In (Out)	<u>(86,500.00)</u>	<u>(86,500.00)</u>	-	-	-	-
Net Change in Fund Balance Before Funds from Surplus	<u>(172,139.00)</u>	<u>(172,139.00)</u>	<u>209,155.33</u>	-	-	277,967.96
From Surplus	<u>172,139.00</u>	<u>172,139.00</u>	-	-	-	-
Net Change in Fund Balance After Funds from Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,155.33</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,967.96</u>

The Town did not make any budget amendments during the year.

Actual revenues were more than final budget amounts by \$183,834.37, or 87.2%, while actual expenditures were \$110,959.96 or 37.4 less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2022, the Town's governmental activities net capital assets total \$668,837.41, which represents a net increase of \$3,806.43 or .57% over the previous fiscal year-end balance. The business-type activities net capital assets total \$3,269,548.10, a decrease of \$91,275.46 or 2.7% over the previous fiscal year.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Land and land improvements	\$ 46,000.00	\$ -	\$ 46,000.00
Buildings and improvements	90,300.00	-	90,300.00
Infrastructure	594,634.25	20,929.79	615,564.04
Furniture, equipment, and vehicles	12,790.51	-	12,790.51
Total Capital Assets	<u>743,724.76</u>	<u>20,929.79</u>	<u>764,654.55</u>
Less: Accumulated depreciation and amortization	<u>(78,693.78)</u>	<u>(17,123.36)</u>	<u>(95,817.14)</u>
Total Capital Assets, Net	<u>\$ 665,030.98</u>	<u>\$ 3,806.43</u>	<u>\$ 668,837.41</u>

Business-Type Activities

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Land	\$ 12,000.00	\$ -	\$ 12,000.00
Buildings and systems	4,495,044.79	-	4,495,044.79
Furniture, equipment, and vehicles	<u>22,822.20</u>	<u>-</u>	<u>22,822.20</u>
Total Capital Assets	4,529,866.99	-	4,529,866.99
Less: Accumulated depreciation and amortization	<u>(1,169,043.43)</u>	<u>(91,275.46)</u>	<u>(1,260,318.89)</u>
Total Capital Assets, Net	<u>\$ 3,360,823.56</u>	<u>\$ (91,275.46)</u>	<u>\$ 3,269,548.10</u>

Long-Term Debt

As of June 30, 2022, the Town's long-term obligations total \$976,812.12.

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Virginia Resources Authority	\$ 631,069.96	\$ -	\$ 39,441.86	\$ 591,628.10
USDA Rural Development	<u>392,012.93</u>	<u>-</u>	<u>6,828.91</u>	<u>385,184.02</u>
Totals	<u>\$1,023,082.89</u>	<u>\$ -</u>	<u>\$ 46,270.77</u>	<u>\$ 976,812.12</u>

More detailed information on the Town's long-term obligations is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget.

The average unemployment rate for the Town of Charlotte Court House, Virginia in June 2022, which uses Charlotte County's rate, was 2.8%. This compares favorably to the state's rate of 2.9% and the national rate of 3.8%.

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

These rates along with other indicators were taken into account when adopting the General Fund budget for 2023, which accounts for most of the Town's operational costs. The fiscal year 2023 adopted budget anticipates General Fund revenues and expenditures to be \$80,311, a 20.97% increase over the fiscal year 2022 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Mayor, Town of Charlotte Court House, Virginia, P. O. Box 246, Charlotte Court House, Virginia 23923, telephone 434-542-5781 or visit the Town's website at www.towncch.com.

BASIC FINANCIAL STATEMENTS

Town of Charlotte Court House, Virginia

Statement of Net Position

At June 30, 2022

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 475,447.07	\$ 40,321.48	\$ 515,768.55
Due from Commonwealth of Virginia - VDOT	90,953.00	-	90,953.00
Receivables	<u>10,379.83</u>	<u>6,189.47</u>	<u>16,569.30</u>
Total Current Assets	576,779.90	46,510.95	623,290.85
Noncurrent Assets			
<i>Capital Assets</i>			
Capital assets, net of accumulated depreciation	<u>668,837.41</u>	<u>3,269,548.10</u>	<u>3,938,385.51</u>
Capital Assets, Net	<u>668,837.41</u>	<u>3,269,548.10</u>	<u>3,938,385.51</u>
Total Noncurrent Assets	<u>668,837.41</u>	<u>3,269,548.10</u>	<u>3,938,385.51</u>
Total Assets	<u>\$ 1,245,617.31</u>	<u>\$ 3,316,059.05</u>	<u>\$ 4,561,676.36</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ -	\$ 104.00	\$ 104.00
Accrued liabilities	1,164.67	149.24	1,313.91
Customer deposits	-	<u>3,783.83</u>	<u>3,783.83</u>
Total Current Liabilities	1,164.67	4,037.07	5,201.74
Noncurrent Liabilities			
<i>Due within one year</i>			
Bonds, loans, and other	-	46,565.02	46,565.02
<i>Due in more than one year</i>			
Bonds, loans, and other	<u>-</u>	<u>930,247.10</u>	<u>930,247.10</u>
Total Noncurrent Liabilities	<u>-</u>	<u>976,812.12</u>	<u>976,812.12</u>
Total Liabilities	1,164.67	980,849.19	982,013.86
Net Position			
Net investment in capital assets	668,837.41	2,292,735.98	2,961,573.39
Unrestricted	<u>575,615.23</u>	<u>42,473.88</u>	<u>618,089.11</u>
Total Net Position	<u>1,244,452.64</u>	<u>2,335,209.86</u>	<u>3,579,662.50</u>
Total Liabilities and Net Position	<u>\$ 1,245,617.31</u>	<u>\$ 3,316,059.05</u>	<u>\$ 4,561,676.36</u>

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

Town of Charlotte Court House, Virginia

Statement of Activities

For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	
Primary Government						
Governmental Activities						
General government administration	\$ 96,479.40	\$ -	\$ -	\$ (96,479.40)		\$ (96,479.40)
Public safety	31,500.00	-	15,000.00	(16,500.00)		(16,500.00)
Public works	53,727.07		184,213.50	130,486.43		130,486.43
Parks, recreation, and cultural	37.14	-	-	(37.14)		(37.14)
Total Governmental Activities	181,743.61	-	199,213.50	17,469.89		17,469.89
Business-Type Activities						
Water and Sewer Fund	198,046.93	138,243.71	20,795.62		\$ (39,007.60)	(39,007.60)
Total Business-Type Activities	198,046.93	138,243.71	20,795.62		(39,007.60)	(39,007.60)
Total Primary Government	\$ 379,790.54	\$ 138,243.71	\$ 220,009.12			(21,537.71)
General Revenues						
Taxes						
General property taxes, real and personal				40,128.84	-	40,128.84
Other local taxes				111,740.60	-	111,740.60
Grants and contributions not restricted to specific programs				7,798.41	-	7,798.41
Use of property				3,900.00	-	3,900.00
Investment income				1,073.95	-	1,073.95
Miscellaneous				32,676.59	778.00	33,454.59
Total General Revenues				197,318.39	778.00	198,096.39
Change in Net Position				214,788.28	(38,229.60)	176,558.68
Net Position - Beginning of Year				1,029,664.36	2,373,439.46	3,403,103.82
Net Position - End of Year				\$ 1,244,452.64	\$ 2,335,209.86	\$ 3,579,662.50

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

Town of Charlotte Court House, Virginia

Balance Sheet

Governmental Funds

At June 30, 2022

	General Fund
Assets	
Cash and investments	\$ 475,447.07
Due from Commonwealth of Virginia - VDOT	90,953.00
Property taxes receivable	<u>10,379.83</u>
Total Assets	<u>\$ 576,779.90</u>
Liabilities	
Accrued payroll taxes	<u>\$ 1,164.67</u>
Total Liabilities	1,164.67
Deferred Inflows of Resources	
Unavailable revenue - property taxes	<u>10,379.83</u>
Total Deferred Inflows of Resources	10,379.83
Fund Balance	
Unassigned	<u>565,235.40</u>
Total Fund Balance	<u>565,235.40</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 576,779.90</u>

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

Town of Charlotte Court House, Virginia

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

At June 30, 2022

Total Fund Balances for Governmental Funds	\$ 565,235.40
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue	10,379.83
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	\$ 46,000.00
Buildings and improvements, net of accumulated depreciation	<u>622,837.41</u>
Total Capital Assets	<u>668,837.41</u>
Total Net Position of Governmental Activities	<u>\$1,244,452.64</u>

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

Town of Charlotte Court House, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

	General Fund
Revenues	
Property taxes	\$ 38,302.32
Other local taxes	111,740.60
Use of money and property	4,973.95
Miscellaneous	32,676.59
<i>Intergovernmental</i>	
Revenue from the Commonwealth of Virginia	22,798.41
Revenue from the Federal Government	<u>184,213.50</u>
Total Revenues	394,705.37
Expenditures	
Current	
General government administration	96,479.40
Public safety	31,500.00
Public works	57,533.50
Parks, recreation, and cultural	<u>37.14</u>
Total Expenditures	<u>185,550.04</u>
Net Change in Fund Balance	209,155.33
Fund Balance - Beginning of Year	<u>356,080.07</u>
Fund Balance - End of Year	<u><u>\$ 565,235.40</u></u>

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

Town of Charlotte Court House, Virginia

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

Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 209,155.33

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

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities. 1,826.52

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

Capitalization of assets purchased 20,929.79
Depreciation (17,123.36)

Change in Net Position of Governmental Activities \$ 214,788.28

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

Town of Charlotte Court House, Virginia

Statement of Net Position

Proprietary Fund

At June 30, 2022

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Assets	
Current Assets	
Cash	\$ 40,321.48
Receivables	<u>6,189.47</u>
Total Current Assets	46,510.95
Noncurrent Assets	
Capital assets, net	<u>3,269,548.10</u>
Total Noncurrent Assets	<u>3,269,548.10</u>
Total Assets	<u>\$ 3,316,059.05</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 104.00
Accrued liabilities	149.24
Customer deposits	3,783.83
Current portion of long-term debt	<u>46,565.02</u>
Total Current Liabilities	50,602.09
Long-Term Liabilities	
Long-term debt, net of current portion	<u>930,247.10</u>
Total Long-Term Liabilities	<u>930,247.10</u>
Total Liabilities	980,849.19
Net Position	
Net investment in capital assets	2,292,735.98
Unrestricted	<u>42,473.88</u>
Total Net Position	<u>2,335,209.86</u>
Total Liabilities and Net Position	<u>\$ 3,316,059.05</u>

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

Town of Charlotte Court House, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Operating Revenues	
Water and sewer charges	\$ 134,636.21
Connection fees and reconnection fees	3,607.50
Grant revenue - CARES Act from Charlotte County	20,795.62
Miscellaneous income	<u>778.00</u>
Total Operating Revenues	159,817.33
Operating Expenses	
Salaries and related expenses	41,055.89
Repairs	23,506.79
Insurance	974.00
Depreciation	91,275.46
Supplies	6,653.34
Electricity - wells	7,073.74
Miscellaneous	<u>11,464.62</u>
Total Operating Expenses	<u>182,003.84</u>
Operating Loss	(22,186.51)
Nonoperating Revenues (Expenses)	
Interest expense	<u>(16,043.09)</u>
Total Nonoperating Revenues (Expenses)	<u>(16,043.09)</u>
Change in Net Position	(38,229.60)
Total Net Position - Beginning of Year	<u>2,373,439.46</u>
Total Net Position - End of Year	<u>\$ 2,335,209.86</u>

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

Town of Charlotte Court House, Virginia

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 140,364.39
Grant revenue - CARES Act from Charlotte County	20,795.62
Miscellaneous income	778.00
Payments to personnel and related fringe benefits	(41,060.09)
Payments to suppliers	<u>(51,436.52)</u>
Net Cash Provided by Operating Activities	69,441.40
Cash Flows from Capital and Related Financing Activities	
Principal paid on capital debt	(46,270.77)
Interest paid on capital debt	<u>(16,043.09)</u>
Net Cash Used in Capital and Related Financing Activities	(62,313.86)
Cash Flows from Investing Activities	
	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	7,127.54
Cash and Cash Equivalents - Beginning of Year	<u>33,193.94</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 40,321.48</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (22,186.51)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</i>	
Depreciation expense	91,275.46
<i>Changes in assets and liabilities</i>	
Receivables	1,850.68
Accounts payable	(1,764.03)
Accrued liabilities	(4.20)
Customer deposits	<u>270.00</u>
Net Cash Provided by Operating Activities	<u><u>\$ 69,441.40</u></u>

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

Town of Charlotte Court House, Virginia

Notes to the Financial Statements

Year Ended June 30, 2022

1 Summary of Significant Accounting Policies

Narrative Profile

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

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

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

1-A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Town of Charlotte Court House, Virginia (the primary government).

1-B. Financial Reporting Model

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

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

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

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

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

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

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

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

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

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

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

1-C. Financial Statement Presentation

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

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the Town’s major governmental funds:
 - **General Fund** – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.
 - **Special Revenue Funds** – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. There are no Special Revenue Funds as of June 30, 2022.
 - **Capital Projects Funds** – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. There are no Capital Projects Funds as of June 30, 2022.
- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has one enterprise fund, the Water and Sewer Fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges.
- **Fiduciary Funds (Custodial Funds)** – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. There are no Fiduciary Funds as of June 30, 2022.

1-D. Measurement Focus and Basis of Accounting

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

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

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

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

The Town's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

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

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

1-E-1 Cash and Cash Equivalents

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

1-E-2 Investments

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

1-E-3 Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. There was no allowance amount at June 30, 2022.

Real and Personal Property Tax Data

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

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

The Town bills and collects its own property taxes.

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

1-E-4 Prepaid Items

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

1-E-5 Capital Assets

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

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

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

1-E-6 Deferred Outflows/Inflows of Resources

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

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

Deferred inflows of resources in the governmental funds balance sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans, and notes receivable. The Town considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-7 Compensated Absences

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

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

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

1-E-8 Fund Equity

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

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

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

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

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

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

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

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

1-E-9 Operating Revenues and Expenses

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

1-E-10 Interfund Activity

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

1-E-11 Long-Term Obligations

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

1-E-12 Adoption of New GASB Statements

The Town adopted the following GASB statements during the year ended June 30, 2022:

Statement No. 87, Leases increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

GASB Statement No. 92, Omnibus 2020 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of GASB Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports. (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of GASB Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of GASB Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

Statement No. 93, Replacement of Interbank Offered Rates, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32. This Statement provides a more consistent financial reporting of defined contribution plans, defined contribution OPEB plans and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain provisions of this Statement are effective for fiscal year 2022 for the Town.

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, 2022 for the Town.

1-F. Estimates

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

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Town Council annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the department level for the primary Government Funds. Unexpended appropriations lapse at the end of each fiscal year.

Budgetary Data

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

1. Prior to May 1, the Town Clerk submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations for June 30, 2022.

Fund Deficits

No funds had fund deficits.

3 Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

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

The following is a summary of cash and cash equivalents:

<u>Asset Type</u>	<u>Carrying Amount</u>
Petty cash	\$ 50.00
Deposit accounts	<u>515,718.55</u>
Total Cash and Cash Equivalents	<u>\$ 515,768.55</u>

Primary Government	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 475,447.07	\$ 40,321.48	\$ 515,768.55

4 Receivables

Receivables at June 30, 2022 consist of the following:

Receivables	Primary Government		
	Governmental Activities General	Business-Type Activities	Total
	Property taxes	\$ 10,379.83	\$ -
Water and sewer	-	6,189.47	6,189.47
Total Receivables	<u>\$ 10,379.83</u>	<u>\$ 6,189.47</u>	<u>\$ 16,569.30</u>

5 Interfund Transfers

There were no interfund transfers during the fiscal year.

6 Due from Other Governmental Units

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

Commonwealth of Virginia	Governmental Activities
VDOT	\$ 90,953.00
	<u>\$ 90,953.00</u>

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7 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 46,000.00	\$ -	\$ -	\$ 46,000.00
Total Capital Assets Not Being Depreciated	46,000.00	-	-	46,000.00
Other Capital Assets				
Buildings and improvements	90,300.00	-	-	90,300.00
Infrastructure	594,634.25	20,929.79	-	615,564.04
Furniture, equipment, and vehicles	12,790.51	-	-	12,790.51
Total Other Capital Assets	697,724.76	20,929.79	-	718,654.55
Less: Accumulated depreciation for				
Buildings and improvements	(48,941.25)	(2,257.50)	-	(51,198.75)
Infrastructure	(16,962.02)	(14,865.86)	-	(31,827.88)
Furniture, equipment, and vehicles	(12,790.51)	-	-	(12,790.51)
Total Accumulated Depreciation	(78,693.78)	(17,123.36)	-	(95,817.14)
Other Capital Assets, Net	619,030.98	3,806.43	-	622,837.41
Net Capital Assets	<u>\$ 665,030.98</u>	<u>\$ 3,806.43</u>	<u>\$ -</u>	<u>\$ 668,837.41</u>
Depreciation expense was allocated as follows:				
Public works	<u>\$ 17,123.36</u>			
Total Depreciation Expense	<u>\$ 17,123.36</u>			

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Business-Type Activities	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 12,000.00	\$ -	\$ -	\$ 12,000.00
Total Capital Assets Not Being Depreciated	12,000.00	-	-	12,000.00
Other Capital Assets				
Buildings and systems	4,495,044.79	-	-	4,495,044.79
Equipment, furniture, and fixtures	22,822.20	-	-	22,822.20
Total Other Capital Assets	4,517,866.99	-	-	4,517,866.99
Less: Accumulated depreciation for				
Buildings and systems	(1,157,378.98)	(91,275.46)	-	(1,248,654.44)
Equipment, furniture, and fixtures	(11,664.45)	-	-	(11,664.45)
Total Accumulated Depreciation	(1,169,043.43)	(91,275.46)	-	(1,260,318.89)
Other Capital Assets, Net	3,348,823.56	(91,275.46)	-	3,257,548.10
Net Capital Assets	\$ 3,360,823.56	\$ (91,275.46)	\$ -	\$ 3,269,548.10

8 Compensated Absences

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

9 Long-Term Debt

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

The Town entered into a loan agreement with Rural Development in 2007. The funds were used for water improvements. The original loan was \$438,000.00 and will be payable over 40 years at 4.125% interest in monthly installments of \$1,906.00.

PRIMARY GOVERNMENT

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

Payment Schedule	Year	Principal	Interest	Total
	2023	\$ 46,565.02	\$ 15,748.84	\$ 62,313.86
	2024	46,864.46	15,449.40	62,313.86
	2025	47,176.50	15,137.36	62,313.86
	2026	47,501.66	14,812.20	62,313.86
	2027	47,840.49	14,473.37	62,313.86
	2028-2032	244,804.84	66,764.46	311,569.30
	2033-2037	255,686.56	55,882.94	311,569.50
	2038-2042	71,846.47	42,513.53	114,360.00
	2043-2047	88,272.45	26,087.55	114,360.00
	2048-2051	80,253.67	6,557.60	86,811.27
		<u>\$ 976,812.12</u>	<u>\$ 273,427.25</u>	<u>\$ 1,250,239.37</u>

Changes in Long-Term Debt

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

Debt Summary	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Virginia Department of Health	\$ 631,069.96	\$ -	\$ 39,441.86	\$ 591,628.10	\$ 39,441.86
USDA Rural Development	392,012.93	-	6,828.91	385,184.02	7,123.16
Totals	<u>\$1,023,082.89</u>	<u>\$ -</u>	<u>\$ 46,270.77</u>	<u>\$ 976,812.12</u>	<u>\$ 46,565.02</u>

10 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2022 is determined as follows:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets			
Cost of capital assets	\$ 764,654.55	\$ 4,529,866.99	\$ 5,294,521.54
Less: Accumulated depreciation	(95,817.14)	(1,260,318.89)	(1,356,136.03)
Book value	668,837.41	3,269,548.10	3,938,385.51
Less: Capital related debt	-	(976,812.12)	(976,812.12)
Net Investment in Capital Assets	<u>\$ 668,837.41</u>	<u>\$ 2,292,735.98</u>	<u>\$ 2,961,573.39</u>

11 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Primary Government - General Fund Deferred Inflows of Resources

Delinquent taxes not collected within 60 days \$ 10,379.83

12 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond covered is as follows:

Each Occurrence	\$1,000,000.00
Any One Fire	1,000,000.00
Any One Person	10,000.00

13 Commitments and Contingencies

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

14 Litigation

At June 30, 2022, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions or pending matters not be favorable to such entities.

15 Legal Compliance

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

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	<u>\$ 31,639,653.00</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 3,163,965.30
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>976,812.12</u>
Legal Debt Margin - June 30, 2022	<u>\$ 2,187,153.18</u>

Note: Includes all long-term general obligation debt.

16 Upcoming Pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements for government end users. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

17 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2022. Management has performed their analysis through June 23, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Charlotte Court House, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2022

General Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
General Property Taxes				
Real property taxes	\$ 28,000.00	\$ 28,000.00	\$ 28,123.89	\$ 123.89
Personal property taxes	6,800.00	6,800.00	8,406.67	1,606.67
Merchants capital	600.00	600.00	479.49	(120.51)
Penalties and interest	600.00	600.00	1,292.27	692.27
Total General Property Taxes	<u>36,000.00</u>	<u>36,000.00</u>	<u>38,302.32</u>	<u>2,302.32</u>
Other Local Taxes				
Utility taxes	11,000.00	11,000.00	11,026.92	26.92
Utility BPOL/consumption tax	3,500.00	3,500.00	3,431.84	(68.16)
Bank franchise taxes	22,000.00	22,000.00	30,067.00	8,067.00
Sales taxes	17,000.00	17,000.00	21,319.85	4,319.85
Motor vehicle taxes	3,500.00	3,500.00	3,866.67	366.67
Meals taxes	34,000.00	34,000.00	40,783.32	6,783.32
Business licenses	1,300.00	1,300.00	1,245.00	(55.00)
Total Other Local Taxes	<u>92,300.00</u>	<u>92,300.00</u>	<u>111,740.60</u>	<u>19,440.60</u>
Revenue from Use of Money and Property				
Rent income	3,600.00	3,600.00	3,900.00	300.00
Interest earned	1,200.00	1,200.00	1,073.95	(126.05)
Total Revenue from Use of Money and Property	<u>4,800.00</u>	<u>4,800.00</u>	<u>4,973.95</u>	<u>173.95</u>
Miscellaneous				
County payment in lieu of taxes	25,000.00	25,000.00	25,000.00	-
Litter grant - from county	1,032.00	1,032.00	1,329.00	297.00
Insurance claim income	1,633.00	1,633.00	1,633.14	0.14
Other miscellaneous	45.00	45.00	4,714.45	4,669.45
Total Miscellaneous	<u>27,710.00</u>	<u>27,710.00</u>	<u>32,676.59</u>	<u>4,966.59</u>
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
Personal Property Tax Relief Act	6,006.00	6,006.00	6,006.08	0.08
State communication tax	2,000.00	2,000.00	1,792.33	(207.67)
Fire program	15,000.00	15,000.00	15,000.00	-
Total Revenue from the Commonwealth of Virginia	<u>23,006.00</u>	<u>23,006.00</u>	<u>22,798.41</u>	<u>(207.59)</u>
<i>Revenue from the Federal Government</i>				
ARPA funds	-	-	32,365.12	32,365.12
Cares Act	27,055.00	27,055.00	151,848.38	124,793.38
Total Revenue from the Federal Government	<u>27,055.00</u>	<u>27,055.00</u>	<u>184,213.50</u>	<u>157,158.50</u>
Total Intergovernmental Revenue	<u>50,061.00</u>	<u>50,061.00</u>	<u>207,011.91</u>	<u>156,950.91</u>
Total Revenues	210,871.00	210,871.00	394,705.37	183,834.37

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
General Government Administration				
Salaries	41,606.00	41,606.00	54,533.08	(12,927.08)
Other professional services	1,750.00	1,750.00	1,500.00	250.00
Legal and accounting services	9,200.00	9,200.00	10,785.83	(1,585.83)
Postage, office, and equipment	5,600.00	5,600.00	3,516.35	2,083.65
Advertising	1,200.00	1,200.00	844.00	356.00
Conferences	2,600.00	2,600.00	3,061.04	(461.04)
Accounting software	1,800.00	1,800.00	1,751.50	48.50
Insurance	3,800.00	3,800.00	5,439.39	(1,639.39)
Payroll tax	3,175.00	3,175.00	4,413.44	(1,238.44)
Telephone	1,400.00	1,400.00	1,385.00	15.00
Zoning	3,000.00	3,000.00	1,587.56	1,412.44
Miscellaneous	10,800.00	10,800.00	6,835.21	3,964.79
Dues and subscriptions	<u>800.00</u>	<u>800.00</u>	<u>827.00</u>	<u>(27.00)</u>
Total General Government Administration	86,731.00	86,731.00	96,479.40	(9,748.40)
Public Safety				
<i>Fire Department</i>				
State grant	15,000.00	15,000.00	15,000.00	-
Contribution - VFD	<u>16,200.00</u>	<u>16,200.00</u>	<u>16,500.00</u>	<u>(300.00)</u>
Total Fire Department	<u>31,200.00</u>	<u>31,200.00</u>	<u>31,500.00</u>	<u>(300.00)</u>
Total Public Safety	31,200.00	31,200.00	31,500.00	(300.00)
Public Works				
<i>Streets</i>				
Street lighting	10,000.00	10,000.00	9,114.10	885.90
Capital projects	118,008.00	118,008.00	20,929.79	97,078.21
Mowing supplies and repairs	300.00	300.00	-	300.00
Grass contract	<u>26,400.00</u>	<u>26,400.00</u>	<u>23,550.00</u>	<u>2,850.00</u>
Total Streets	154,708.00	154,708.00	53,593.89	101,114.11
<i>Buildings and Grounds</i>				
Other buildings and grounds expenses	2,500.00	2,500.00	487.54	2,012.46
Electricity	1,700.00	1,700.00	1,581.36	118.64
Propane	1,400.00	1,400.00	1,336.25	63.75
Litter grant	<u>1,021.00</u>	<u>1,021.00</u>	<u>534.46</u>	<u>486.54</u>
Total Buildings and Grounds	<u>6,621.00</u>	<u>6,621.00</u>	<u>3,939.61</u>	<u>2,681.39</u>
Total Public Works	161,329.00	161,329.00	57,533.50	103,795.50

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Parks, Recreation, and Cultural				
Recreation Area	17,000.00	17,000.00	-	17,000.00
Annual tree lighting	<u>250.00</u>	<u>250.00</u>	<u>37.14</u>	<u>212.86</u>
Total Parks, Recreation, and Cultural	<u>17,250.00</u>	<u>17,250.00</u>	<u>37.14</u>	<u>17,212.86</u>
 Total Expenditures	<u>296,510.00</u>	<u>296,510.00</u>	<u>185,550.04</u>	<u>110,959.96</u>
 Excess (Deficiency) of Revenues Over Expenditures	(85,639.00)	(85,639.00)	209,155.33	294,794.33
Other Financing Sources (Uses)				
Transfers out	<u>(86,500.00)</u>	<u>(86,500.00)</u>	<u>-</u>	<u>86,500.00</u>
Net Change in Fund Balance Before Funds from Surplus	(172,139.00)	(172,139.00)	209,155.33	381,294.33
From Surplus	<u>172,139.00</u>	<u>172,139.00</u>	<u>-</u>	<u>(172,139.00)</u>
Net Change in Fund Balance After Funds from Surplus	<u>\$ -</u>	<u>\$ -</u>	209,155.33	<u>\$ 209,155.33</u>
 Fund Balance - Beginning of Year			<u>356,080.07</u>	
 Fund Balance - End of Year			<u>\$ 565,235.40</u>	

OTHER INFORMATION

Town of Charlotte Court House, Virginia

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

Water and Sewer Revenue Bonds

<u>Fiscal Years Ended June 30</u>	<u>Gross Revenues*</u>	<u>Direct Operating Expenses**</u>	<u>Net Available</u>	<u>Principal***</u>	<u>Interest</u>	<u>Total Debt</u>	<u>Coverage</u>
2022	\$ 159,817.33	\$ 90,728.38	\$ 69,088.95	\$ 46,270.77	\$ 16,043.09	\$ 62,313.86	1.11
2021	132,071.16	80,294.45	51,776.71	45,995.24	16,318.62	62,313.86	0.83
2020	133,920.98	75,496.77	58,424.21	45,730.86	16,583.00	62,313.86	0.94
2019	133,886.47	61,507.46	72,379.01	45,477.14	16,836.72	62,313.86	1.16
2018	136,756.09	77,765.14	58,990.95	45,233.67	17,080.19	62,313.86	0.95
2017	166,443.68	110,632.85	55,810.83	45,000.02	17,313.84	62,313.86	0.90
2016	139,080.28	65,210.35	73,869.93	44,770.61	17,543.25	62,313.86	1.19
2015	135,422.64	62,464.40	72,958.24	44,565.77	17,748.09	62,313.86	1.17
2014	133,071.94	82,812.67	50,259.27	44,253.64	18,060.22	62,313.86	0.81
2013	131,067.98	72,037.52	59,030.46	39,441.86	19,973.50	59,415.36	0.99

*Operating revenues and grants and interest income.

**Excluding depreciation, interest, and amortization.

***Excludes debt refinancing payoffs.

COMPLIANCE SECTION



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

To the Town Council
Town of Charlotte Court House, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Charlotte Court House, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Charlotte Court House, Virginia's basic financial statements and have issued our report thereon dated June 23, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

South Hill, Virginia
June 23, 2023