



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025



TOWN OF ROCKY MOUNT, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

Prepared by the Finance Director/Treasurer

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INTRODUCTORY SECTION

TOWN OF ROCKY MOUNT, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

C. Holland Perdue, Mayor
Benjamin K. Mullins, Vice Mayor
Tyler Lee
Lucas Tuning
Mark Newbill
David K. Clements
A. Ralph Casey

APPOINTED OFFICIALS

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



Government Finance Officers Association

**Certificate of
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Virginia**

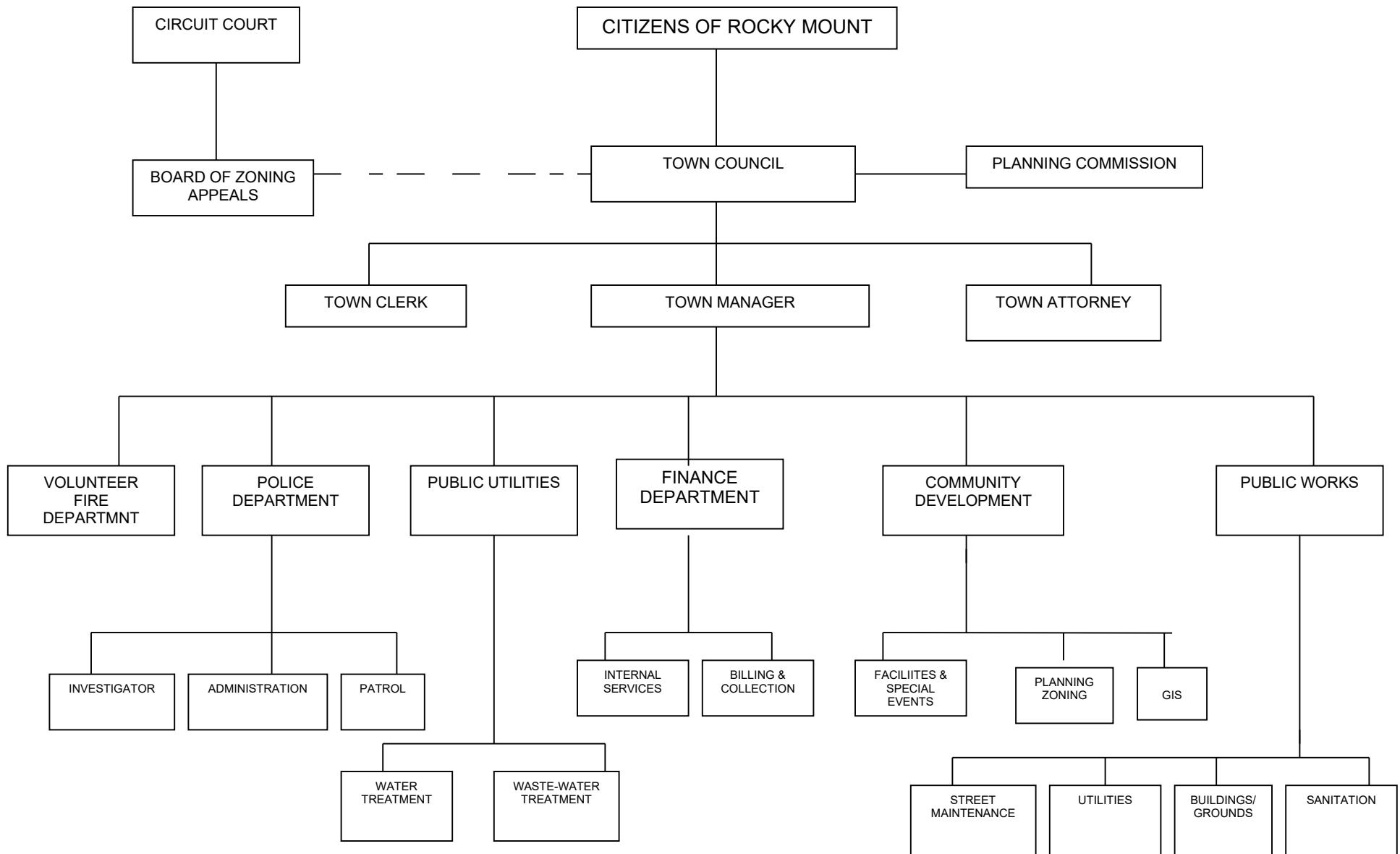
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART





December 12, 2025

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

State Law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. We are pleased to submit the Town's annual comprehensive financial report for the fiscal year ended June 30, 2025.

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

The Town of Rocky Mount's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Rocky Mount for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that the financial statements present fairly, in all material respects, the financial position of the Town of Rocky Mount for the fiscal year ended June 30, 2025, in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Town of Rocky Mount, incorporated in 1873, is located in the rolling hills of the western Blue Ridge Mountains and serves as the seat of Franklin County's government, service, and business center. The Town of Rocky Mount currently occupies a land area of 4.6 square miles and boasts a population of 4,971. The Town of Rocky Mount levies a property tax on both real and personal properties located within its boundaries.

The Town of Rocky Mount has operated under the council-manager form of government since 1989. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing the Planning Commission, and hiring the government's manager, attorney, and clerk. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected at large. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term.

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

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

Factors Affecting Financial Condition

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

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

The unemployment rate for Franklin County (no statistics are available for the Town individually) as of June 30, 2025, is on par with the State's unemployment rate and the national unemployment rate. The occupancy rate of the Town's central business district continues to remain high and in demand by service businesses.

Inflationary trends in the region compare favorably to national indices. Town Council has continued its dedication to citizens and businesses by not increasing property taxes during fiscal year 2025. A multi-year plan was approved by Council in July 2023 to increase water, wastewater and solid waste collection rates approximately 6% per year to cover the operating and capital costs of providing those services. Water consumption continues to increase slightly when compared to prior fiscal years.

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

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

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

Awards and Acknowledgements

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

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

Respectively submitted,



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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of Town of Rocky Mount, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Rocky Mount, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
December 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Rocky Mount, Virginia (the “Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,142,460 (net position). Of this amount, \$7,073,150 (unrestricted net position) may be used to meet the Town’s ongoing obligations to citizens and creditors (Exhibit 1).
- The Town’s total net position increased by \$402,128 from prior year’s report amounts. Real property located in the Town is assessed every four years. FY24-25 is the first year the Town is seeing increased real estate revenues from an approximate 41% increase in real property values.
- At the end of the current fiscal year, the Town’s general fund reported an ending fund balance of \$10,794,553, an increase of \$412,670 in comparison with the prior year. 99.1% of the Town’s fund balance constitutes an unassigned fund balance, which is available for spending at the government’s discretion (Exhibit 3).
- As of the close of the current fiscal year, the Town’s proprietary funds reported an ending net position of \$10,431,571, an increase of \$153,449 in comparison with the prior year (Exhibit 1).
- The Town’s total outstanding debt increased \$5,479,498 due to new debt issued during the fiscal year.
- The net position of the Economic Development Authority, the component unit, is \$9,749,956, an increase of \$4,594,406 from the prior fiscal year. The Town forgave \$4.2M in amounts due from the Harvester entities during the year (Exhibit 1).
- The general fund revenues were more than the final budgeted amount by \$1 million (10%). Actual expenditures were \$1.2 million (10.4%) less than the final budget (Exhibit 10).

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,142,460 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position, \$19,069,310 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$7,073,150 may be used to meet the government's obligations to citizens and creditors.

The Town's Net Position

	The Town's Net Position					
	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2025	2024
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 13,126,142	\$ 11,866,872	\$ 3,867,905	\$ 3,829,336	\$ 16,994,047	\$ 15,696,208
Capital assets	17,482,979	14,845,536	12,637,982	11,631,360	30,120,961	26,476,896
Total assets	\$ 30,609,121	\$ 26,712,408	\$ 16,505,887	\$ 15,460,696	\$ 47,115,008	\$ 42,173,104
Deferred outflows	\$ 1,432,215	\$ 1,094,719	\$ 527,393	\$ 391,604	\$ 1,959,608	\$ 1,486,323
Long-term liabilities	\$ 14,875,625	\$ 10,018,637	\$ 5,357,725	\$ 4,600,958	\$ 20,233,350	\$ 14,619,595
Other liabilities	445,213	1,435,363	600,891	272,083	1,046,104	1,707,446
Total liabilities	\$ 15,320,838	\$ 11,454,000	\$ 5,958,616	\$ 4,873,041	\$ 21,279,454	\$ 16,327,041
Deferred inflows	\$ 1,009,609	\$ 890,917	\$ 643,093	\$ 701,137	\$ 1,652,702	\$ 1,592,054
Net position						
Net invested in capital assets	\$ 11,022,020	\$ 13,079,614	\$ 8,047,290	\$ 7,953,106	\$ 19,069,310	\$ 21,032,720
Unrestricted	4,688,869	2,382,596	2,384,281	2,325,016	7,073,150	4,707,612
Total net position	\$ 15,710,889	\$ 15,462,210	\$ 10,431,571	\$ 10,278,122	\$ 26,142,460	\$ 25,740,332

Governmental activities - Governmental activities increased the Town's net position by \$248,679. This increase is largely due to increases in property tax revenue. Real property located in the Town is assessed every four years. FY24-25 is the first year the Town is seeing increased real estate revenues from an approximate 41% increase in real property values.

Business-type activities - Business-type activities increased the Town's net position by \$153,449. The Town's business-type activities consist of one proprietary fund, the enterprise fund, that consists of the water and wastewater fund. Two years ago, a utility rate analysis was completed which resulted in a five-year plan to increase rates so that future water and wastewater projects could be funded without incurring annual borrowings and increase debt service. Fiscal year 23-24 was the first year of the new rate structure.

The Town's Changes in Net Activities

	Governmental						Business-Type					
	Activities		Activities		Total		Activities		Activities		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenues												
Program Revenues												
Charges for services	\$ 562,398	\$ 626,788	\$ 3,671,619	\$ 3,368,388	\$ 4,234,017	\$ 3,995,176						
Operating grants and contributions	3,516,974	3,367,331	98,560	-	3,615,534	3,367,331						
Capital grants and contributions	-	-	-	384,356	-	384,356						
General revenues												
Property taxes	1,509,100	1,197,611	-	-	1,509,100	1,197,611						
Other taxes	5,291,754	5,121,857	-	-	5,291,754	5,121,857						
Intergovernmental revenue												
unrestricted	202,693	244,783	-	-	202,693	244,783						
Investment earnings	715,843	549,138	10,128	9,509	725,971	558,647						
Other	192,082	330,585	38,029	18,411	230,111	348,996						
Total revenues	\$ 11,990,844	\$ 11,438,093	\$ 3,818,336	\$ 3,780,664	\$ 15,809,180	\$ 15,218,757						
Expenses												
General government	\$ 893,943	\$ 1,528,490	\$ -	\$ -	\$ 893,943	\$ 1,528,490						
Public safety	3,401,593	3,409,115	-	-	3,401,593	3,409,115						
Public works	2,765,149	3,198,687	-	-	2,765,149	3,198,687						
Parks, recreation and cultural	74,528	27,002	-	-	74,528	27,002						
Community development	3,658,986	8,047,504	-	-	3,658,986	8,047,504						
Interest on long-term debt	669,773	465,401	-	-	669,773	465,401						
Water and wastewater	-	-	3,943,080	3,536,632	3,943,080	3,536,632						
Total expenses	\$ 11,463,972	\$ 16,676,199	\$ 3,943,080	\$ 3,536,632	\$ 15,407,052	\$ 20,212,831						
Increase (decrease) in net position before transfers												
	\$ 526,872	\$ (5,238,106)	\$ (124,744)	\$ 244,032	\$ 402,128	\$ (4,994,074)						
Transfers	(278,193)	(527,525)	278,193	527,525	-	-						
Change in net position	\$ 248,679	\$ (5,765,631)	\$ 153,449	\$ 771,557	\$ 402,128	\$ (4,994,074)						
Net position, beginning	15,462,210	21,227,841	10,278,122	9,506,565	25,740,332	30,734,406						
Net position, ending	\$ 15,710,889	\$ 15,462,210	\$ 10,431,571	\$ 10,278,122	\$ 26,142,460	\$ 25,740,332						

Revenues and Expenses - Governmental Activities

Revenues

For the fiscal year ended June 30, 2025, revenues from governmental activities totaled \$11,990,844, an increase of \$552,751 from the prior fiscal year.

Other local taxes include meals tax, business license taxes, consumer utility taxes, bank stock tax, local sales tax, lodging tax, and cigarette taxes. Other local taxes, which are the Town's largest general fund revenue source, were \$5,291,754, an increase of \$169,897 from the prior fiscal year. Effective July 1, 2023, the Town's meals tax percentage increased from 5 to 6%. Restaurant sales also increased due to higher food costs, which in turn increased the amount of meals tax remitted to the Town. Local sales tax was stronger than anticipated. Business License revenue has rebounded from pandemic days and shows a \$113,506 increase from the prior fiscal year. These items accounted for a large portion of the increase in local taxes.

Property taxes (real estate, personal property, machinery and tools, and public service) were \$1,509,100, an increase of \$311,489 from the prior fiscal year. Real property located in the Town is assessed every four years. FY24-25 is the first year the Town is seeing increased real estate revenues from an approximate 41% increase in real property values.

Charges for services totaled \$562,398 of the governmental activities, a decrease of \$64,390 from the prior fiscal year. Garbage collection fees are the largest component of charges for services and were also increased July 1, 2023 as part of the water and wastewater increases.

Investment earnings increased \$166,705 as interest rates were raised by the Federal government to help offset inflation. This in turn allowed the Town to earn additional interest income on its' investments. Interest rates have recently been decreased so the Town does not anticipate earning as much investment income in future years.

The Town's largest operating grants and contributions revenues are for street maintenance (\$2,384,603) followed by ARPA funds (\$576,896) in governmental activities. Other intergovernmental revenues include communications tax (\$126,650) and law enforcement aid (\$144,479). The Commonwealth of Virginia has been able to increase street maintenance funds for the Town and also additional funds were received for a paving project in downtown Rocky Mount.

Intergovernmental revenue (unrestricted) decreased slightly from less car rental tax being received by the Town and a car rental agency relocating from the Town to the County.

Business-type revenues consist of charges to customers for water consumption and wastewater treatment. Cell tower rent (\$130,202) also contributes to the water and wastewater net position. Water and wastewater charges were increased approximately six percent at the beginning of the fiscal year. No Capital grants and contributions were received by the water and wastewater fund for the FY24-25 fiscal year.

Component unit revenue consists of Harvester Performance venue ticket and concession sales. The Town of Rocky Mount contributed \$680,000 to the Harvester operations.

Expenses

For the fiscal year ended June 30, 2025, expenses for governmental activities totaled \$11,463,972, a decrease of \$5,212,227 from the prior fiscal year. In the prior fiscal year, a \$5,000,000 contribution was made to the Economic Development Authority for a 64-acre land purchase.

General government expenses (Town Council, Town Manager, Town Attorney, and Finance) totaled \$893,943 or 7.8% of total general government expenses. The \$634,547 decrease in this category was the result of American Rescue Plan Act expenditures being completed.

Public Safety expenses were \$3,401,593 (30% of total general government expenses) and roughly unchanged from the prior fiscal year. Two additional police department positions were restored at the beginning of the prior fiscal year as well as a mid-year salary increase for this department to help off-set officer turn over and support recruitment efforts.

Public Works expenses totaled \$2,765,149 (24%). Capital expenses were incurred this fiscal year to replace vehicles and equipment.

Parks totaled \$74,528 as a significant portion of these expenses were allocated to public works.

Community Development expenses were \$3,658,986 (32%) and an decrease of \$4.4 million. Included in this category is the \$5,000,000 contribution to the Economic Development Authority for a 64-acre land purchase. Other increases include equipment for parks and playgrounds, personnel increases, a new grant writing position and an additional \$200,000 contribution to the Harvester Performance Center.

Interest expense increased \$204,372 from the interest only \$5 million loan the Town acquired to purchase 64 additional acres of land.

Business-type activities account for the operating and capital expenses of the Town's water production and distribution system and the Town's wastewater treatment plant and operations. Operating income was (\$124,744). A transfer of \$278,193 offset the operating deficit leaving a change in net position of \$153,449.

Component unit expenses consist of performance and operating expenses. The Town's contribution towards operations is \$680,000. The Town does not contribute to the performance expenses.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,658,230 (Exhibit 3), an increase of \$2.9 million in comparison with the prior year. 99.2% of the \$12,658,230, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$10,794,553 (Exhibit 3). As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 103% of total general fund expenditures.

The fund balance of the Town's general fund increased by \$412,670 during the fiscal year. Strong local tax revenue and savings in general fund expenditure departments contributed to this increase.

The fund balance of the Town's capital projects fund increased by \$2.5 million during the year. The increase reflects borrowing proceeds that were not used during the FY24-25 fiscal year but are designated for specific capital projects in FY25-26. It is anticipated that all borrowing proceeds will be spent in FY25-26.

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

Unrestricted net position of the water and wastewater departments at the end of the year amounted to \$2,384,281 (Exhibit 7). This is a small increase from the prior year attributed mostly due to an increase in operating revenues and less utility capital projects than anticipated.

General Fund Budgetary Highlights

There was an increase of \$404,519 between the original budget and the final amended budget for revenues, and an increase of \$2,517,484 between the original and final amended budget for expenditures (Exhibit 10). The increase in the revenue budget is due to several grants received from both the State government and the Federal government. The increase in expenditure budgets came from additional projects in the public works and community development areas as well as carryover of budgeted funds from the prior years for public works paving projects.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$30,120,961. This investment in capital assets includes land, buildings, building improvements, infrastructure, machinery and equipment. The Town's total investment in capital assets increased for the current fiscal year as significant equipment was purchased for public works and public safety. Additional information on the Town's capital assets can be found in Note 9 of this report.

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

Replacement ladder truck for the volunteer fire department - \$2,372,557

Vehicle and equipment replacement - \$467,150

Sludge collection system at the water treatment plant - \$871,328

Claybrook water line replacement - \$134,278

Clarifier repairs and other projects at the wastewater treatment plant - \$383,998

	The Town's Capital Assets					
	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,592,712	\$ 1,425,012	\$ 189,454	\$ 189,454	\$ 1,782,166	\$ 1,614,466
Buildings and Improvements	8,297,012	7,670,071	-	-	8,297,012	7,670,071
Public domain infrastructure	14,845,206	14,788,206	-	-	14,845,206	14,788,206
Water and Wastewater plants	-	-	23,312,783	22,777,269	23,312,783	22,777,269
Distribution/transmission systems	-	-	9,226,206	9,091,928	9,226,206	9,091,928
Machinery and equipment	12,767,510	9,827,102	4,491,238	4,295,897	17,258,748	14,122,999
Construction in progress	-	-	1,053,159	62,652	1,053,159	62,652
Right-to-use subscription asset	80,438	80,438	-	-	80,438	80,438
Accumulated depreciation	(20,099,899)	(18,945,293)	(25,634,858)	(24,785,840)	(45,734,757)	(43,731,133)
Total	\$ 17,482,979	\$ 14,845,536	\$ 12,637,982	\$ 11,631,360	\$ 30,120,961	\$ 26,476,896

Long-term debt - At the end of the current fiscal year, the Town had total debt outstanding of \$15,919,304. The entire debt is backed by the full faith and credit of the government. There are no notes payable.

The Town's Outstanding Debt						
General Obligation and Loans Payable						
	Governmental		Business-Type		Total	
	Activities		Activities		2025	
	2025	2024	2025	2024	2025	2024
General Obligation	\$ 11,222,218	\$ 6,198,917	\$ -	\$ -	\$ 11,222,218	\$ 6,198,917
Revenue Bonds	-	-	4,005,310	3,428,063	4,005,310	3,428,063
Loans Payable	447,335	650,025	244,441	162,801	691,776	812,826
Total	\$ 11,669,553	\$ 6,848,942	\$ 4,249,751	\$ 3,590,864	\$ 15,919,304	\$ 10,439,806

The Town's total debt increased by a net amount of \$5,479,498 (52.5%) during the fiscal year. The large increase is from the issuance of \$6 million for a ladder truck and pumper for the volunteer fire department, north main water line replacement, a building purchase and various other projects. Principal payments totaled \$627,652. Additional information on the Town's long-term debt can be found in Note 10 of this report.

Requests for Information

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

Basic Financial Statements

Town of Rocky Mount, Virginia
Statement of Net Position
June 30, 2025

	Primary Government			Component Unit	
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	<u>Total</u>	<u>Economic Development Authority</u>
	\$	\$	\$	\$	\$
ASSETS					
Cash and cash equivalents	\$ 9,377,881	\$ 2,925,600	\$ 12,303,481	\$ 866,414	
Investments	2,716,205	-	2,716,205		496,210
Receivables (net of allowance for uncollectibles):					
Taxes receivable	229,315	-	229,315		-
Accounts receivable	447,812	433,046	880,858		-
Loans receivable	72,785	32,578	105,363		100,000
Leases receivable	-	326,962	326,962		-
Due from other governmental units	183,857	-	183,857		-
Inventories	-	52,049	52,049		-
Prepaid items	98,287	18,620	116,907		-
Restricted assets:					
Cash and cash equivalents	-	79,050	79,050		-
Capital assets not being depreciated/amortized	1,592,712	1,242,613	2,835,325		5,642,285
Capital assets, net of accumulated depreciation/amortization	15,890,267	11,395,369	27,285,636		2,959,650
Total assets	<u>\$ 30,609,121</u>	<u>\$ 16,505,887</u>	<u>\$ 47,115,008</u>	<u>\$ 10,064,559</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,090,203	\$ 408,018	\$ 1,498,221	\$	-
OPEB related items	342,012	119,375	461,387		-
Total deferred outflows of resources	<u>\$ 1,432,215</u>	<u>\$ 527,393</u>	<u>\$ 1,959,608</u>	<u>\$</u>	<u>-</u>
LIABILITIES					
Accounts payable	\$ 147,310	\$ 420,678	\$ 567,988	\$ 42,600	
Accrued payroll and related liabilities	92,959	28,217	121,176		13,088
Unearned revenue	-	-	-		258,915
Customer deposits	-	79,050	79,050		-
Accrued interest payable	179,609	54,326	233,935		-
Amount held for others	25,335	18,620	43,955		-
Long-term liabilities:					
Due within one year	709,514	401,964	1,111,478		-
Due in more than one year	14,166,111	4,955,761	19,121,872		-
Total liabilities	<u>\$ 15,320,838</u>	<u>\$ 5,958,616</u>	<u>\$ 21,279,454</u>	<u>\$ 314,603</u>	
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 1,263	\$ -	\$ 1,263	\$	-
Lease related	-	311,425	311,425		-
Pension related items	330,937	95,357	426,294		-
OPEB related items	677,409	236,311	913,720		-
Total deferred inflows of resources	<u>\$ 1,009,609</u>	<u>\$ 643,093</u>	<u>\$ 1,652,702</u>	<u>\$</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	\$ 11,022,020	\$ 8,047,290	\$ 19,069,310	\$ 8,601,935	
Unrestricted	4,688,869	2,384,281	7,073,150		1,148,021
Total net position	<u>\$ 15,710,889</u>	<u>\$ 10,431,571</u>	<u>\$ 26,142,460</u>	<u>\$ 9,749,956</u>	

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

Town of Rocky Mount, Virginia
Statement of Activities
Fiscal Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>					<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Program Revenues</u>			<u>Primary Government</u>		<u>Component Unit</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Economic Development Authority</u>	
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 893,943	\$ -	\$ 637,522	\$ -	\$ (256,421)	\$ (256,421)			
Public safety	3,401,593	107,431	923,754	-	(2,370,408)	(2,370,408)			
Public works	2,765,149	359,707	1,955,698	-	(449,744)	(449,744)			
Parks, recreation, and cultural	74,528	85,650	-	-	11,122	11,122			
Community development	3,658,986	9,610	-	-	(3,649,376)	(3,649,376)			
Interest on long-term debt	669,773	-	-	-	(669,773)	(669,773)			
Total governmental activities	<u>\$ 11,463,972</u>	<u>\$ 562,398</u>	<u>\$ 3,516,974</u>	<u>\$ -</u>	<u>\$ (7,384,600)</u>	<u>\$ (7,384,600)</u>			
Business-type activities:									
Water and wastewater	\$ 3,943,080	\$ 3,671,619	\$ 98,560	\$ -	\$ (172,901)	\$ (172,901)			
Total business-type activities	<u>\$ 3,943,080</u>	<u>\$ 3,671,619</u>	<u>\$ 98,560</u>	<u>\$ -</u>	<u>\$ (172,901)</u>	<u>\$ (172,901)</u>			
Total primary government	<u><u>\$ 15,407,052</u></u>	<u><u>\$ 4,234,017</u></u>	<u><u>\$ 3,615,534</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,384,600)</u></u>	<u><u>\$ (7,384,600)</u></u>	<u><u>\$ (7,557,501)</u></u>	<u><u>\$ -</u></u>	
COMPONENT UNIT:									
Economic Development Authority	\$ 2,403,296	\$ 1,668,518	\$ -	\$ -			\$ (734,778)		
Total component unit	<u><u>\$ 2,403,296</u></u>	<u><u>\$ 1,668,518</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u></u></u>	<u><u></u></u>	<u><u>\$ (734,778)</u></u>	<u><u></u></u>	
General revenues:									
General property taxes			\$ 1,509,100	\$ -	\$ 1,509,100	\$ -			
Other local taxes:									
Bank stock taxes			342,694	-	342,694	-			
Business license taxes			1,037,029	-	1,037,029	-			
Consumers' utility taxes			326,079	-	326,079	-			
Local sales and use taxes			339,838	-	339,838	-			
Lodging taxes			281,745	-	281,745	-			
Meals taxes			2,906,169	-	2,906,169	-			
Cigarette taxes			58,200	-	58,200	-			
Unrestricted revenues from the use of money			715,843	10,128	725,971	3,686			
Miscellaneous			192,082	38,029	230,111	2			
Contributions from Town of Rocky Mount, Virginia			-	-			5,325,496		
Grants and contributions not restricted to specific programs			202,693	-	202,693	-			
Transfers			(278,193)	278,193	-	-			
Total general revenues and transfers			<u>\$ 7,633,279</u>	<u>\$ 326,350</u>	<u>\$ 7,959,629</u>	<u>\$ 5,329,184</u>			
Change in net position			<u>\$ 248,679</u>	<u>\$ 153,449</u>	<u>\$ 402,128</u>	<u>\$ 4,594,406</u>			
Net position (deficit) - beginning			<u>15,462,210</u>	<u>10,278,122</u>	<u>25,740,332</u>	<u>5,155,550</u>			
Net position (deficit) - ending			<u>\$ 15,710,889</u>	<u>\$ 10,431,571</u>	<u>\$ 26,142,460</u>	<u>\$ 9,749,956</u>			

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

Town of Rocky Mount, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 7,584,625	\$ 1,793,256	\$ 9,377,881
Investments	2,716,205	-	2,716,205
Receivables (net of allowance for uncollectibles):			
Taxes receivable	229,315	-	229,315
Accounts receivable	447,812	-	447,812
Loans receivable	-	72,785	72,785
Due from other governmental units	183,857	-	183,857
Prepaid items	98,287	-	98,287
Total assets	<u>\$ 11,260,101</u>	<u>\$ 1,866,041</u>	<u>\$ 13,126,142</u>
LIABILITIES			
Accounts payable	\$ 144,946	\$ 2,364	\$ 147,310
Amounts held for others	25,335	-	25,335
Accrued payroll and related liabilities	92,959	-	92,959
Total liabilities	<u>\$ 263,240</u>	<u>\$ 2,364</u>	<u>\$ 265,604</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 202,308	\$ -	\$ 202,308
Total deferred inflows of resources	<u>\$ 202,308</u>	<u>\$ -</u>	<u>\$ 202,308</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 98,287	\$ -	\$ 98,287
Long-term loans	-	72,785	72,785
Unassigned	10,696,266	1,790,892	12,487,158
Total fund balances	<u>\$ 10,794,553</u>	<u>\$ 1,863,677</u>	<u>\$ 12,658,230</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,260,101</u>	<u>\$ 1,866,041</u>	<u>\$ 13,126,142</u>

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

Town of Rocky Mount, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 12,658,230
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets not being depreciated/amortized	\$ 1,592,712
Capital assets, net of accumulated depreciation/amortization	<u>15,890,267</u> 17,482,979
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Unavailable revenue - property taxes	201,045
Deferred outflows or resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 1,090,203
OPEB related items	<u>342,012</u> 1,432,215
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	\$ (6,072,218)
Bonds payable	(5,150,000)
Loans payable	(447,335)
Subscription liabilities	(9,174)
Accrued interest payable	(179,609)
Compensated absences	(587,553)
Total OPEB liability	(497,067)
Net OPEB liability	(129,919)
Net pension liability	<u>(1,982,359)</u> (15,055,234)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (330,937)
OPEB related items	<u>(677,409)</u> (1,008,346)
Net position of governmental activities	<u><u>\$ 15,710,889</u></u>

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

Town of Rocky Mount, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,538,488	\$ -	\$ 1,538,488
Other local taxes	5,291,754	-	5,291,754
Permits, privilege fees, and regulatory licenses	32,061	-	32,061
Fines and forfeitures	41,992	-	41,992
Revenue from the use of money and property	585,132	216,361	801,493
Charges for services	402,695	-	402,695
Miscellaneous	158,573	33,509	192,082
Recovered costs	15,209	-	15,209
Intergovernmental	3,142,771	576,896	3,719,667
Total revenues	<u>\$ 11,208,675</u>	<u>\$ 826,766</u>	<u>\$ 12,035,441</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,285,239	\$ 444	\$ 1,285,683
Public safety	2,995,735	2,999,000	5,994,735
Public works	2,037,336	402,753	2,440,089
Parks, recreation, and cultural	159,154	-	159,154
Community development	2,837,589	46,722	2,884,311
Nondepartmental	222,241	-	222,241
Debt service:			
Principal retirement	272,239	8,956	281,195
Interest and other fiscal charges	530,819	-	530,819
Bond issuance costs	102,108	-	102,108
Total expenditures	<u>\$ 10,442,460</u>	<u>\$ 3,457,875</u>	<u>\$ 13,900,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 766,215</u>	<u>\$ (2,631,109)</u>	<u>\$ (1,864,894)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 537,266	\$ 537,266
Transfers out	(922,609)	-	(922,609)
Issuance of bonds payable	569,064	4,630,936	5,200,000
Total other financing sources (uses)	<u>\$ (353,545)</u>	<u>\$ 5,168,202</u>	<u>\$ 4,814,657</u>
Net change in fund balances	\$ 412,670	\$ 2,537,093	\$ 2,949,763
Fund balances (deficits) - beginning	10,381,883	(673,416)	9,708,467
Fund balances - ending	<u>\$ 10,794,553</u>	<u>\$ 1,863,677</u>	<u>\$ 12,658,230</u>

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

Town of Rocky Mount, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$ 2,949,763
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:	
Capital outlays	\$ 3,802,049
Depreciation/amortization expense	<u>(1,154,606)</u>
2,647,443	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and disposals) is to decrease net position.	
Transfer of assets to EDA	(10,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	\$ (29,388)
Loan receivable	<u>(634,956)</u>
(664,344)	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued or incurred:	
Issuance of bonds payable	\$ (5,200,000)
Transfer of debt to the water and wastewater fund	107,150
Principal repayments:	
Principal payments on general obligation bonds	176,699
Principal payments on loans payable	95,540
Principal payments on subscription liabilities	<u>8,956</u>
(4,811,655)	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
Change in compensated absences	\$ 30,924
Change in accrued interest	(36,846)
Change in pension related items	125,201
Change in OPEB related items	<u>18,193</u>
137,472	
Change in net position of governmental activities	<u><u>\$ 248,679</u></u>

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

Town of Rocky Mount, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2025

	Water and Wastewater Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,925,600
Accounts receivable	433,046
Leases receivable, current portion	106,405
Loans receivable, current portion	9,066
Inventories	52,049
Prepaid items	18,620
Total current assets	<u>\$ 3,544,786</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents - customer deposits	\$ 79,050
Leases receivable, noncurrent portion	220,557
Loans receivable, noncurrent portion	23,512
Capital assets:	
Capital assets not being depreciated	1,242,613
Capital assets, net of accumulated depreciation	<u>11,395,369</u>
Total capital assets	<u>\$ 12,637,982</u>
Total noncurrent assets	<u>\$ 12,961,101</u>
Total assets	<u>\$ 16,505,887</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 408,018
OPEB related items	119,375
Total deferred outflows of resources	<u>\$ 527,393</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 420,678
Accrued payroll and related liabilities	28,217
Customer deposits	79,050
Accrued interest payable	54,326
Amount held for others	18,620
Compensated absences - current portion	143,400
Loans payable - current portion	26,529
Bonds payable - current portion	232,035
Total current liabilities	<u>\$ 1,002,855</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 47,800
Loans payable - net of current portion	217,912
Bonds payable - net of current portion	3,773,275
Total OPEB liability	173,333
Net OPEB liability	45,727
Net pension liability	697,714
Total noncurrent liabilities	<u>\$ 4,955,761</u>
Total liabilities	<u>\$ 5,958,616</u>
DEFERRED INFLOWS OF RESOURCES	
Lease related	\$ 311,425
Pension related items	95,357
OPEB related items	236,311
Total deferred inflows of resources	<u>\$ 643,093</u>
NET POSITION	
Net investment in capital assets	\$ 8,047,290
Unrestricted	2,384,281
Total net position	<u>\$ 10,431,571</u>

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

Town of Rocky Mount, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2025

	<u>Water and Wastewater Fund</u>
OPERATING REVENUES	
Charges for services:	
Water service charges and fees	\$ 1,964,806
Sewer service charges and fees	1,538,913
Water/sewer penalties	37,698
Other revenues	38,029
Total operating revenues	<u>\$ 3,579,446</u>
OPERATING EXPENSES	
Salaries	\$ 1,156,104
Fringe benefits	555,852
Maintenance	264,018
Utilities and insurance	376,711
Materials and supplies	322,234
Contractual Services	237,417
Other	1,320
Depreciation	849,018
Total operating expenses	<u>\$ 3,762,674</u>
Operating income (loss)	<u>\$ (183,228)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 10,128
Lease revenue	130,202
Federal grants	98,560
Interest expense	(180,406)
Total nonoperating revenues (expenses)	<u>\$ 58,484</u>
Income (loss) before transfers	<u>\$ (124,744)</u>
TRANSFERS	
Transfers in	\$ 278,193
Total transfers	<u>\$ 278,193</u>
Change in net position	<u>\$ 153,449</u>
Total net position - beginning	10,278,122
Total net position - ending	<u>\$ 10,431,571</u>

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

Town of Rocky Mount, Virginia
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2025

	Water and Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,598,177
Payments to suppliers	(1,135,310)
Payments to employees	(1,697,004)
Net cash provided by (used for) operating activities	<u><u>\$ 765,863</u></u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 385,343
Federal grants	98,560
Net cash provided by (used for) noncapital financing activities	<u><u>\$ 483,903</u></u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (1,602,089)
Principal payments on bonds and loans	(248,263)
Proceeds from issuance of bonds	800,000
Interest payments	(177,378)
Net cash provided by (used for) capital and related financing activities	<u><u>\$ (1,227,730)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 35,304
Principal payments on lease receivable	102,128
Principal payments on loans receivable	10,092
Net cash provided by (used for) investing activities	<u><u>\$ 147,524</u></u>
Net increase (decrease) in cash and cash equivalents	\$ 169,560
Cash and cash equivalents - beginning (including restricted cash of \$64,225)	2,835,090
Cash and cash equivalents - ending (including restricted cash of \$79,050)	<u><u>\$ 3,004,650</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (183,228)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 849,018
(Increase) decrease in accounts receivable	3,906
(Increase) decrease in inventories	14,865
(Increase) decrease in pension and OPEB related deferred outflows of resources	(135,789)
Increase (decrease) in customer deposits	14,825
Increase (decrease) in accounts payable	51,525
Increase (decrease) in accrued payroll and related liabilities	5,879
Increase (decrease) in compensated absences	10,919
Increase (decrease) in total OPEB liability	(81,196)
Increase (decrease) in net OPEB liability	1,817
Increase (decrease) in net pension liability	166,340
Increase (decrease) in pension and OPEB related deferred inflows of resources	46,982
Total adjustments	<u><u>\$ 949,091</u></u>
Net cash provided by (used for) operating activities	<u><u>\$ 765,863</u></u>
Noncash investing, capital, and financing activities:	
Capital asset additions included in accounts payable	\$ 340,941
Transfer of debt from general fund	107,150

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

TOWN OF ROCKY MOUNT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

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

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

Blended Component Unit - None

Discretely Presented Component Unit - The Economic Development Authority (the “EDA”) was created for the purposes of promoting economic development within the Town. Its component unit, the Harvester Performance Center (the “HPC”) is a mid-sized music venue for purposes of industrial and economic development in the Rocky Mount community. Because the Town owns the EDA which in turn owns the building housing the Harvester, the Town has its own operating budget for the HPC consisting of utilities, building and grounds maintenance, and other building related expenses. The HPC has a separate operating budget to cover performance expenses. Neither the Town nor the EDA can override the HPC’s performance budget or setting of rates. The HPC is fiscally dependent on the EDA and Town as the Town is responsible for funding any operating/performance deficits. As the HPC is not self-sustaining, this dependency creates a financial burden for the EDA and Town. The EDA has a year end of June 30, 2025 but its primary activity consists of the HPC, whose entities have a December 31, 2024 year end. The EDA issues separate financial statements which include the operations of the HPC and can be obtained by contacting the Town’s administrative office.

Related Organizations - None

Jointly Governed Organizations - None

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison presents the original budget and a comparison of final budget and actual results.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds.

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

The Town reports the following major proprietary fund:

The *enterprise fund* accounts for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability or other purposes. The enterprise fund consists of the water and wastewater fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

1. Cash and cash equivalents

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

2. Investments

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

3. Receivables and payables

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

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

4. Inventories

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

5. Prepaid Items

Payments to vendors for services that will benefit future periods are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense when the services are consumed.

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

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

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

6. Property Taxes

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

7. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts for taxes and water and wastewater using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$163,422 for property taxes at June 30, 2025. The allowance amounted to approximately \$12,707 for water and wastewater at June 30, 2025.

8. Use of Estimates

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

9. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below) if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

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

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

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid are deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. Long-term receivables are also reported in the governmental funds as deferred inflows of resources when the underlying revenues are considered unavailable as a result of a nonexchange transaction. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

11. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

12. Pensions

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

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

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

13. Other Postemployment Benefits (OPEB)

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

14. Long-term Obligations

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

15. Fund Balance

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

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

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

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

15. Fund Balance (Continued)

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

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

The Town will maintain and unassigned fund balance in the general fund of no less than 20% of general fund operating revenues. If the unassigned fund balance falls below an amount equal to 20% of general fund operating revenues after the conclusion of the proceeding fiscal year annual audit, a plan to replenish the fund balance within twelve months will be presented to Town Council.

16. Net Position

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

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

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

17. Leases and Subscription-Based IT Arrangements

The Town has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessor

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscriptions

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

Key Estimates and Judgments

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

- The Town uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable and subscription liability.

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

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2025, expenditures did not exceed appropriations by function.

C. Deficit fund balance

There was no fund with a deficit fund balance for the fiscal year ended June 30, 2025.

Note 3-Deposits and Investments:

Deposits

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

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 3-Deposits and Investments: (Continued)

Investments

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

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the Town’s investment policy (Policy) permits investments in U.S. treasury securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker’s acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U.S. treasury/agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer’s Local Government Investment Pool (the Virginia LGIP). Pursuant to Sec.2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool share (i.e., the LGIP maintains a stable net position value of \$1 per share). The LGIP investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

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

Credit Risk of Debt Securities

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s, and Fitch Investors Service, provided that the issuing corporation has a net worth of at least \$50 million and its long term debt is rated “A” or better by Moody’s and Standard & Poor’s.

Banker’s acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service.

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the policy places no limit on the amount the Town may invest in any one issuer.

As of June 30, 2025, issuers that equal or exceed 5% of the total portfolio are as follows:

	<u>% of Portfolio</u>
Government Agency Bonds	18.48%
SNAP	11.67%
LGIP	65.83%

The Town’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 3-Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

Rated Debt Investments	Fair Quality Ratings		
	AA+	AAAm	Unrated
Government Agency Bonds	\$ 2,230,573		
Certificates of Deposit	-	-	485,228
Money Market Mutual Funds	-	404	-
SNAP	-	1,408,175	-
LGIP	-	7,945,393	-
Total	\$ 2,230,573	\$ 9,353,972	\$ 485,228

Interest Rate Risk

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

Investment Type	Investment Maturities				Call options
	Fair Value	< 1 year	1-5 years		
Government Agency Bonds	\$ 2,230,573	\$ 1,523,352	\$ 707,221		2025-2029
Certificates of Deposit	485,228	-	485,228		None
Money Market Mutual Funds	404	404	-		None
SNAP	1,408,175	1,408,175	-		None
LGIP	7,945,393	7,945,393	-		None
Total	\$ 12,069,773	\$ 10,877,324	\$ 1,192,449		

Custodial Credit Risk

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

External Investment Pools

The fair value of the positions held in the external investment pools (Local Government Investment Pool (LGIP) and State Non-Arbitrage Pool (SNAP)) are the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 4-Fair Value Measurements:

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

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

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

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

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

Investment	June 30, 2025
Investments at Fair Value (Level 1):	
Certificates of Deposit	\$ 485,228
Government Agency Bonds	2,230,573
Money Market Funds	404
	<u>\$ 2,716,205</u>

Note 5-Due from Other Governmental Units:

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

	Governmental Activities
Local Government:	
Franklin County	\$ 62,037
Sales Tax	60,357
Commonwealth of Virginia:	
Communication Tax	10,548
Categorical aid	41,545
Federal Government:	
Categorical aid	9,370
Total	<u>\$ 183,857</u>

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 6-Interfund Transfers:

Interfund transfers for the fiscal year ended June 30, 2025 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 922,609
Water and Wastewater Fund (1)	385,343	-
Capital Projects Fund	537,266	-
Total	\$ 922,609	\$ 922,609

(1) Included in the Water and Wastewater Fund transfers is a transfer of debt from the General Fund totaling \$107,150.

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

Note 7-Component-Unit Obligations:

On December 9, 2024, Town Council voted to forgive any previously outstanding debt balances from the Harvester Performance Center and consider the amounts as contributions to the overall success of the venue. Outstanding balances of \$4,168,541 were written off during the year and reflected as a contribution on the EDA's financial statements. Therefore, there are no internal balances between the Town and the Component Unit Economic Development Authority related to monies advanced to the Harvester Performance Center as of June 30, 2025.

Note 8-Leases Receivable:

Primary Government - Business-type Activities:

The following is a summary of lease receivable transactions of the Town for the year ended June 30, 2025:

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Leases receivable	<u>\$ 429,090</u>	<u>\$ -</u>	<u>\$ (102,128)</u>	<u>\$ 326,962</u>

The Town recognized \$130,202 in lease revenue and \$7,654 in interest revenue during the current fiscal year related to this lease.

Details of leases receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower - Powder Mill - Site 0563340	8/1/2017	2027	Monthly	2.00%	\$ 70,088	\$ 32,922
Cell Tower - Scuffling Hill - 430392	1/1/2024	2029	Monthly	2.00%	134,819	36,613
Cell Tower - Pendleton St - 42684	8/21/2023	2029	Monthly	2.00%	122,055	36,870
					<u>\$ 326,962</u>	<u>\$ 106,405</u>

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,425,012	\$ 177,700	\$ (10,000)	\$ 1,592,712
Capital assets, being depreciated/amortized:				
Public Domain Infrastructure	\$ 14,788,206	\$ 57,000	\$ -	\$ 14,845,206
Buildings and improvements	7,670,071	626,941	-	8,297,012
Machinery and equipment	9,827,102	2,940,408	-	12,767,510
Right-to-use subscription asset	80,438	-	-	80,438
Total capital assets being depreciated/amortized	\$ 32,365,817	\$ 3,624,349	\$ -	\$ 35,990,166
Accumulated depreciation/amortization:				
Public Domain Infrastructure	\$ (8,026,226)	\$ (255,767)	\$ -	\$ (8,281,993)
Buildings and improvements	(5,285,326)	(206,229)	-	(5,491,555)
Machinery and equipment	(5,613,576)	(672,501)	-	(6,286,077)
Right-to-use subscription asset	(20,165)	(20,109)	-	(40,274)
Total accumulated depreciation/amortization	\$ (18,945,293)	\$ (1,154,606)	\$ -	\$ (20,099,899)
Total capital assets being depreciated/amortized, net	\$ 13,420,524	\$ 2,469,743	\$ -	\$ 15,890,267
Governmental activities capital assets, net	<u>\$ 14,845,536</u>	<u>\$ 2,647,443</u>	<u>\$ (10,000)</u>	<u>\$ 17,482,979</u>

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 9-Capital Assets: (Continued)

Capital asset activity for the year ended June 30, 2025 was as follows: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 189,454	\$ -	\$ -	\$ 189,454
Construction in progress	62,652	990,507	-	1,053,159
Total capital assets not being depreciated	\$ 252,106	\$ 990,507	\$ -	\$ 1,242,613
Capital assets being depreciated:				
Water and wastewater plants	\$ 22,777,269	\$ 535,514	\$ -	\$ 23,312,783
Distributions/transmission systems	9,091,928	134,278	-	9,226,206
Machinery and equipment	4,295,897	195,341	-	4,491,238
Total capital assets being depreciated	\$ 36,165,094	\$ 865,133	\$ -	\$ 37,030,227
Accumulated depreciation:				
Water and wastewater plants	\$ (18,121,810)	\$ (377,889)	\$ -	\$ (18,499,699)
Distributions/transmission systems	(4,700,494)	(199,812)	-	(4,900,306)
Machinery and equipment	(1,963,536)	(271,317)	-	(2,234,853)
Total accumulated depreciation	\$ (24,785,840)	\$ (849,018)	\$ -	\$ (25,634,858)
Total capital assets being depreciated, net	\$ 11,379,254	\$ 16,115	\$ -	\$ 11,395,369
Business-type activities capital assets, net	\$ 11,631,360	\$ 1,006,622	\$ -	\$ 12,637,982

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

Governmental activities:	
General government administration	\$ 99,607
Public safety	303,395
Public works	528,787
Parks, recreation, and cultural	87,891
Community development	134,926
Total depreciation expense-governmental activities	\$ 1,154,606
Business-type activities:	
Water	\$ 377,618
Wastewater	471,400
Total depreciation expense-business-type activities	\$ 849,018

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 10-Long-term Obligations:

Primary Government - Governmental Activities:

The following is a summary of long-term obligations transactions of the Town for the year ended June 30, 2025:

	Balance July 1, 2024	Increases / Issuances	Decreases / Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
General obligation bonds	\$ 1,048,917	\$ 5,200,000	\$ (176,699)	\$ 6,072,218
Bonds payable	5,150,000	-	-	5,150,000
Loans payable	650,025	-	(202,690)	447,335
Subscription liabilities	18,130	-	(8,956)	9,174
Compensated absences *	618,477	-	(30,924)	587,553
Total OPEB liability	723,171	73,144	(299,248)	497,067
Net OPEB liability	138,146	68,003	(76,230)	129,919
Net pension liability	1,671,771	1,953,862	(1,643,274)	1,982,359
Total	\$ 10,018,637	\$ 7,295,009	\$ (2,438,021)	\$ 14,875,625

*The change in the compensated absences liability is presented as a net change.

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

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

Year Ending June 30,	Direct Borrowings and Placements		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 259,675	\$ 574,255	\$ 9,174	\$ 224
2027	5,465,106	568,621	-	-
2028	253,658	326,388	-	-
2029	5,230,060	169,411	-	-
2030	82,756	14,017	-	-
2031-2035	354,386	29,247	-	-
2036	23,912	335	-	-
Totals	\$ 11,669,553	\$ 1,682,274	\$ 9,174	\$ 224

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 10-Long-term Obligations: (Continued)

Primary Government - Governmental Activities: (Continued)

Details of long-term obligations:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
Direct borrowings and placements:						
General Obligation Bonds:						
GO Bond Series 2017 (1)	2.17%	04/17	2028	\$ 1,512,000	\$ 447,000	\$ 146,000
GO Bond Series 2020 (2)	2.65%	09/20	2036	575,000	425,218	35,520
GO Bond Series 2024A	4.43%	07/24	2027	4,700,000	4,700,000	-
GO Bond Series 2024B	5.70%	07/24	2027	500,000	500,000	-
Total General Obligation Bonds					<u>\$ 6,072,218</u>	<u>\$ 181,520</u>
Loans Payable:						
New Watch Guard Camera Financing (3)	0.000%	11/22	2028	\$ 167,580	\$ 91,260	\$ 33,516
Taser Financing	0.00%	07/22	2027	38,273	15,308	7,655
Equipment Financing Purchase	3.96%	02/23	2033	572,408	340,767	36,984
Total Loans Payable					<u>\$ 447,335</u>	<u>\$ 78,155</u>
Bonds Payable:						
Land purchase (5)	5.930%	07/23	2029	\$ 5,150,000	<u>\$ 5,150,000</u>	\$ -
Total Direct Borrowings and Placements					<u>\$11,669,553</u>	<u>\$ 259,675</u>
Subscription liabilities:						
Munis software (4)	2.440%	06/23	2026	\$ 80,438	<u>\$ 9,174</u>	<u>\$ 9,174</u>
Other Long-term Obligations:						
Total OPEB liability	n/a	n/a	n/a	n/a	\$ 497,067	\$ -
Net OPEB liability	n/a	n/a	n/a	n/a	129,919	-
Compensated absences	n/a	n/a	n/a	n/a	587,553	440,665
Net pension liability	n/a	n/a	n/a	n/a	1,982,359	-
Total Other Long-term Obligations					<u>\$ 3,196,898</u>	<u>\$ 440,665</u>
Total Long-term Obligations					<u>\$14,875,625</u>	<u>\$ 709,514</u>

- (1) In the event of default, the unpaid principal amount shall bear interest at the rate of 12 percent per annum or the maximum rate permitted by applicable law, which is less, while the default exists.
- (2) In the event of default, the lender may take whatever action under law which may appear necessary or desirable to collect amounts then due and thereafter to become due under the loan agreement.
- (3) In the event of default, all amounts due under the agreement will be immediately due and payable.
- (4) There are no variable payments associated with the subscription liability.
- (5) In the event of default, the lender may take whatever action at law, in equity or administratively as may appear necessary or desirable to collect the basic payments and additional payments then due and thereafter to become due, or to enforce performance and observance of any obligation. Land purchase was donated to the EDA for an economic development project.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 10-Long-term Obligations: (Continued)

Primary Government - Business-type Activities:

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2025:

	Balance July 1, 2024	Increases / Issuances	Decreases / Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
Bonds payable	\$ 3,428,063	\$ 800,000	\$ (222,753)	\$ 4,005,310
Loans payable	162,801	107,150	(25,510)	244,441
Compensated absences *	180,281	10,919	-	191,200
Total OPEB liability	254,529	24,898	(106,094)	173,333
Net OPEB liability	43,910	27,420	(25,603)	45,727
Net pension liability	531,374	729,864	(563,524)	697,714
Total	\$ 4,600,958	\$ 1,700,251	\$ (943,484)	\$ 5,357,725

*The change in the compensated absences liability is presented as a net change.

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

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2026	\$ 258,564	\$ 175,510
2027	1,069,061	165,129
2028	279,747	118,952
2029	285,633	107,771
2030	296,726	96,317
2031-2035	1,450,763	300,086
2036-2039	609,257	61,125
Totals	\$ 4,249,751	\$ 1,024,890

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 10-Long-term Obligations: (Continued)

Primary Government - Business-type Activities: (Continued)

Details of long-term obligations:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond Series 2024A	4.43%	07/24	2027	\$ 800,000	\$ 800,000	\$ -
Bonds Payable:						
Virginia Municipal League (1)	2.85%	8/13	2037	\$ 2,205,000	\$ 1,420,000	\$ 100,000
General Obligation Bond (2)	3.58%	10/18	2034	1,116,500	740,170	70,960
WVVA	3.00%	12/18	2039	1,272,040	1,045,140	61,075
Total Bonds Payable					\$ 3,205,310	\$ 232,035
Loans Payable:						
Equipment Financing Purchase	3.96%	02/23	2033	\$ 177,592	\$ 244,441	\$ 26,529
Total Direct Borrowings and Placements					\$ 4,249,751	\$ 258,564
Other Long-term Obligations:						
Total OPEB Liability	n/a	n/a	n/a	n/a	\$ 173,333	\$ -
Net OPEB Liability	n/a	n/a	n/a	n/a	45,727	-
Compensated Absences	n/a	n/a	n/a	n/a	191,200	143,400
Net Pension Liability	n/a	n/a	n/a	n/a	697,714	-
Total Other Long-term Obligations					\$ 1,107,974	\$ 143,400
Total Long-term Obligations					\$ 5,357,725	\$ 401,964

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

Note 11-Pension Plan:

Plan Description

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

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 11-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	55
Inactive members:	
Vested inactive members	19
Non-vested inactive members	27
Inactive members active elsewhere in VRS	24
Total inactive members	70
Active members	64
Total covered employees	<u>189</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.

The Town's contractually required employer contribution rate for the year ended June 30, 2025 was 16.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

Note 11-Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$733,784 and \$569,283 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$13,255 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$18,237 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,325,501 for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liabilities were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town of Rocky Mount Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Note 11-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 11-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town of Rocky Mount Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Note 11-Pension Plan: (Continued)

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 11-Pension Plan: (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Allocation	Long-Term	Arithmetic	Weighted
		Target	Long-term	Average
		Asset	Expected	Long-term
Public Equity	32.00%		6.70%	2.14%
Fixed Income	16.00%		5.40%	0.86%
Credit Strategies	16.00%		8.10%	1.30%
Real Assets	15.00%		7.20%	1.08%
Private Equity	15.00%		8.70%	1.31%
PIP - Private Investment Partnerships	1.00%		8.00%	0.08%
Diversifying Strategies	6.00%		5.80%	0.35%
Cash	2.00%		3.00%	0.06%
Leverage	-3.00%		3.50%	-0.11%
Total	100.00%			7.07%
Expected arithmetic nominal return**				
7.07%				

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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JUNE 30, 2025 (CONTINUED)

Note 11-Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability	Fiduciary Net Position	Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2023	\$ 16,726,080	\$ 14,522,935	\$ 2,203,145
Changes for the year:			
Service cost	\$ 582,533	\$ -	\$ 582,533
Interest	1,137,632	-	1,137,632
Differences between expected and actual experience	912,276	-	912,276
Contributions - employer	-	569,284	(569,284)
Contributions - employee	-	190,939	(190,939)
Net investment income	-	1,404,097	(1,404,097)
Benefit payments, including refunds of employee contributions	(909,623)	(909,623)	-
Administrative expenses	-	(9,106)	9,106
Other changes	-	299	(299)
Net changes	\$ 1,722,818	\$ 1,245,890	\$ 476,928
Balances at June 30, 2024	\$ 18,448,898	\$ 15,768,825	\$ 2,680,073

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JUNE 30, 2025 (CONTINUED)

Note 11-Pension Plan: (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town Net Pension Liability	\$ 5,068,263	\$ 2,680,073	\$ 734,214

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

For the year ended June 30, 2025, the Town recognized pension expense of \$611,132. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 735,050	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,387	29,387
Net difference between projected and actual earnings on pension plan investments	-	396,907
Employer contributions subsequent to the measurement date	733,784	-
Total	\$ 1,498,221	\$ 426,294

\$733,784 was reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government
2026	\$ 87,194
2027	415,169
2028	(78,391)
2029	(85,829)

TOWN OF ROCKY MOUNT, VIRGINIA
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JUNE 30, 2025 (CONTINUED)

Note 11-Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

Plan Description

In addition to the pension benefits described in Note 11, the Town administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

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

Plan Membership

At July 1, 2024 (the valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	65
Total retirees with coverage	4
Total	69

Contributions

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2025 was \$16,700.

Total OPEB Liability

The Town's total OPEB liability was measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as July 1, 2024.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	6.75% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	4.09%
Investment Rate of Return	N/A

The mortality rates for active and healthy retirees were calculated using the PUB-2010 amount-weighted general mortality table with MP-2021 projection scale fully generational.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is from a 20-Year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher. Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date. The final equivalent single discount rate used for this year's valuation is 4.09% as of the end of the fiscal year.

Changes in Total OPEB Liability

	Primary Government
	Total OPEB Liability
Balances at July 1, 2023	\$ 977,700
Changes for the year:	
Service cost	\$ 56,700
Interest	39,600
Difference between expected and actual experience	(386,300)
Changes in assumptions	(600)
Contributions - employer	(16,700)
Net changes	\$ (307,300)
Balances at July 1, 2024	\$ 670,400

TOWN OF ROCKY MOUNT, VIRGINIA
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 JUNE 30, 2025 (CONTINUED)

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

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	3.09%	4.09%	5.09%
Town's total OPEB liability	\$ 812,700	\$ 670,400	\$ 562,600

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower 5.75% or one percentage point higher 7.75% than the current healthcare cost trend rates:

	Rate		
	Healthcare Cost		
	1% Decrease	Trend	1% Increase
	5.75%	6.75%	7.75%
Town's total OPEB liability	\$ 552,600	\$ 670,400	\$ 827,800

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

For the year ended June 30, 2025, the Town recognized OPEB expense in the amount of \$14,000. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,900	\$ 526,600
Changes in assumptions	146,600	349,400
Employer contributions subsequent to the measurement date	16,700	-
Total	\$ 395,200	\$ 876,000

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

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

\$16,700 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the fiscal year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Primary Government
2026	\$ (85,200)
2027	(82,300)
2028	(80,500)
2029	(64,400)
2030	(76,400)
Thereafter	(108,700)

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

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

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$20,347 and \$21,825 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$175,646 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01574% as compared to 0.01518% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$6,459. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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JUNE 30, 2025 (CONTINUED)

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

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

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,703	\$ 4,290
Net difference between projected and actual		
earnings on GLI OPEB plan investments	-	14,805
Change in assumptions	1,001	8,705
Changes in proportionate share	17,136	9,920
Employer contributions subsequent to the measurement date	20,347	-
Total	\$ 66,187	\$ 37,720

\$20,347 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		
2026	\$ (6,471)	
2027	2,781	
2028	2,791	
2029	5,274	
2030	3,745	

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for the relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

GLI OPEB	
Plan	
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<u><u>\$ 1,115,922</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u><u>100.00%</u></u>		<u><u>7.07%</u></u>
Expected arithmetic nominal return**			<u><u>7.07%</u></u>

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

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 273,153	\$ 175,646	\$ 96,874

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF ROCKY MOUNT, VIRGINIA

FINANCIAL REPORT

JUNE 30, 2025 (CONTINUED)

Note 14-Aggregate OPEB Information:

	Primary Government			
	Deferred Outflows	Deferred Inflows	OPEB Liabilities	OPEB Expense
VRS Group Life Insurance Plan	\$ 66,187	\$ 37,720	\$ 175,646	\$ 6,459
Town Stand-Alone Plan	395,200	876,000	670,400	14,000
Totals	\$ 461,387	\$ 913,720	\$ 846,046	\$ 20,459

Note 15-Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to DHRM. DHRM assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through DHRM. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2025 was \$37,854.

Note 16-Property Taxes:

The major sources of property taxes are real estate and personal property taxes. The assessments are the responsibility of Franklin County, while billing and collection are the Town's responsibilities.

Property taxes are levied annually on assessed values as of January 1 and are due by February 28 of the following calendar year. Personal property taxes do not create a lien on property.

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

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 17- Unavailable/Deferred Revenue:

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

Primary Government:

	Government-wide Statements		Balance Sheet	
	Governmental Activities	Governmental Funds		
Property taxes:				
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$		\$	201,045
Prepaid property taxes due after June 30 but paid in advance by taxpayers		1,263		1,263
Total property taxes	\$	1,263	\$	202,308
Total	\$	1,263	\$	202,308

Note 18-Risk Management:

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

Note 19-Surety Bonds:

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2025 (CONTINUED)

Note 20-Commitments and Contingencies:

Contingencies:

At June 30, 2025, there were no significant matters of litigation pending involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

The Town had the following commitments:

Project	Contract Amount	Contract Amount		Accounts and Retainage Payable
		Outstanding at Year End	Year End	
Rocky Mount WTP Settling Basin Sludge Removal System	\$ 919,000	\$ 57,825	\$ 340,941	
Rocky Mount WTP Storage Building	4,500	2,250		-

Note 21-Loans Receivable:

The following is a summary of loans receivable the Town had for the year ended June 30, 2025:

Primary Government - Governmental Activities:

Due From	Final Maturity	Interest Rate	Principal Outstanding	Amount Due Within One Year
M&N Investment	2028	4.50%	\$ 25,000	\$ 17,775
Elimax	2031	5.00%	47,785	9,141
Total			\$ 72,785	\$ 26,916

The following is a summary of loans receivable the Enterprise Fund had for the year ended June 30, 2025:

Primary Government - Business-Type Activities:

Due From	Final Maturity	Interest Rate	Principal Outstanding	Amount Due Within One Year
Blue Ridge Bible College	2029	6.00%	\$ 32,578	\$ 9,066

Note 22-Upcoming Pronouncements:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

Town of Rocky Mount, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget -</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>	
				<u>Final Budget -</u>	<u>Positive (Negative)</u>
REVENUES					
General property taxes	\$ 1,486,823	\$ 1,486,823	\$ 1,538,488	\$ 51,665	
Other local taxes	4,973,745	4,973,745	5,291,754	318,009	
Permits, privilege fees, and regulatory licenses	19,000	19,000	32,061	13,061	
Fines and forfeitures	42,080	42,080	41,992	(88)	
Revenue from the use of money and property	380,950	495,950	585,132	89,182	
Charges for services	376,132	402,132	402,695	563	
Miscellaneous	40,300	158,949	158,573	(376)	
Recovered costs	-	-	15,209	15,209	
Intergovernmental:					
Commonwealth	2,443,929	2,519,429	2,650,131	130,702	
Federal	-	69,370	492,640	423,270	
Total revenues	<u>\$ 9,762,959</u>	<u>\$ 10,167,478</u>	<u>\$ 11,208,675</u>	<u>\$ 1,041,197</u>	
EXPENDITURES					
Current:					
General government administration	\$ 1,316,160	\$ 1,330,440	\$ 1,285,239	\$ 45,201	
Public safety	3,114,218	3,134,712	2,995,735	138,977	
Public works	2,338,634	3,088,485	2,037,336	1,051,149	
Parks, recreation, and cultural	48,350	167,913	159,154	8,759	
Community development	1,668,682	2,945,708	2,837,589	108,119	
Nondepartmental	342,947	271,714	222,241	49,473	
Debt service:					
Principal retirement	275,334	275,334	272,239	3,095	
Interest and other fiscal charges	38,224	343,619	530,819	(187,200)	
Bond issuance costs	-	102,108	102,108	-	
Total expenditures	<u>\$ 9,142,549</u>	<u>\$ 11,660,033</u>	<u>\$ 10,442,460</u>	<u>\$ 1,217,573</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 620,410</u>	<u>\$ (1,492,555)</u>	<u>\$ 766,215</u>	<u>\$ 2,258,770</u>	
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (770,410)	\$ (1,012,543)	\$ (922,609)	\$ 89,934	
Issuance of bonds payable	-	569,064	569,064	-	
Total other financing sources (uses)	<u>\$ (770,410)</u>	<u>\$ (443,479)</u>	<u>\$ (353,545)</u>	<u>\$ 89,934</u>	
Net change in fund balances	\$ (150,000)	\$ (1,936,034)	\$ 412,670	\$ 2,348,704	
Fund balances - beginning	150,000	1,936,034	10,381,883	8,445,849	
Fund balances - ending	-	-	<u>\$ 10,794,553</u>	<u>\$ 10,794,553</u>	

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

Town of Rocky Mount, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans

For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 582,533	\$ 392,158	\$ 345,168	\$ 432,731	\$ 406,930	\$ 353,665	\$ 358,440	\$ 346,951	\$ 317,557	\$ 311,299
Interest	1,137,632	1,060,434	1,065,194	972,449	928,139	909,859	836,876	809,351	717,349	675,381
Differences between expected and actual experience	912,276	421,866	(693,066)	(226,623)	19,528	(230,200)	516,739	(70,973)	201,701	130,521
Assumption changes	-	-	-	567,707	-	404,866	-	(68,836)	-	-
Impact in change of proportion	-	-	-	-	-	-	628,791	(9,646)	-	-
Benefit payments	(909,623)	(932,702)	(736,903)	(697,960)	(698,335)	(673,612)	(665,284)	(581,269)	(520,844)	(495,244)
Net change in total pension liability	\$ 1,722,818	\$ 941,756	\$ (19,607)	\$ 1,048,304	\$ 656,262	\$ 764,578	\$ 1,046,771	\$ 1,064,015	\$ 706,117	\$ 621,957
Total pension liability - beginning	\$ 16,726,080	\$ 15,784,324	\$ 15,803,931	\$ 14,755,627	\$ 14,099,365	\$ 13,334,787	\$ 12,288,016	\$ 11,224,001	\$ 10,517,884	\$ 9,895,927
Total pension liability - ending (a)	\$ 18,448,898	\$ 16,726,080	\$ 15,784,324	\$ 15,803,931	\$ 14,755,627	\$ 14,099,365	\$ 13,334,787	\$ 12,288,016	\$ 11,224,001	\$ 10,517,884
 Plan fiduciary net position										
Impact in change of proportion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,039	\$ (7,482)	\$ -
Contributions - employer	\$ 569,284	\$ 506,207	\$ 487,700	\$ 477,285	\$ 512,612	\$ 469,551	\$ 392,185	\$ 385,774	\$ 357,965	\$ 349,774
Contributions - employee	\$ 190,939	\$ 168,752	\$ 145,569	\$ 143,977	\$ 157,799	\$ 144,682	\$ 136,306	\$ 134,360	\$ 121,946	\$ 119,251
Net investment income	\$ 1,404,097	\$ 891,899	\$ (14,670)	\$ 3,038,872	\$ 210,151	\$ 686,165	\$ 714,891	\$ 1,061,541	\$ 142,757	\$ 360,480
Benefit payments	(909,623)	(932,702)	(736,903)	(697,960)	(698,335)	(673,612)	(665,284)	(581,269)	(520,844)	(495,244)
Administrator charges	(9,106)	(8,908)	(8,653)	(7,439)	(6,935)	(6,641)	(6,166)	(6,071)	(5,041)	(4,872)
Other	299	359	327	288	(250)	(435)	(638)	(948)	(61)	(75)
Net change in plan fiduciary net position	\$ 1,245,890	\$ 625,607	\$ (126,630)	\$ 2,955,023	\$ 175,042	\$ 619,710	\$ 571,294	\$ 1,455,426	\$ 89,240	\$ 329,314
Plan fiduciary net position - beginning	\$ 14,522,935	\$ 13,897,328	\$ 14,023,958	\$ 11,068,935	\$ 10,893,893	\$ 10,274,183	\$ 9,702,889	\$ 8,247,463	\$ 8,158,223	\$ 7,828,909
Plan fiduciary net position - ending (b)	\$ 15,768,825	\$ 14,522,935	\$ 13,897,328	\$ 14,023,958	\$ 11,068,935	\$ 10,893,893	\$ 10,274,183	\$ 9,702,889	\$ 8,247,463	\$ 8,158,223
 Town's net pension liability - ending (a) - (b)	\$ 2,680,073	\$ 2,203,145	\$ 1,886,996	\$ 1,779,973	\$ 3,686,692	\$ 3,205,472	\$ 3,060,604	\$ 2,585,127	\$ 2,976,538	\$ 2,359,661
 Plan fiduciary net position as a percentage of the total pension liability	85.47%	86.83%	88.05%	88.74%	75.02%	77.27%	77.05%	78.96%	73.48%	77.57%
 Covered payroll	\$ 4,034,973	\$ 3,570,639	\$ 3,071,997	\$ 2,997,890	\$ 3,277,245	\$ 2,988,681	\$ 2,796,491	\$ 2,571,152	\$ 2,463,898	\$ 2,398,797
 Town's net pension liability as a percentage of covered payroll	66.42%	61.70%	61.43%	59.37%	112.49%	107.25%	109.44%	100.54%	120.81%	98.37%

Town of Rocky Mount, Virginia
Schedule of Employer Contributions
Pension Plans
Fiscal Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to Contractually Required Contribution			Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	(3)			
Primary Government						
2025	\$ 733,784	\$ 733,784	\$ -	\$ 4,329,106		16.95%
2024	569,283	569,283	-	4,034,973		14.11%
2023	506,225	506,225	-	3,570,639		14.18%
2022	487,701	487,701	-	3,071,997		15.88%
2021	477,285	477,285	-	2,997,890		15.92%
2020	512,612	512,612	-	3,277,245		15.64%
2019	469,551	469,551	-	2,988,681		15.71%
2018	392,185	392,185	-	2,796,491		14.02%
2017	361,992	361,992	-	2,571,152		14.08%
2016	357,965	357,965	-	2,463,898		14.53%

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

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information
Pension Plans
Fiscal Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Rocky Mount, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Measurement Dates of July 1, 2017 through July 1, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 56,700	\$ 62,000	\$ 82,000	\$ 68,200	\$ 59,800	\$ 54,400	\$ 48,700	\$ 48,000
Interest	39,600	38,700	21,400	22,200	30,100	31,000	29,600	27,000
Changes in assumptions	(600)	(33,000)	(512,200)	176,700	-	-	-	-
Differences between expected and actual experience	(386,300)	(71,000)	375,300	(60,500)	(236,100)	(57,900)	(3,900)	-
Contributions - employer	(16,700)	(13,700)	(11,500)	(8,100)	(8,100)	(13,500)	(13,500)	(15,000)
Other changes	-	-	-	88,500	85,500	(43,400)	-	-
Net change in total OPEB liability	\$ (307,300)	\$ (17,000)	\$ (45,000)	\$ 198,500	\$ (65,800)	\$ 99,500	\$ 17,500	\$ 60,000
Total OPEB liability - beginning	977,700	994,700	1,039,700	841,200	907,000	807,500	790,000	730,000
Total OPEB liability - ending	\$ 670,400	\$ 977,700	\$ 994,700	\$ 1,039,700	\$ 841,200	\$ 907,000	\$ 807,500	\$ 790,000
Covered-employee payroll	\$ 4,246,400	\$ 3,289,700	\$ 3,289,700	\$ 3,276,900	\$ 3,276,900	\$ 2,920,000	\$ 2,920,000	\$ 2,616,000
Town's total OPEB liability as a percentage of covered-employee	15.79%	29.72%	30.24%	31.73%	25.67%	31.06%	27.65%	30.20%

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

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information - OPEB
Fiscal Year Ended June 30, 2025

Valuation Date: 7/1/2024
Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	4.09%
Inflation	2.50%
Healthcare Trend Rate	6.75% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	PUB-2010 amount-weighted general mortality table with MP-2021 projection scale fully generational

Town of Rocky Mount, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.01574%	\$ 175,646	\$ 4,041,579	4.35%	73.41%
2023	0.01518%	182,056	3,574,223	5.09%	69.30%
2022	0.01410%	170,259	3,075,434	5.54%	67.21%
2021	0.01460%	170,333	3,021,296	5.64%	67.45%
2020	0.01590%	265,679	3,277,245	8.11%	52.64%
2019	0.01525%	248,158	2,988,681	8.30%	52.00%
2018	0.01471%	223,000	2,798,748	7.97%	51.22%
2017	0.01486%	223,000	2,740,066	8.14%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Rocky Mount, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Fiscal Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			(4)	(5)
2025	\$ 20,347	\$ 20,347	\$ -	\$ 4,329,106		0.47%
2024	21,825	21,825	-	4,041,579		0.54%
2023	19,301	19,301	-	3,574,223		0.54%
2022	16,607	16,607	-	3,075,434		0.54%
2021	16,315	16,315	-	3,021,296		0.54%
2020	17,042	17,042	-	3,277,245		0.52%
2019	15,542	15,542	-	2,988,681		0.52%
2018	14,542	14,542	-	2,798,748		0.52%
2017	14,248	14,248	-	2,740,066		0.52%
2016	12,449	12,449	-	2,593,577		0.48%

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Fiscal Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

Town of Rocky Mount, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
REVENUES					
Revenue from the use of money and property	\$ -	\$ 212,734	\$ 216,361	\$ 3,627	
Miscellaneous	-	33,509	33,509		
Intergovernmental:					
Federal	-	-	576,896	576,896	
Total revenues	\$ -	\$ 246,243	\$ 826,766	\$ 580,523	
EXPENDITURES					
Current:					
General Government Administration	\$ 25,000	\$ 92,967	\$ 444	\$ 92,523	
Public safety	3,509,557	4,064,962	2,999,000	1,065,962	
Public works	649,000	752,664	402,753	349,911	
Community Development	-	103,998	46,722	57,276	
Debt Service:					
Principal Retirement	-	-	8,956	(8,956)	
Total expenditures	\$ 4,183,557	\$ 5,014,591	\$ 3,457,875	\$ 1,556,716	
Excess (deficiency) of revenues over (under) expenditures	\$ (4,183,557)	\$ (4,768,348)	\$ (2,631,109)	\$ 2,137,239	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 750,000	\$ 537,266	\$ 537,266	\$ -	
Issuance of bonds payable	3,433,557	3,433,557	4,630,936	1,197,379	
Total other financing sources (uses)	\$ 4,183,557	\$ 3,970,823	\$ 5,168,202	\$ 1,197,379	
Net change in fund balances	\$ -	\$ (797,525)	\$ 2,537,093	\$ 3,334,618	
Fund balances (deficits) - beginning	-	797,525	(673,416)	(1,470,941)	
Fund balances - ending	\$ -	\$ -	\$ 1,863,677	\$ 1,863,677	

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

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

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

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

Table 1

Town of Rocky Mount, Virginia Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)											
	Fiscal Year										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Governmental activities											
Net investment in capital assets	\$ 13,194,309	\$ 13,382,249	\$ 13,324,081	\$ 13,013,305	\$ 12,801,217	\$ 13,139,149	\$ 14,009,129	\$ 13,780,597	\$ 13,079,614	\$ 11,022,020	
Restricted	-	451,764	127,010	-	-	-	-	-	-	-	
Unrestricted	6,909,303	5,750,745	4,918,816	5,555,290	5,492,995	5,151,612	6,478,366	7,447,244	2,382,596	4,688,869	
Total governmental activities net position	\$ 20,103,612	\$ 19,584,758	\$ 18,369,907	\$ 18,568,595	\$ 18,294,212	\$ 18,290,761	\$ 20,487,495	\$ 21,227,841	\$ 15,462,210	\$ 15,710,889	
Business-type activities											
Net investment in capital assets	\$ 8,522,241	\$ 13,079,614	\$ 8,516,925	\$ 8,307,375	\$ 7,203,379	\$ 7,109,542	\$ 7,742,416	\$ 7,534,009	\$ 7,953,106	\$ 8,047,290	
Restricted for debt service	-	-	-	152,943	-	-	-	-	-	-	
Unrestricted	8,757,094	2,382,596	1,173,667	1,279,273	1,531,790	1,366,581	1,542,814	1,972,556	2,325,016	2,384,281	
Total business-type activities net position	\$ 17,279,335	\$ 15,462,210	\$ 9,690,592	\$ 9,739,591	\$ 8,735,169	\$ 8,476,123	\$ 9,285,230	\$ 9,506,565	\$ 10,278,122	\$ 10,431,571	
Primary Government											
Net investment in capital assets	\$ 21,716,550	\$ 26,461,863	\$ 21,841,006	\$ 21,320,680	\$ 20,004,596	\$ 20,248,691	\$ 21,751,545	\$ 21,314,606	\$ 21,032,720	\$ 19,069,310	
Restricted for debt service	-	451,764	127,010	152,943	-	-	-	-	-	-	
Unrestricted	7,144,156	8,133,341	6,092,483	6,834,563	7,024,785	6,518,193	8,021,180	9,419,800	4,707,612	7,073,150	
Total primary government net position	\$ 28,860,706	\$ 35,046,968	\$ 28,060,499	\$ 28,308,186	\$ 27,029,381	\$ 26,766,884	\$ 29,772,725	\$ 30,734,406	\$ 25,740,332	\$ 26,142,460	

Table 2
Page 1 of 2

Town of Rocky Mount, Virginia Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)											
	Fiscal Year										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Expenses											
Governmental activities:											
General government administration	\$ 836,494	\$ 983,926	\$ 936,954	\$ 1,122,515	\$ 1,552,093	\$ 1,450,532	\$ 1,307,575	\$ 1,420,841	\$ 1,528,490	\$ 893,943	
Public Safety	2,017,134	2,374,024	2,440,595	2,463,378	2,998,531	2,664,580	2,522,146	2,856,244	3,409,115	3,401,593	
Public Works	1,947,796	1,743,964	2,088,558	2,156,048	2,165,821	1,829,720	2,200,498	2,618,102	3,198,687	2,765,149	
Parks, recreation and cultural	66,665	161,397	216,058	193,722	162,068	102,674	208,558	178,355	27,002	74,528	
Community development	778,492	905,959	1,284,101	619,565	1,200,003	1,700,519	1,222,349	1,326,619	8,047,504	3,658,986	
Interest on long-term debt	58,187	49,285	58,784	46,130	37,839	61,170	33,383	38,462	465,401	669,773	
Total governmental activities expenses	\$ 5,704,768	\$ 6,218,555	\$ 7,025,050	\$ 6,601,358	\$ 8,116,355	\$ 7,809,195	\$ 7,494,509	\$ 8,438,623	\$ 16,676,199	\$ 11,463,972	
Business-type activities:											
Water and Sewage	\$ 2,441,711	\$ 2,442,424	\$ 2,501,509	\$ 2,820,911	\$ 4,101,172	\$ 3,082,853	\$ 3,095,352	\$ 3,121,647	\$ 3,536,632	\$ 3,943,080	
Total business-type activities expenses	\$ 2,441,711	\$ 2,442,424	\$ 2,501,509	\$ 2,820,911	\$ 4,101,172	\$ 3,082,853	\$ 3,095,352	\$ 3,121,647	\$ 3,536,632	\$ 3,943,080	
Total primary government expenses	\$ 8,146,479	\$ 8,660,979	\$ 9,526,559	\$ 9,422,269	\$ 12,217,527	\$ 10,892,048	\$ 10,589,861	\$ 11,560,270	\$ 20,212,831	\$ 15,407,052	
Program Revenues											
Governmental activities:											
Charges for services:											
Public Safety	\$ 81,459	\$ 86,852	\$ 85,651	\$ 95,333	\$ 54,865	\$ 46,504	\$ 101,631	\$ 136,209	\$ 111,504	\$ 107,431	
Public Works	93,420	93,563	94,673	104,777	123,934	122,048	179,488	245,076	276,513	359,707	
Other activities	8,040	19,772	18,109	15,550	16,330	31,588	120,222	47,379	238,771	95,260	
Operating grants and contributions	1,591,163	1,562,401	1,631,703	1,665,336	2,752,221	2,527,277	3,744,747	2,920,997	3,367,331	3,516,974	
Capital grants and contributions	-	-	-	-	-	-	-	19,193	-	-	
Total governmental activities program revenues	\$ 1,774,082	\$ 1,762,588	\$ 1,830,136	\$ 1,880,996	\$ 2,947,350	\$ 2,727,417	\$ 4,146,088	\$ 3,368,854	\$ 3,994,119	\$ 4,079,372	
Business-type activities:											
Charges for services:											
Water & Sewer	\$ 2,468,788	\$ 2,581,401	\$ 2,714,441	\$ 2,716,967	\$ 3,195,101	\$ 2,744,070	\$ 2,941,207	\$ 2,947,111	\$ 3,368,388	\$ 3,671,619	
Capital grants and contributions	-	-	-	-	-	-	-	188,552	384,356	98,560	
Total business-type activities program revenues	\$ 2,468,788	\$ 2,581,401	\$ 2,714,441	\$ 2,716,967	\$ 3,195,101	\$ 2,744,070	\$ 2,941,207	\$ 3,135,663	\$ 3,752,744	\$ 3,770,179	
Total primary government program revenues	\$ 4,242,870	\$ 4,343,989	\$ 4,544,577	\$ 4,597,963	\$ 6,142,451	\$ 5,471,487	\$ 7,087,295	\$ 6,504,517	\$ 7,746,863	\$ 7,849,551	
Net (expense)/revenue:											
Governmental activities	\$ (3,930,686)	\$ (4,455,967)	\$ (5,194,914)	\$ (4,720,362)	\$ (5,169,005)	\$ (5,081,778)	\$ (3,348,421)	\$ (5,069,769)	\$ (12,682,080)	\$ (7,384,600)	
Business-type activities	27,077	138,977	212,932	(103,944)	(906,071)	(338,783)	(154,145)	14,016	216,112	(172,901)	
Total primary government net expense	\$ (3,903,609)	\$ (4,316,990)	\$ (4,981,982)	\$ (4,824,306)	\$ (6,075,076)	\$ (5,420,561)	\$ (3,502,566)	\$ (5,055,753)	\$ (12,465,968)	\$ (7,557,501)	

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,004,337	\$ 1,009,816	\$ 1,022,648	\$ 1,050,197	\$ 1,013,077	\$ 1,156,569	\$ 1,178,949	\$ 1,146,665	\$ 1,197,611	\$ 1,509,100
Sales tax	172,420	180,099	187,370	219,461	224,205	257,501	278,770	311,381	354,078	339,838
Business licenses taxes	682,104	644,219	658,908	703,410	654,609	709,711	777,979	841,624	923,522	1,037,029
Meals tax	1,403,288	1,483,084	1,526,284	1,564,903	1,559,916	1,690,724	1,974,015	2,140,674	2,811,704	2,906,169
Lodging tax	123,292	184,230	203,737	212,306	178,589	193,336	227,767	250,976	275,025	281,745
Bank stock tax	222,092	228,304	295,140	319,352	314,393	385,394	440,763	357,857	378,445	342,694
Consumers' utility taxes	328,559	322,765	330,020	323,155	315,910	318,693	317,320	313,109	322,338	326,079
Cigarette tax	89,454	108,493	89,771	87,225	87,243	82,914	84,390	65,475	56,745	58,200
Intergovernmental revenue, unrestricted	250,549	245,240	241,254	262,570	233,557	214,797	218,515	216,108	244,783	202,693
Unrestricted revenues from use of money	142,520	52,266	51,434	265,366	204,881	15,594	12,434	285,283	549,138	715,843
Other	143,156	8,965	100,590	64,048	9,891	13,094	34,253	83,833	330,585	192,082
Transfers	33,781	(606,059)	144,511	(152,943)	98,351	40,000	-	(202,870)	(527,525)	(278,193)
Total governmental activities	\$ 4,595,552	\$ 3,861,422	\$ 4,851,667	\$ 4,919,050	\$ 4,894,622	\$ 5,078,327	\$ 5,545,155	\$ 5,810,115	\$ 6,916,449	\$ 7,633,279
Business-type activities:										
Other	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ 119,737	\$ 836,914	\$ -	\$ 18,411	\$ 38,029
Unrestricted revenues from use of money and property	-	-	-	-	-	-	126,338	4,449	9,509	10,128
Transfers	(33,781)	606,059	(144,511)	152,943	(98,351)	(40,000)	-	202,870	527,525	278,193
Total business-type activities	\$ (33,781)	\$ 610,059	\$ (144,511)	\$ 152,943	\$ (98,351)	\$ 79,737	\$ 963,252	\$ 207,319	\$ 555,445	\$ 326,350
Total primary government	\$ 4,561,771	\$ 4,471,481	\$ 4,707,156	\$ 5,071,993	\$ 4,796,271	\$ 5,158,064	\$ 6,508,407	\$ 6,017,434	\$ 7,471,894	\$ 7,959,629
Change in Net Position										
Governmental activities	\$ 664,866	\$ (594,545)	\$ (343,247)	\$ 198,688	\$ (274,383)	\$ (3,451)	\$ 2,196,734	\$ 740,346	\$ (5,765,631)	\$ 248,679
Business-type activities	(6,704)	749,036	68,421	48,999	(1,004,422)	(259,046)	809,107	221,335	771,557	153,449
Total primary government	\$ 658,162	\$ 154,491	\$ (274,826)	\$ 247,687	\$ (1,278,805)	\$ (262,497)	\$ 3,005,841	\$ 961,681	\$ (4,994,074)	\$ 402,128

Table 3

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ -	\$ 10,145	\$ 1,838	\$ 76,140	\$ 62,416	\$ 65,501	\$ 67,128	\$ 75,455	\$ 82,124	\$ 98,287
Restricted	-	451,764	127,010	-	-	-	-	-	-	-
Unassigned	8,150,074	7,782,624	7,431,554	7,887,691	8,115,570	7,777,173	9,028,249	9,509,001	10,299,759	10,696,266
Total general fund	\$ 8,150,074	\$ 8,244,533	\$ 7,560,402	\$ 7,963,831	\$ 8,177,986	\$ 7,842,674	\$ 9,095,377	\$ 9,584,456	\$ 10,381,883	\$ 10,794,553
All other governmental funds										
Nonspendable										
Capital Projects	\$ 2,790	\$ 57,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,785
Assigned, reported in:										
Capital Projects	-	-	59,779	61,821	64,364	60,658	61,846	281,695	-	-
Unassigned (deficit), reported in:										
Capital Projects	-	-	-	-	-	-	-	-	(673,416)	1,790,892
Total all other governmental funds	\$ 2,790	\$ 57,643	\$ 59,779	\$ 61,821	\$ 64,364	\$ 60,658	\$ 61,846	\$ 281,695	\$ (673,416)	\$ 1,863,677

Table 4

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 4,012,405	\$ 4,161,830	\$ 4,313,712	\$ 4,458,329	\$ 4,330,897	\$ 4,750,404	\$ 5,288,584	\$ 5,417,519	\$ 6,246,400	\$ 6,830,242
Licenses and permits	17,007	20,158	21,776	22,128	17,174	19,986	64,971	54,873	28,334	32,061
Fines and forfeitures	51,040	48,858	43,419	50,047	16,099	10,723	15,204	42,755	45,666	41,992
Use of money & property	142,520	52,266	51,434	265,366	204,881	15,594	78,784	285,733	741,288	801,493
Charges for services	114,872	131,171	133,238	143,485	161,856	169,431	254,816	330,586	360,638	402,695
Other	692,271	43,969	208,324	67,185	10,983	20,996	97,734	97,019	343,215	207,291
Intergovernmental	1,841,712	1,807,641	1,872,957	1,927,906	2,985,778	2,742,074	3,963,262	3,156,298	3,612,114	3,719,667
Total revenues	\$ 6,871,827	\$ 6,265,893	\$ 6,644,860	\$ 6,934,446	\$ 7,727,668	\$ 7,729,208	\$ 9,763,355	\$ 9,384,783	\$ 11,377,655	\$ 12,035,441
Expenditures										
General government administration	\$ 679,772	\$ 689,682	\$ 723,804	\$ 913,382	\$ 1,166,992	\$ 1,119,316	\$ 1,251,678	\$ 1,153,897	\$ 1,262,681	\$ 1,285,683
Public safety	1,896,243	2,158,484	2,277,564	2,340,342	2,706,413	2,393,056	2,791,400	3,176,276	3,290,704	5,994,735
Public works	2,017,661	1,794,250	2,144,584	1,984,217	2,188,807	2,869,559	2,749,522	2,632,464	3,727,610	2,440,089
Parks, recreation and cultural	74,202	1,265,614	289,807	153,857	115,201	147,196	261,364	258,479	105,611	159,154
Community development	700,736	769,785	1,151,040	504,627	986,258	1,598,876	1,123,201	1,298,762	6,920,296	2,884,311
Nondepartmental	154,046	189,047	105,204	139,528	222,313	213,146	97,744	401,826	208,783	222,241
Capital outlay	-	-	-	-	-	-	47,442	-	-	-
Debt service:										
Principal	181,879	182,799	313,770	290,000	288,000	338,760	197,952	285,145	300,466	281,195
Interest	45,412	48,552	52,659	50,079	40,344	60,006	36,603	32,393	203,698	530,819
Bond Issuance Costs	-	-	-	-	-	-	-	137,965	102,108	-
Total expenditures	\$ 5,749,951	\$ 7,098,213	\$ 7,058,432	\$ 6,376,032	\$ 7,714,328	\$ 8,739,915	\$ 8,509,464	\$ 9,286,684	\$ 16,157,814	\$ 13,900,335
Excess of revenues over (under) expenditures	\$ 1,121,876	\$ (832,320)	\$ (413,572)	\$ 558,414	\$ 13,340	\$ (1,010,707)	\$ 1,253,891	\$ 98,099	\$ (4,780,159)	\$ (1,864,894)
Other financing sources (uses)										
Transfers in	\$ 33,781	\$ 6,188,100	\$ 144,511	\$ -	\$ 98,351	\$ 40,000	\$ 23,579	\$ -	\$ 30,000	\$ 537,266
Transfers out	-	(6,794,159)	-	(152,943)	-	-	(23,579)	-	(202,870)	(557,525)
Issuance of debt	-	1,512,000	-	-	105,007	575,000	-	813,699	5,150,000	5,200,000
Total other financing sources (uses)	\$ 33,781	\$ 905,941	\$ 144,511	\$ (152,943)	\$ 203,358	\$ 615,000	\$ -	\$ 610,829	\$ 4,622,475	\$ 4,814,657
Net change in fund balances	\$ 1,155,657	\$ 73,621	\$ (269,061)	\$ 405,471	\$ 216,698	\$ (395,707)	\$ 1,253,891	\$ 708,928	\$ (157,684)	\$ 2,949,763
Debt service as a percentage of noncapital expenditures	4.20%	4.22%	5.77%	5.61%	5.61%	5.53%	3.38%	3.97%	3.41%	8.04%

Table 5

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Companies	Total
2025	\$ 703,124,800	\$ 64,547,918	\$ 111,174,109	\$ 26,545,415	\$ 905,392,242
2024	498,452,700	61,165,266	110,714,305	16,474,608	686,806,879
2023	493,502,900	57,356,109	101,119,024	17,065,203	669,043,236
2022	496,158,500	54,107,477	96,240,346	20,316,973	666,823,296
2021	492,559,500	49,859,940	93,243,789	21,525,419	657,188,648
2020	461,256,900	48,406,214	89,698,334	19,724,581	619,086,029
2019	459,707,400	45,734,851	87,864,583	20,494,198	613,801,032
2018	457,378,900	46,747,896	82,603,648	21,333,422	608,063,866
2017	454,929,100	42,812,886	78,265,472	21,936,930	597,944,388
2016	443,959,300	43,948,580	76,089,912	22,587,129	586,584,921

Fiscal Year	Real Property		Personal Property		Machinery and Tools		Public Service Companies		Total Direct Rate (Weighted Average)
	Total	Direct Tax Rate	Property Tax Rate		Tax Rate		Tax Rate		
2025	\$ 0.13	\$ 0.13	\$ 0.51	\$ 0.51	\$ 0.17	\$ 0.17	\$ 0.13	\$ 0.13	0.16
2024	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.17
2023	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.17
2022	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.17
2021	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.16
2020	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.17
2019	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.16
2018	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.16
2017	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.16
2016	0.13	0.13	0.51	0.51	0.17	0.17	0.13	0.13	0.16

Notes: Property is assessed at full market value; therefore, the assessed values are equal to actual value.
Properties are reassessed once every 4 years.
All tax rates are per \$100 of assessed value.

Source: Franklin County Commissioner of Revenue real estate and personal property assessments.

Table 6

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

Taxpayer	Fiscal Year 2025			Fiscal Year 2016		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Rocky Mount Development Company LLC (Old Franklin)	\$11,191,900	1	1.59%	\$9,539,800	3	2.15%
Wal-Mart Real Estate Business Trust	10,509,900	2	1.49%	9,648,400	2	2.17%
Lowes Home Centers Inc.	10,138,200	3	1.44%	7,925,700	6	1.79%
Franklin County (Technology Park)	9,455,200	4	1.34%	9,739,800	1	2.19%
Rocky Mount Associates II LP (Rt 40 East)	8,526,200	5	1.21%	8,709,100	4	1.96%
Carilion Franklin Memorial Hospital	7,414,600	6	1.05%	8,512,900	5	1.92%
PG Multi-16 LP/Ply Gem	6,565,400	7	0.93%	5,207,500	9	1.17%
Trinity Packaging Corporation	6,168,500	8	0.88%	7,512,200	7	1.69%
Newbold Corporation	6,113,400	9	0.87%			
Champion Modular Inc./Mod-U-Kraf	5,833,700	10	0.83%	5,244,600	8	1.18%
LJMT 55 Weaver St. LLC/Empire Foods	5,504,300	11	0.78%			
FH Holdings Inc c/o Fleetwood Homes Inc	5,279,800	12	0.75%			
L & M Properties LLC	4,260,300	13	0.61%	4,112,200	13	0.93%
Ferguson Land & Lumber Inc.	4,130,700	14	0.59%			
Rocky Mount Limited Liability Co (Tanyard Road)	4,020,500	15	0.57%			
Total	<u><u>\$ 105,112,600</u></u>		<u><u>14.93%</u></u>	<u><u>\$ 76,152,200</u></u>		<u><u>17.15%</u></u>

Source: Real estate tax assessments

Table 7

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

Year Ended June 30	Collected within the Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
	Taxes Levied	Amount	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 1,435,769	\$ 1,357,354	94.54%	\$ -	1,357,354	94.54%
2024	1,165,145	991,223	85.07%	25,425	1,016,648	87.26%
2023	1,121,772	1,022,179	91.12%	40,152	1,062,331	94.70%
2022	1,108,610	1,027,331	92.67%	50,442	1,077,773	97.22%
2021	1,080,948	1,048,104	96.96%	23,589	1,071,693	99.14%
2020	1,026,813	981,194	95.56%	23,407	1,004,601	97.84%
2019	1,092,275	1,051,437	96.26%	17,760	1,069,197	97.89%
2018	1,084,974	1,030,137	94.95%	38,533	1,068,670	98.50%
2017	962,620	909,453	94.48%	40,616	950,069	98.70%
2016	959,038	903,099	94.17%	46,293	949,392	98.99%

Note A: Vehicle license fees are included in the personal property tax bills and added to tax collections.

Source: Detailed Town property tax records.

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

Table 8

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

Taxpayer	Fiscal Year 2025			Fiscal Year 2016		
	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption
PlyGem Windows	855,392	1	3.94%	1,211,062	2	5.68%
Franklin County Middle School	160,337	2	0.74%	424,562	5	1.99%
Foxfire Farms & Ready Mix	147,416	3				
Baymont Inn	127,311	4	0.59%	151,250	14	0.71%
Comfort Hospitality LLC	99,210	5				
Ronile	95,871	6	0.44%	137,252	1	6.44%
Ferguson Land & Lumber	93,510	7				
Ultimate Shine OPCO LLC	89,163	8				
On the Rocks/Home Town Ice	87,847	9	0.40%	359,874	7	1.69%
Trinity Packaging	81,149	10				
Bojangles Restaurant	71,371	11				
El Rio Mexican Grill	68,946	12				
Providence Properties	64,666	13				
Blue Ridge Health	63,336	14				
Rocky Mount Health & Rehab (Trinity Mission)	59,301	15	0.27%	68,131	3	3.20%
Medical Facilities of America				586,433	4	2.75%
Franklin County High School				419,287	6	1.97%
Caandlewood Apartments				284,296	8	1.33%
Greater Southern Wood Preservers/Rocky Top				227,148	9	1.07%
Property Management/Windy Lane				190,471	10	0.89%
Franklin County Courthouse Complex				184,783	11	0.87%
Tanyard Village				184,467	12	0.87%
Carilion Franklin Memorial Hospital				160,028	13	0.75%
Holiday Inn Express				150,375	15	0.74%

Source: Average Consumption Report from Utility Billing System

Table 9

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

Fiscal Year Ended June 30	Local Sales & Use Tax	Consumer Utility Tax	Business License Taxes	Bank Stock Taxes	Lodging Taxes	Meals Tax	Cigarette Taxes	Total
2025	\$ 339,838	\$ 326,079	\$ 1,037,029	\$ 342,694	\$ 281,745	\$ 2,906,169	\$ 58,200	\$ 5,291,754
2024	354,078	322,338	923,522	378,445	275,025	2,811,704	56,745	5,121,857
2023	311,381	313,109	841,624	357,857	250,976	2,140,674	65,475	4,281,096
2022	278,770	317,320	777,979	440,763	227,767	1,974,015	84,390	4,101,004
2021	257,501	318,693	709,711	385,394	193,336	1,690,724	82,914	3,638,273
2020	224,205	315,910	654,609	314,393	178,589	1,559,916	87,243	3,334,865
2019	219,461	323,155	703,410	319,352	212,306	1,564,903	87,225	3,429,812
2018	187,370	330,020	658,908	295,140	203,737	1,526,284	89,771	3,291,230
2017	180,099	322,765	644,219	228,304	184,230	1,483,084	108,493	3,151,194
2016	172,420	328,559	682,104	222,092	123,292	1,403,288	89,454	3,021,209

Source: Detailed Town revenue records.

Table 10

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 43,234,180	\$ 45,484,290	\$ 45,728,970	\$ 45,728,970	\$ 46,146,170	\$ 49,309,960	\$ 49,309,960	\$ 49,404,700	\$ 49,845,270	\$ 70,312,480
Total net debt applicable to limit	4,778,500	5,506,500	4,919,000	4,919,000	5,974,797	6,092,906	5,462,247	4,873,381	10,439,806	15,919,304
Legal debt margin	38,455,680	39,977,790	40,809,970	40,809,970	40,171,373	43,217,054	43,847,713	44,531,319	39,405,464	54,393,176
Total net debt applicable to the limit as a percentage of debt limit	11.1%	12.1%	10.8%	10.8%	12.9%	12.4%	11.1%	9.9%	20.9%	22.6%
Legal Debt Margin Calculated for Fiscal Year 2025										
Assessed value										\$ 703,124,800
Debt limit (10% of assessed value)										\$ 70,312,480
Debt applicable to limit:										
Revenue Bonds										2,465,140
Other Long-Term Obligations										13,454,164
Total net applicable to limit										<u>\$ 15,919,304</u>
Legal debt margin										<u>\$ 54,393,176</u>

Table 11

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Net Bonded Debt	Net Bonded Debt to Taxable Value
	General Obligation Bonds	Bonds Payable	Loans Payable	Subscription Liabilities	General Obligation Bonds	Loans Payable	Revenue Bonds Payable			Per Capita				
2025	\$ 6,072,218	\$ 5,150,000	\$ 447,335	\$ 9,174	\$ 1,540,170	\$ 244,441	\$ 2,465,140	\$ 15,928,478	0.58%	\$ 11,669,553	\$ 2,374	\$ 16.97		
2024	1,048,917	5,150,000	650,025	18,130	808,640	162,801	2,619,423	10,457,936	0.38%	6,848,942	1,393	9.96		
2023	1,221,714	-	768,952	26,872	874,700	177,592	2,776,967	5,846,797	0.21%	1,990,666	419	3.03		
2022	1,390,634	-	98,350	-	938,440	-	3,034,823	5,462,247	0.20%	1,488,984	314	2.27		
2021	1,556,697	-	130,239	-	999,930	-	3,406,040	6,092,906	0.24%	1,686,936	355	2.72		
2020	1,289,000	-	105,007	-	1,059,260	-	3,521,530	5,974,797	0.26%	1,394,007	294	2.27		
2019	1,577,000	-	-	-	1,116,500	-	2,750,000	5,443,500	0.24%	1,577,000	329	2.57		
2018	1,867,000	-	-	-	-	-	3,052,000	4,919,000	0.23%	1,867,000	389	3.07		
2017	2,162,000	-	18,770	-	-	-	3,344,500	5,525,270	0.26%	2,180,770	455	3.65		
2016	815,000	-	36,569	-	-	-	3,573,500	4,425,069	0.21%	851,569	177	1.45		

Source: Note 10

Table 12

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

Fiscal Year Ended (1)	Population (2)	Total Personal			Public School Enrollment (4)	Unemployment Rate (5)
		Per Capita Personal Income (3)	Income Thousands of Dollars (3)			
2025	4,971	\$ 52,577	\$ 2,848,727		5,704	3.90%
2024	4,916	52,577	2,722,047		5,839	2.80%
2023	4,936	52,577	2,761,392		5,940	2.80%
2022	4,900	50,264	2,761,392		5,840	3.30%
2021	4,712	44,821	2,517,451		6,100	4.10%
2020	4,722	41,866	2,341,229		6,526	3.20%
2019	4,748	40,512	2,224,168		6,668	3.10%
2018	4,764	38,707	2,184,835		6,832	3.40%
2017	4,799	37,300	2,091,380		6,885	4.10%
2016	4,799	36,668	2,063,114		6,952	4.30%

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

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

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

(4) Source: Franklin County Adopted Budget

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

Table 13

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

Employer	Fiscal Year 2025			Fiscal Year 2016			Percentage of Total Employment
	Employees	Rank	Percentage of Total Employment	Employees	Rank		
Franklin County Public Schools	1,350	1	10.33%	1,247	2		4.87%
Ply Gem Manufacturers Inc.	1,300	2	9.95%	1,500	1		5.86%
Franklin County	414	3	3.17%	334	5		1.30%
Carilion Franklin Memorial Hospital	350	4	2.68%	120	9		0.47%
Trinity Packaging Inc.	325	5	2.49%	352	4		1.38%
Wal-mart	300	6	2.30%	400	3		1.56%
Fleetwood Homes of Virginia	242	7	1.85%	118	11		0.46%
Kroger	175	8	1.34%	185	6		0.72%
Ronile Inc.	111	9	0.85%	120	10		0.47%
Franklin Health Care	106	10	0.81%	146	8		0.57%
Trinity Mission Healthcare				182	7		0.71%
Total	<u>4,673</u>			<u>4,704</u>			

Source: Virginia Employment Commission & employer human resource offices

Table 14

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

<u>Function/Program</u>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Management services	3	3	3	3	3	3	3	3	3	3
Finance	6	6	6	6	5	5	5	5	5	5
Planning & Community Development	6	6	5	5	7	7	7	6	6	5
Police										
Officers	22	22	20	20	25	24	24	22	21	20
Civilians	2	2	2	2	2	2	2	2	2	2
Other public works										
Other	18	17	17	17	17	17	17	17	17	17
Parks, recreation, and cultural										
Water	7	6	6	6	6	6	6	6	6	6
Sewer	5	5	5	5	5	5	5	5	5	5
Total	<u><u>69</u></u>	<u><u>67</u></u>	<u><u>64</u></u>	<u><u>64</u></u>	<u><u>70</u></u>	<u><u>69</u></u>	<u><u>69</u></u>	<u><u>66</u></u>	<u><u>65</u></u>	<u><u>63</u></u>

Source: Town's Adopted Operating Budget

Table 15

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Fleet										
Pieces of equipment maintained	64	63	63	63	63	66	61	61	54	53
Public safety										
Police										
Criminal arrests	914	1,000	989	822	593	639	792	655	713	744
Traffic violations	2,085	2,200	2,112	917	934	1,028	1,911	1,532	1,282	1,453
Fire										
Emergency responses	767	603	554	564	498	497	540	493	468	470
Public works										
Other public works										
Street resurfacing (miles)	1	1	1	1	1	2	4	4	4	4
Water										
Number of customer accounts	3,000	3,000	3,000	3,000	2,988	2,958	2,926	2,911	2,914	2,891
Volume pumped (million gallons per day average)	893,775	881,027	881,027	816,755	758,696	744,333	757,727	742,200	716,871	753,000
Sewer										
Number of customer accounts	2,060	2,060	2,060	2,060	2,115	2,012	2,079	2,078	2,067	2,051
Waste/Water treated (million gallons per day)	730,000	777,000	725,000	752,000	954,175	1,024,000	1,223,136	772,750	793,969	937,225

Source: Council reports, utility reports, highway reports.

Table 16

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

<u>Function/Program</u>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public safety										
Law enforcement vehicles	34	34	34	34	34	35	31	30	28	26
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Primary streets (lane miles)	10	10	9	9	9	9	9	9	9	9
Secondary streets (lane miles)	32	32	31	31	31	31	31	31	31	31
Parks, recreation, and cultural										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks/athletic fields	4	4	3	3	3	3	3	3	3	3
Water and sewage										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	66	66	66	66	66	66	66	66	66	66
Storm sewers (miles)	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64

Source: Equipment schedules, highway reports, GIS system.

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
December 12, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Rocky Mount, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Rocky Mount, Virginia's major federal programs for the year ended June 30, 2025. Town of Rocky Mount, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Rocky Mount, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Rocky Mount, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Rocky Mount, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Rocky Mount, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Rocky Mount, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Rocky Mount, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Rocky Mount, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Rocky Mount, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
December 12, 2025

Town of Rocky Mount, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA23GG03038MUMU	<u>\$ 2,265</u>
Department of the Treasury:			
Direct Payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	<u>\$ 361,896</u>
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>215,000</u> <u>\$ 576,896</u>
Department of Health and Human Services:			
Pass-Through Payments:			
Virginia Department of Health and Human Services:			
Preventive Health and Health Services Block Grant	93.991	NB01000014	<u>\$ 5,763</u>
Department of Transportation:			
Pass-Through Payments:			
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	Unknown	<u>\$ 431,005</u>
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BSC-2025-55210-25210	<u>9,370</u>
Total Department of Transportation			<u>\$ 440,375</u>
Department of Housing and Urban Development:			
Pass-Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Unknown	<u>\$ 50,000</u>
Environmental Protection Agency:			
Direct Payments:			
Drinking Water State Revolving Fund	66.468	Not applicable	<u>\$ 92,797</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,168,096</u></u>
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Rocky Mount, Virginia under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Rocky Mount, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Rocky Mount, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
(3) The Town did not elect to use the 15-percent <i>de minimis</i> indirect cost rate allowed under Uniform Guidance.			
Note 3 -- Donated Items			
The Town did not receive any donated items during the year.			
Note 4 -- Subrecipients			
The Town did not have any subrecipients for the year ended June 30, 2025.			
Note 5 -- Relationship to the Financial Statements:			
Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary Government:			
General Fund total			<u>\$ 3,142,771</u>
Less: revenue from the Commonwealth			<u>(2,650,131)</u>
Capital Projects Fund total			<u>576,896</u>
Water and Sewer Fund total			<u>98,560</u>
Total Primary Government			<u><u>\$ 1,168,096</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards			<u><u>\$ 1,168,096</u></u>

Town of Rocky Mount, Virginia

Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Federal Assistance Listing #	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Town of Rocky Mount, Virginia

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2025

There were no prior audit findings.