



MARTINSVILLE CITY COUNCIL

MEETING AGENDA

Tuesday, July 22, 2025

Martinsville's Vision

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

Martinsville's Mission

Martinsville City proudly promotes a safe, healthy, thriving community dedicated to delivering excellent services and meaningful public participation.

PRESIDING: LC Jones, Mayor

CITY COUNCIL MEMBERS: Kathy Lawson, Vice Mayor
Julian Mei
Rayshaun Gravely
Aaron Rawls

STAFF: Aretha R. Ferrell-Benavides, City Manager & City Clerk
Peyton Niblett, Deputy City Clerk
Law Offices of Sands Anderson, City Attorney



Work Session - 5:30 pm, Rm 208; Municipal Building

1. Comprehensive Plan Briefing by Berkley Group

Joint Update with Planning Commission

- a. Comprehensive Plan Update

2. Discuss Consent Agenda Items

- a. Discuss and Consider June 24, 2025 Meeting Minutes and June 26, 2025 Meeting Minutes
- b. Discuss and Consider Appropriation Resolution

Regular Session - 7pm, Council Chambers

3. Call to Order

4. Pledge to the American Flag

5. Invocation

6. Presentations and Proclamations

- a. Annual Comprehensive Financial Report (FY 24)
- b. YOYO's Film -- Presentation of Local Film Being Produced (Filiming July 28th - August 12th)
- c. Fire and Emergency Medical Services Update

7. Consent Agenda

- a. Discuss and Consider June 24, 2025 Meeting Minutes and June 26, 2025 Meeting Minutes
- b. Discuss and Consider Appropriation Resolution

8. Regular Agenda or New Business

- a. Hold Public Hearing for Request for Rezone and Council Discussion
- b. Hold Public Hearing for Request for Street Abandonment and Council Discussion
- c. Discuss and Consider Setting August 28th as Community Meeting Date
- d. Discuss and Consider Setting a Special-Called Closed Session Meeting Date
- e. Discuss and Consider Board Appointments

School Board

Planning Commission



Board of Appeals

- f. Discuss and Consider Drawn Together Project Hope Application for Project Hope Grant
- g. Discuss and Consider Tree Boards' Application for Project Hope Grant
- h. Discuss and Consider Youth Advisory Committee's Application for Project Hope Grant
- i. Discuss and Consider Sunsetting of Citizen Advisory Board and Emergency Housing and Community Support Commission
- j. Discuss and Consider Authorizing the Mayor to Sign MiNet Environmental Review Record
- k. Discuss and Consider March 17, 2025 Meeting Minutes
- l. Discuss and Consider Refuse Ordinance
- m. Discuss and Consider Temporary Space Solutions to Support Emergency Relocation Needs
- n. Discuss and Consider Financing for Electric Department Transformer
- o. Discuss and Consider Wastewater Treatment Plant Emergency Repairs and Consider Funding Resolution

9. City Hall Reporting & Announcements

10. Communications from Visitors / Business from the Floor

11. Comments by Members of City Council

12. Comments from City Manager

13. Adjournment



MARTINSVILLE MOMENTUM

City of Martinsville Comprehensive Plan Update Joint Worksession #1 | July 22, 2025

The Comprehensive Plan provides a guiding vision for physical development in the City of Martinsville. How and where Martinsville grows over the next ten to fifteen years is the result of interconnected physical, social, and economic features. In drafting the Comprehensive Plan, we must look at each of these topics individually so that we can craft a more effective growth management and future land use plan.

During this worksession, Berkley Group will present the Community Engagement Summary, list of Key Themes, Plan Outline, and draft Chapter 1.

Worksession Agenda

Schedule & Progress Update (5 min.)

Public Engagement and Key Themes (30 min.)

Plan Outline (5 min.)

Draft Chapter 1: Establishing Momentum (5 min.)

Next Steps

- 1) Submit all comments to Berkley Group by COB Friday, August 1, 2025
- 2) Draft Natural/Historic Resources; Health/Safety; Community Facilities/Infrastructure; Economic/Workforce Development Policies (Berkley Group)
- 3) Next Joint Worksession: Tuesday, October 28, 2025

Attachments

Attachment A: Project Schedule

Attachment B: Community Engagement Summary

Attachment C: Plan Outline

Attachment D: Chapter 1 – Establishing Momentum (About the Plan)



Joint Worksession

Tuesday, July 22, 2025

Agenda



Schedule and Progress Update

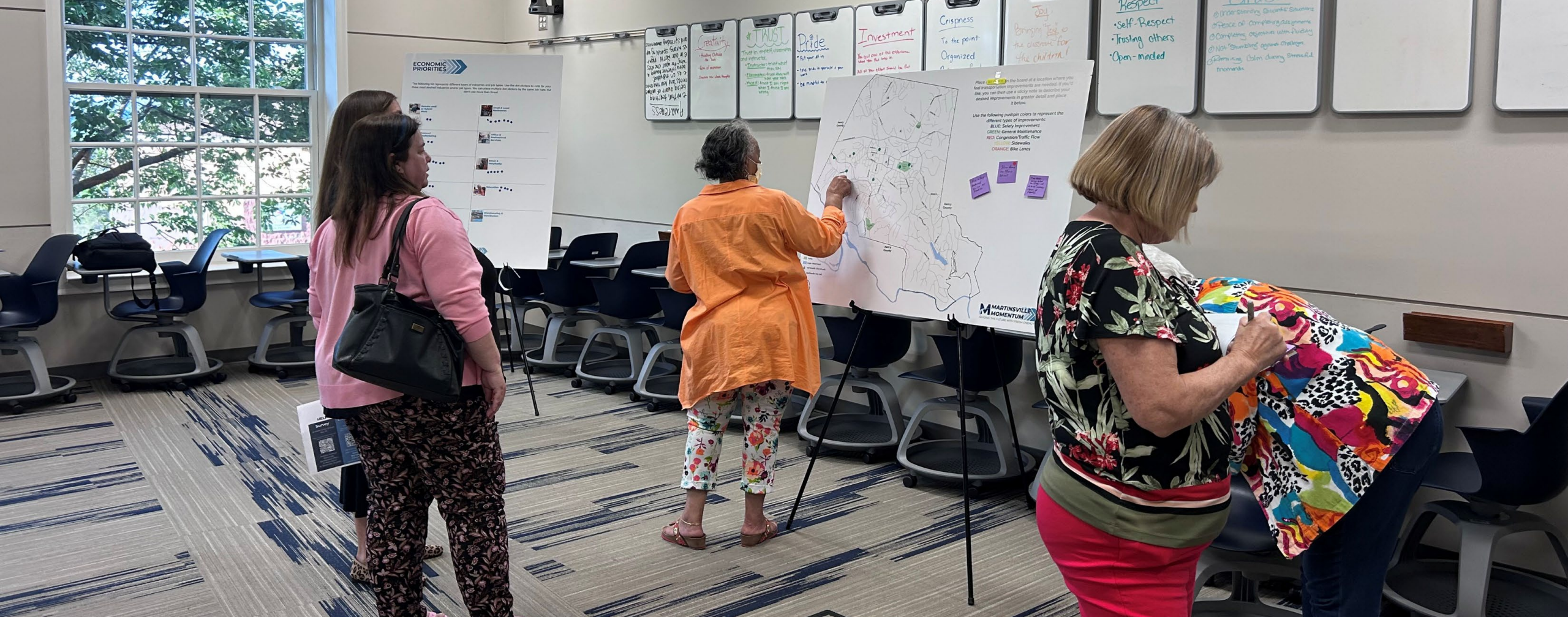


Public Engagement and Key Themes



Draft Chapter 1: Establishing Momentum

Worksession Date	Worksession Topics
 July 22, 2025	• Engagement Summary • Key Themes & Plan Outline • Chapter 1 (About the Plan)
October 28, 2025	• Natural & Historic Resources • Community Health & Safety • Community Facilities & Infrastructure • Economy & Workforce Development
January 27, 2026	• Housing • Transportation • Future Land Use
TBD 2026	• Full Plan Review



Community Engagement Summary



KEY THEMES



Economic Opportunity and Workforce Development

- Residents want more living wage jobs, career advancement opportunities, and support for small businesses.
- Residents expressed strong support for revitalizing Uptown and blighted areas to spur investment.

Community Identity, Arts, and Culture

- Residents called for investments in public art, local history and community festivals.
- Coordination of cultural programming and wayfinding is needed to strengthen Martinsville's identity and pride.



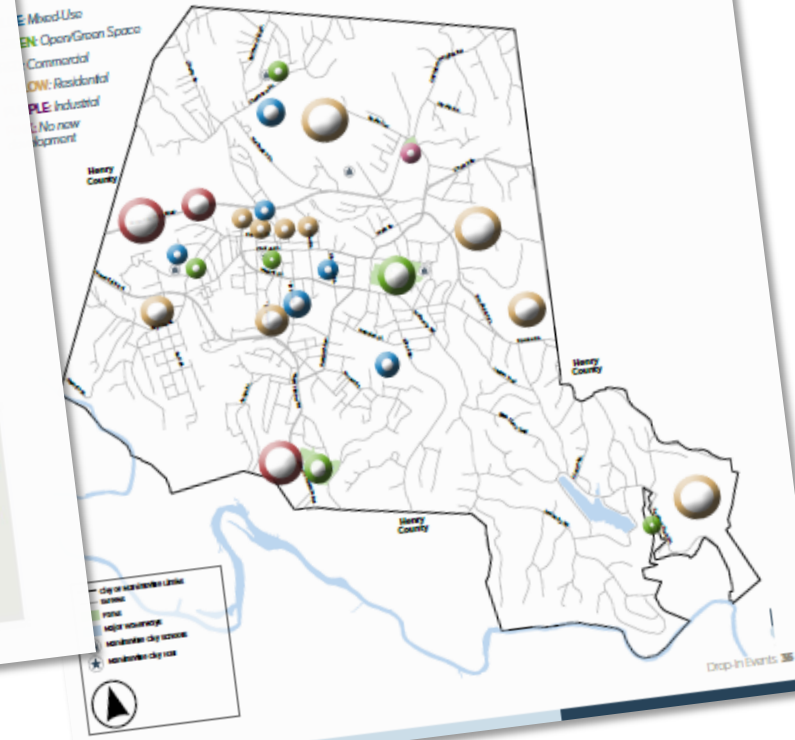
Affordable and Quality Housing

- Residents want more affordable and diverse housing options.
- Many residents are housing cost-burdened, and neighborhoods suffer from blight and disinvestment.
- Mixed-use and infill development are supported, particularly in Uptown.

4 Engagement Summary

Activity: Future Land Use

Summary: Participants identified where they feel various types of future development would be most appropriate by placing dot stickers on a large board. Each sticker color represented a type of generalized land use. See the included map, a diagrammatic representation of the results, demonstrating multiple votes with larger icons. The results represented, largely, the existing land pattern of Martinsville. This likely indicates the community is generally happy with the current development patterns and wants to preserve and improve, not dramatically change, how land is used. Results showed a call for more mixed-use development, particularly within the uptown area.





Drop-Ins

- Martinsville Middle School: February 22nd
- YMCA: March 5th
- NCI: April 15th and May 6th
- Ground Floor Coffee Shop: May 6th





- Open February 11 - May 15
- 201 respondents
- 49% reside in Precinct 005 (southeast area of the City)
- 10% did not live in Martinsville
- Broad age range of respondents

Focus Groups



Land Use &
Development



Education &
Workforce
Development



Health, Safety, &
Social Services



MCS Students



Economic
Development



Transportation,
Infrastructure, &
Environment



Arts & Culture

What Are Our Strengths?

What We Heard...

- Natural beauty
- Dick & Willie Trail
- Friendly community
- Affordability
- Rich history & culture
- Proximity to urban areas
- Community pride and optimism
- Small-town charm
- Eagerness for proactive planning

Where Is There Room for Growth?

What We Heard...

- Investment in school facilities
- Hospitality-oriented uses
- Family-friendly activities
- Infrastructure upgrades and maintenance
- More diverse array of living-wage jobs
- Stronger partnerships with Henry County and regional service providers
- Healthcare

Economy & Workforce Development

What We Heard...

- Attract living-wage jobs
- Provide more career advancement opportunities & increased support for small businesses
- Revitalize Uptown, along with blighted areas around the City
- Balance growth with keeping cost of living low
- Activities to grow & develop our youth

Community Identity, Arts, and Culture

What We Heard...

- Increase investment in cultural programming and community festivals
- Invest in wayfinding and public art
- Explore how to break down silos between the City, Henry County, and regional service providers
- Expand dining, shopping, and entertainment options
- Create “third spaces”

Housing

What We Heard...

- Increase not only housing stock, but housing options/type
- Many residents are suffering from housing cost burden
- Broad support for mixed-use and infill development, particularly in Uptown
- Some neighborhoods have experienced neglect and disinvestment that needs to be addressed

Public Safety, Social Services, and Infrastructure

What We Heard...

- Mental health services, drug treatment programs, and broad support for vulnerable populations are desperately needed, but in short supply
- Targeted maternal care is a significant need
- More youth programs, particularly those that provide career exploration opportunities, are highly desired
- The community loves parks and recreational facilities, but they need modernization & maintenance
- School facilities are in poor condition

How do Key Themes Fit into the Plan?



City Vision and Mission

City Vision Statement

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

City Mission Statement

Martinsville is southern Virginia's Great City to Live. Martinsville City provides exceptional services responsive to citizen's needs and top-quality facilities, parks, and infrastructure.

Key Themes of the Plan

T

TRANSFORMATIVE
VISION

Striving for a unified community with a shared vision for the future

H

HEALTHY
COMMUNITY

Addressing community health in all forms: healthcare infrastructure, mental health, substance misuse, physical health, & food security

R

RESILIENT
ECONOMY

Building a sustainable economy by attracting diverse jobs and providing opportunities for our workforce to grow & thrive

I

INTENTIONAL
DEVELOPMENT

Making land use decisions that support our community and are the highest & best use of limited land

V

VIBRANT
UPTOWN

Transforming Uptown Martinsville as Southwest Virginia's premier destination for culture and connection

E

ENHANCED
INFRASTRUCTURE

Maintaining functional, effective, safe, and high-quality community facilities and infrastructure



Plan Outline and Chapter 1

Plan Outline

INTRODUCTORY & CONTEXT CHAPTERS

1: Establishing Momentum (About the Plan)

2: Building Momentum (Plan Vision; Key Themes; Catalyst Projects)

3: Natural & Historic Resources

4: Community Health & Safety

5: Community Facilities & Infrastructure

POLICY CHAPTERS

6: Economic & Workforce Development

7: Housing & Neighborhoods

8: Mobility & Transportation

9: Our Blueprint For Tomorrow (Future Land Use)

IMPLEMENTATION

10: Maintaining Momentum (Implementation)

Chapter 1: Establishing Momentum



- Legal Basis for the Plan
- Plan Jurisdiction
- Relationship to Ordinances, Plans, and Policies
- Community Engagement
- Drafting and Refining Process
- Using the Plan

Next Steps...

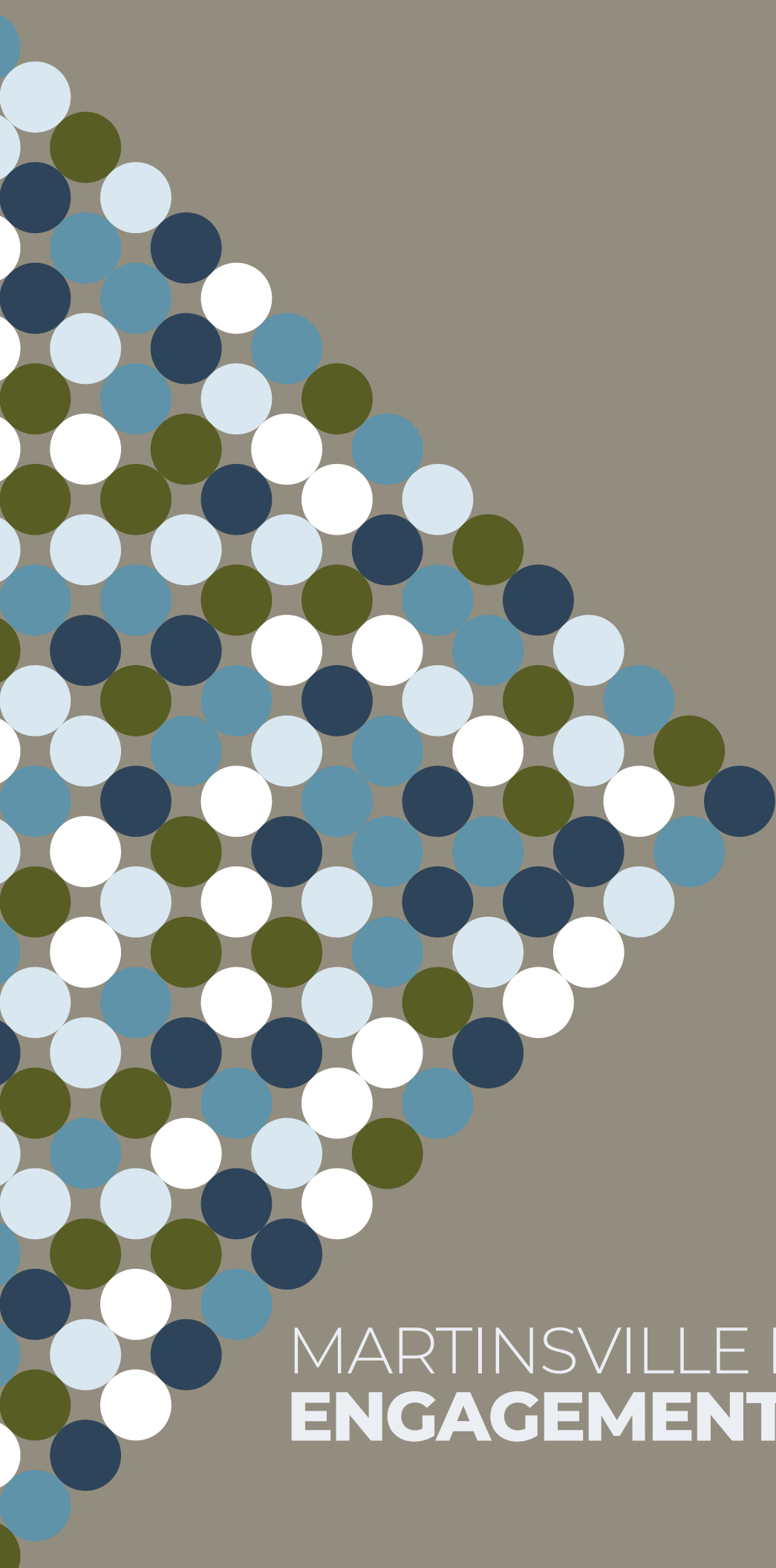
PHASE II: DRAFTING

- Plan Drafting
- Staff & Joint Review Sessions
 - Submit all remaining comments/questions from today's worksession to Berkley Group by *COB August 1, 2025*
 - *Next Worksession: October 28, 2025*

MARTINSVILLE MOMENTUM
City of Martinsville Comprehensive Plan Update
Attachment A: Project Schedule



PROJECT TIMELINE																						
Phase	#	Task Description	2025												2026							
			January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August
Development	B1	Joint Work Sessions (up to 3)							X			X			X							
	B2	Meetings/Coordination with Staff (Virtual)																				
	B3	Outline, Vision, About the Plan																				
	B4-B9	Draft Plan Elements																				
	B10	Implementation Plan																				
	B11	Executive Summary																				
	B12	Mapping																				
	B13	Plan Layout & Graphics																				
Adoption	C1	Public Draft Review + Open House (1)															X					
	C2	Final Review Joint Work Session (1)																X				
	C3	Incorporate Final Revisions																				
	C4	Public Adoption (PC & Council Hearings)																	X	X	V	
	C5	Final Deliverable																				
X = Anticipated In-person Attendance; V = Virtual Attendance																						



MARTINSVILLE MOMENTUM **ENGAGEMENT SUMMARY**

Table of Contents

03 Overview

04 Key Themes

06 Public Survey

14 Focus Groups

24 Drop-In Events



Overview

During the Martinsville Momentum Comprehensive Plan update process, the City of Martinsville and Berkley Group sought a variety of public and stakeholder input. Opportunities for residents included a public survey, seven focus groups, and four drop-in events. The survey was open to the public and sought general feedback on various planning topics related to transportation, infrastructure, land use, housing, and economic development. The focus groups were small group meetings with identified stakeholders to gain insight and perspective on various topics relevant to the Comprehensive Plan. The drop-in events were generally informal, self-paced opportunities to hear from residents regarding priorities for Martinsville’s future.

Public input was consistent across all forms of engagement. Most participants have a positive opinion of Martinsville - citing quality of life and affordability as the primary reasons. Major themes across all forms of engagement included economic development, additional housing, crime reduction, and the need to improve public schools.

Survey

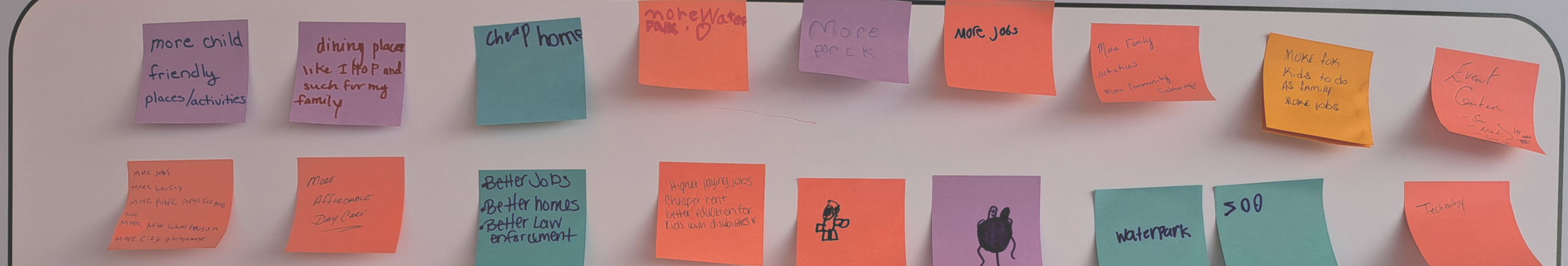
The survey was conducted both electronically and in paper form and was advertised by the City on its website; on its social media pages; and via distribution of flyers, newsletters, and post cards at events.

Drop-In Events

Drop-In events were conducted at various times and locations throughout Martinsville. The events were held as opportunities to share general feedback on various planning-related topics. All drop-in events were open to the public and chosen at central and accessible locations to reach residents of all ages.

Focus Groups

There were seven groups in total, occurring throughout the initial public engagement phase. Each group was composed of stakeholders chosen by City staff for their knowledge of the subject and for their roles within that area of focus in the community.



Economic Opportunity and Workforce Development

- Residents want more living wage jobs, career advancement opportunities, and support for small businesses.
- Residents expressed strong support for revitalizing Uptown and blighted areas to spur investment.

Public Safety, Social Services, and Infrastructure

- There is a shortage of mental health services, drug treatment programs, and support for vulnerable populations.
- Residents want a year-round shelter, more youth programs, and targeted maternal health and recovery services.
- While local opportunities for higher education are highly regarded, public-school quality and facilities are a concern.
- Parks and recreational facilities are valued but need improved maintenance and modernization.



Community Identity, Arts, and Culture

- Residents called for investments in public art, local history and community festivals.
- Coordination of cultural programming and wayfinding is needed to strengthen Martinsville's identity and pride.



Affordable and Quality Housing

- Residents want more affordable and diverse housing options.
- Many residents are housing cost-burdened, and neighborhoods suffer from blight and disinvestment.
- Mixed-use and infill development are supported, particularly in Uptown.



Governance, Communication, Equity, and Trust

- There is widespread frustration with local leadership, citing a lack of transparency, unity, and professionalism.
- Residents want clearer, more proactive communication about services, events, and opportunities.
- A coordinated, visionary approach is essential to restore public trust and momentum.
- Stakeholders emphasized the importance of breaking down silos between the City, County, and service providers.

Overview

A public survey was conducted as part of the public input process for the Martinsville Momentum Comprehensive Plan. The survey was available both in digital and paper format from February 11, 2025 to May 15, 2025. The survey was composed of 16 questions; 11 of these were questions on specific topics, one was open ended, and four were optional questions for demographic analysis purposes.

The survey received responses to data gathering questions from 201 respondents. Nearly half (49%) of respondents listed Precinct 005 as their primary residence, while 10% of respondents indicated that they did not live in the City. Most respondents learned about the survey through a City newsletter/email or through social media. Most respondents identified as white, with 17% identifying as Black or African-American. Responses came from a mixed range of age cohorts, except for those aged 24 or younger, which accounted for less than 2% of total respondents.

Summary

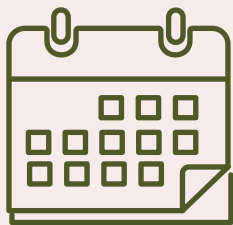
The survey results were consistent with other public input events. The recurring themes throughout the survey responses center around overall economic opportunity, revitalization, and increased social programs.

Respondents consistently identified the need for well-paying jobs, career development, and support for small businesses as essential to Martinsville's future. Concerns about crime, blight, and the lack of affordable, quality housing were prominent, as well as a need for improved public education and access to job training. Respondents feel that the City does not do enough to inform residents about available services and opportunities and want better communication on available events, services, and amenities. In terms of infrastructure and neighborhoods, respondents want to see neighborhood revitalization and improved walkability.



“Thriving”

The most common word respondents used to describe their vision for Martinsville 20 years from now.



February 11, 2025
through
May 15, 2025

Question 1

To thrive in Martinsville over the next decade, my family and I will most need...

Summary: Respondents believe that to thrive over the next decade, the most critical needs are safe neighborhoods with low crime and strong community connections (65.67%) and well-paying jobs and career growth opportunities within the city (63.68%). High-quality and affordable housing; high-quality education facilities; and accessible parks, recreation, and cultural opportunities all received responses in the 30 percent range. Less than 20% of respondents chose safe and reliable public transportation and walkable streets.

Key Themes:

- **Sense of community**
- **Safety**
- **Economic Opportunity**

Takeaway: The two identified “needs” significantly outpace other needs, suggesting that economic security and public safety/community cohesion are top concerns for most respondents. Public transportation and walkability were the lowest priority at 19.9%, indicating it may be less of a perceived issue for the majority at this time.

Question 2

What should Martinsville prioritize as it plans for the future?

Summary: The top three responses were improving the economy and access to well-paying job opportunities (69%), improving public education and workforce development (66%), and addressing blight and disinvestment (30%). Other notable areas with moderate concern include public safety enhancement and housing availability. Lower priorities include environmental preservation, historical resources, and transportation infrastructure.

Key Themes:

- **Neighborhood revitalization**
- **Economic development**
- **Workforce and education**

Takeaway: Martinsville residents have a strong desire for a stronger economic foundation, better job training and schools, and reinvestment in neglected areas.

Question 3
What transportation improvements are needed in Martinsville?

Summary: Respondents overwhelmingly believe that general road maintenance is the most urgently needed transportation improvement, with 76% selecting it. Other notable priorities include sidewalks, crosswalks, and pedestrian paths (42%), and expanded or improved public transit and ridesharing and mobility options, both in the 30 percent range. Traffic congestion mitigation was listed as the lowest priority. Additional write-in responses reinforced the need for road maintenance and pedestrian infrastructure but also identified a need for better traffic enforcement – particularly for speeding.

- Key Themes:**
- *Road repair and maintenance*
 - *Pedestrian accessibility*
 - *Transit*
 - *Enforcement*

Takeaway: Most residents feel that road maintenance needs the most attention moving forward, followed by improvements to pedestrian infrastructure and better enforcement of traffic violations (speeding, etc.).

Question 4
Would you agree or disagree with the following statements related to housing availability and quality?

Summary: Most respondents agreed with the statements “my housing is safe, well-maintained, and free of health hazards” (72%) and “I spend more than 30% of my annual household income on housing costs” (69%). At the same time, most respondents disagreed with the statements “residents of all income levels can find housing they can afford in Martinsville” (65%), “Martinsville has enough housing supply to meet demand” (59%), and there is a good mix of housing types to meet residents’ needs” (57%).

- Key Themes:**
- *Housing affordability*
 - *Housing supply and variety*
 - *Cost-burdened residents*

Takeaway: While most respondents feel their own housing is safe and well-maintained, a significant majority are burdened by high housing costs and believe Martinsville lacks affordable, adequate, and diverse housing options for all income levels.

Question 5
Would you agree or disagree with the following statements related to neighborhoods and community connectivity?

Summary: Responses show mixed opinions on neighborhoods and community connectivity. Roughly 46% of respondents agreed with the statement, “my neighborhood is well-connected to other parts of the City by public transportation, sidewalks, and roads” while 41% disagreed. A similar split in responses was given for the statement, “I am happy with the quality of development in my neighborhood” – 48% of respondents agreed while 39% disagreed.

Most respondents (67%) view blight as a significant problem in Martinsville neighborhoods. And most (61%) disagreed with the statement, “I can safely walk or bike to community amenities, such as parks, grocery stores, and healthcare.” Most respondents (66%) are interested in more mixed-use developments that combine housing, retail, and services.

- Key Themes:**
- *Walkability*
 - *Neighborhood blight*
 - *Mixed-use development*

Takeaway: Respondents expressed strong interest in walkability and mixed-use development and reported significant challenges with safe pedestrian access and blight in existing neighborhoods. While opinions on neighborhood connectivity and development quality are mixed, there is clear concern about deteriorating conditions and limited infrastructure for pedestrian transportation.

Question 6
Would you agree or disagree with the following statements related to economic development and the workforce?

Summary: Most respondents disagreed with the following statements, “there are sufficient opportunities in Martinsville to improve my job skills and career development (66%), “small business owners and entrepreneurs in Martinsville have the tools and resources they need to be successful (48%), “most jobs in Martinsville pay a living wage (68%), and “there is a good mix of job opportunities in Martinsville (75%). Less than 20% of respondents agreed with any of these statements.

- Key Themes:**
- *Small business support*
 - *Increased wages and jobs*
 - *Workforce and career development opportunities*

Takeaway: Respondents perceive Martinsville’s local economy as limited – with insufficient job diversity, low wages, and inadequate support for workforce development and small business success.

Question 7
Would you agree or disagree with the following statements related to education?

Summary: Most respondents (61%) agreed with the statement, “Higher education is an attainable goal for Martinsville’s children.” However, most disagreed with the statement, “Martinsville’s public schools provide a high-quality education.” Responses show mixed opinions on whether public school facilities are well maintained, as 36% of respondents agreed and 41% disagreed. Most respondents (47%) agreed that children can easily participate in a diverse set of extracurricular activities. For most of the statements provided in this question, nearly one-quarter of respondents chose “not sure/no opinion”; this could indicate a cohort of respondents with no children in the public school system, or with children in private or home-based schooling environments.

- Key Themes:**
- *Public school education quality and facilities*
 - *Optimism for higher education opportunities*

Takeaway: Responses regarding Martinsville’s education system are mixed. Community perceptions of Martinsville’s education system show optimism about long-term educational goals but concerns about present-day conditions. While many believe higher education is within reach, there is notable dissatisfaction with public school quality and facility maintenance.

Question 8
Would you agree or disagree with the following statements related to community facilities and services?

Summary: Most (73%) of respondents disagreed that “The City does a good job of informing all residents about available services and programs.” More than half (56%) disagreed that “There are sufficient social programs for youth and families in Martinsville.” Half of respondents (50%) agreed that “Parks and green spaces are readily accessible and well maintained.” While most respondents (65%) agreed with the statement “emergency services (fire, police) respond quickly when needed”, most respondents disagreed with “crime is not a problem in Martinsville” (69%) and “I am satisfied with healthcare options in Martinsville” (77%).

- Key Themes:**
- *Crime concerns*
 - *Appreciation for high-quality emergency services*
 - *Youth and family programs*
 - *Information about City services and programs*

Takeaway: Most respondents feel the City needs to improve communication about services, expand social programs for youth and families, and enhance healthcare options. While the City’s emergency services (fire/EMS, police) are viewed positively, concerns about crime and limited healthcare options remain significant.

Question 9
Would you agree or disagree with the following statements related to infrastructure and sustainability?

Summary: About (40%) of respondents agreed that “the City has an opportunity to use more clean energy, such as solar panels and wind power,” while 24% disagreed and 36% were unsure or had no opinion. About one-third (34%) agreed that “Martinsville’s systems for managing floods and stormwater work well,” while 23% disagreed and 43% were unsure or had no opinion. Most respondents (89%) agreed with the statement, “I have high-speed internet at my home.” Opinions on waste and recycling programs were mixed, as 41% agreed they are effective and 31% disagreed, while another 28% were unsure or had no opinion. Only 19% agreed that “Martinsville is well-prepared to respond to natural disasters and severe weather events,” while 30% disagreed and most (51%) were unsure or had no opinion. The high percentage of “not sure or no opinion” responses to this set of statements suggest many residents may lack sufficient information or knowledge to fully assess the City’s environmental and emergency management systems.

- Key Themes:**
- *Clean-energy potential*
 - *High-speed internet availability*
 - *Preparedness and sustainability uncertainty*

Takeaway: Most respondents report reliable high-speed internet but show uncertainty or limited awareness about environmental infrastructure and disaster preparedness. This uncertainty, reflected in the high “not sure/no opinion” responses, indicates a need for better public education and communication on these topics. Support for expanding clean energy exists, but confidence in stormwater management and emergency readiness remains unsteady.

Question 10
What makes you proud to call the City of Martinsville home?

Summary: Many respondents take pride in the city’s natural beauty – including parks, trails (notably Dick and Willie Trail), and the City’s scenic surroundings. The small-town atmosphere, friendly community, and affordability also stand out as key sources of pride. Several mentioned community spirit, family connections, and cultural elements – like NASCAR and the City’s history and historic architecture.

However, a significant portion of respondents expressed frustration and disappointment, often citing dissatisfaction with City leadership and local governance, as well as economic struggles and a perceived decline in services and opportunities. Concerns about limited job opportunities, underfunded schools, and a lack of community resources were common. Some respondents feel disconnected or hesitant to identify with Martinsville due to ongoing political division, governance issues, and stagnation. Despite challenges, many residents are optimistic for Martinsville’s future, appreciating the community’s resilient and caring people and the unique potential for growth and improvement that the City has.

Question 11
What is one word you hope will describe the City of Martinsville twenty years from now?

Summary: The word cloud below was generated from the responses to this question. The larger the word, the more frequently it was entered as the “one word” respondents hope will describe the City of Martinsville twenty years from now.

- Key Themes:**
- *Thriving*
 - *Growing/Growth*
 - *Prosperous*



Question 12
Is there anything else you would like to share that would make the City of Martinsville a more livable and enjoyable place for you?

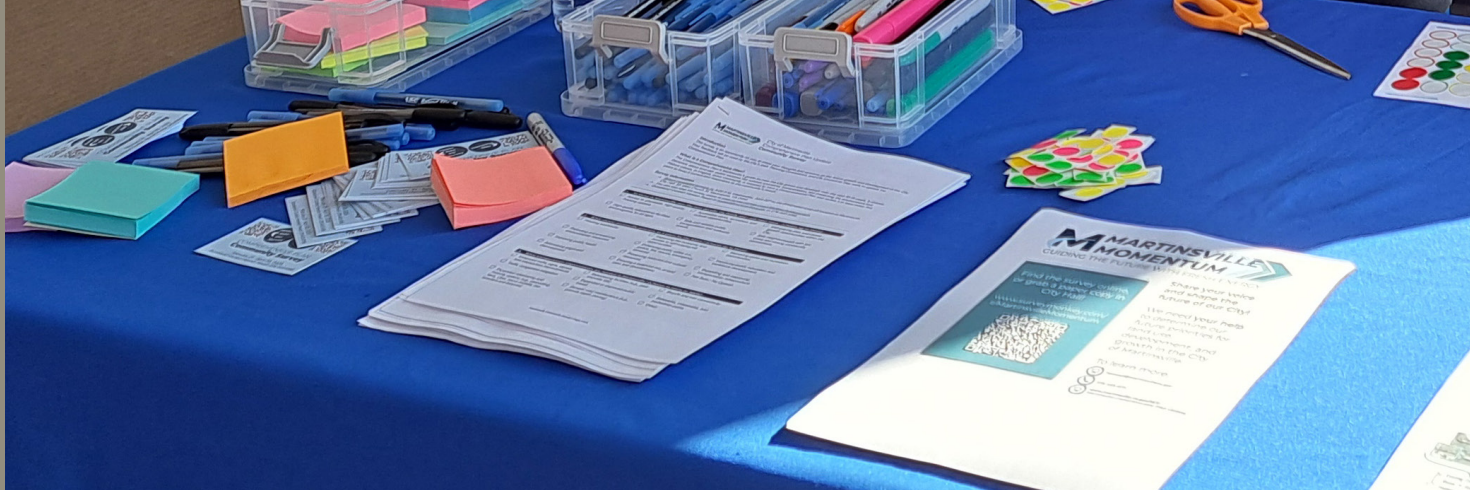
Summary: Many survey respondents expressed the need for professionalism, unity, and a shared vision among the City Council and administration. There is a strong sentiment that leaders should better prioritize the needs of the community – especially when it comes to significant topics such as infrastructure, economic development, and affordability. There was a general consensus among respondents that when leadership works together and focuses on community priorities, Martinsville is better positioned to grow and thrive.

Respondents called for better fiscal responsibility on behalf of City spending. Many argued that the current cost of living (including utilities, taxes, and housing) is increasingly unaffordable – particularly for retirees, low-income families, and residents on fixed incomes. Multiple comments suggested reducing utility rates, reevaluating the property tax hikes, and eliminating burdensome fees. Further, respondents shared a desire for greater transparency from City leadership. Respondents called for leadership that listens, lives within its means, invests in foundational services and economic vitality, and works collaboratively.

Economic opportunity was another major theme, with respondents calling for more stable job opportunities. Some noted that manufacturing and industrial jobs should be concentrated in Henry County; similarly, there were several responses that called Martinsville to focus on being a cultural and entertainment hub with thriving small businesses, restaurants, and events that draw foot traffic and tourism. Several respondents noted the lack of shopping and dining options, comparing Martinsville unfavorably to cities like Danville and Roanoke.

A significant number of comments expressed concern about the City’s declining infrastructure and lack of attention to basic services. Power outages, deteriorating roads, and neglected parks were commonly mentioned. Respondents want the city to invest in long-term solutions – such as sidewalk improvements, water and power system upgrades, and revitalization of deteriorating buildings, especially Uptown.

Public safety, education, and youth engagement also emerged as top concerns. Respondents voiced disappointment with the outdated school facilities and want more vocational training and extracurricular opportunities for kids. Several noted the need for accessible mental health and drug abuse programs, expanded transportation options like Uber or an expanded bus service, and year-round homeless shelters.



Overview

Focus groups were convened as part of the public input process for the Martinsville Momentum Comprehensive Plan. There were seven groups in total, taking place evenly over various online and in-person sessions. Each group was composed of stakeholders chosen by staff for their knowledge of the subject and for their roles within that area of focus in the community. Group size typically ranged from 5 to 12 individuals.

Each group was provided with a set of questions to consider prior to the meeting, during which the Berkley Group facilitator went over the questions and facilitated a discussion among group participants of different topics. The subsequent pages provide an overall summary of participant comments, along with a summary of the discussion for each group and key themes that emerged.



1. Arts and Culture
2. Economic Development
3. Education and Workforce Development
4. Health, Safety, and Social Services
5. Martinsville City High School Students
6. Transportation, Infrastructure, Natural Environment
7. Land Use and Development

Summary

Focus group participants expressed a strong desire for coordinated and strategic growth across various sectors; there is a desire to collaboratively work together to improve overall quality of life across various sectors. There is a strong sense of community pride, optimism, and a willingness to collaborate, but current efforts are often fragmented and hampered by limited resources and insufficient communication. These issues are further compounded by inequities that affect youth, vulnerable populations, and marginalized communities. Across all focus groups, participants emphasized the importance of breaking down silos and creating stronger coordination between Martinsville, Henry County, regional institutions, and the community at large.

There is a call to preserve underrepresented histories, especially Black history, and to harness arts both for revitalization and growing City pride. However, current programs lack cohesion and centralized leadership. Economic development conversations revealed optimism around Martinsville's potential, citing its location, workforce, and entrepreneurial energy as strengths. However, bureaucracy, weak small business support, and a lack of strategic leadership were also noted as barriers to growth. In education and workforce development, existing programs like dual enrollment and certification initiatives are promising. However, better alignment with industry needs, improved soft skills training, and stronger communication between schools and employers are essential. Similarly, youth participants highlighted the need for accessible mental health services, safe and welcoming public spaces, and more practical career training opportunities – or better communication of what programs and certifications are available. Many expressed a desire to return to Martinsville after college, but hope to see job opportunities, housing variety, and quality of life improve.

Health, safety, and social services discussions praised local law enforcement and fire/EMS but emphasized the need for more robust, long-term solutions to address mental health, substance abuse, housing insecurity, and gaps in maternal care. Participants called for new shelters, expanded recovery programs, and full-time services for underserved groups. Finally, in transportation and the natural environment, Martinsville's trail system, natural beauty, and low traffic were seen as strengths, but residents want to see expanded pedestrian and bike infrastructure, improved park maintenance, and updated codes to support green spaces and sustainability.

Overall, focus group were eager for proactive planning, with a focus on equity, accessibility, and cross-sector collaboration. There is a sense that Martinsville has momentum, but realizing its full potential will require sustained investment, clear leadership, and a shared vision that unites its people and institutions around a shared vision.

Focus Group 1
Arts and Culture

Summary: Participants highlighted the need to preserve underrepresented histories – particularly local Black history – and emphasized that arts and culture play a critical role in revitalization, community pride, and enhancing quality of life. While several arts initiatives exist in the City, they are fragmented and lack a central coordinating body or strategy. The City needs a more unified approach to marketing, programming, and downtown management, as well as stronger collaboration among organizations, the City, and regional partners. The participants stressed the importance of breaking down resistance to change in order to realize Martinsville’s full potential. They emphasized the need for coordinated planning, roundtables, and regional partnerships between the City and Henry County, as well as other external partners.

Participants identified several pressing challenges, including limited health care access (especially maternal and pediatric), a lack of diverse food options, and weak local engagement with cultural assets. Opportunities include the development of a cultural marketing plan, expanded public art (e.g., murals), creative community events, and leveraging tourism through improved signage, pop-up promotions, maps, and other wayfinding tools. There is a strong desire to shift from reactive complaint-based input to proactive idea generation and outreach, including using non-digital methods to reach broader audiences.

Key Themes:

- *Develop a comprehensive cultural marketing strategy*
- *Invest in placemaking to celebrate local identity*
- *Strengthen regional partnerships*
- *Continue development of plans such as the Fayette Street Corridor Plan*



Focus Group 2
Economic Development

Summary: Martinsville is a strong location for business investment due to its low cost of living, skilled workforce, and access to educational resources like New College Institute (NCI) and Patrick & Henry Community College. The city has available land and buildings, and a growing momentum with motivated entrepreneurs.

A shared vision and strategic leadership were seen as critical to moving forward. Major obstacles to economic growth include bureaucratic resistance, lack of a centralized economic development entity specific to the City (i.e., an IDA or Economic Development Department), insufficient incentives for small businesses, and the need for improved permitting processes and support. Participants expressed frustration with poor communication, siloed efforts, and missed opportunities due to inaction, particularly around infrastructure such as the needed waterline extension on Commonwealth Boulevard. Despite the challenges, there is an optimism that Martinsville is a regional retail and commercial hub, with hopes for more collaboration, investment in property, a business incubator, and stronger public-private partnerships.

Key Themes:

- *Focus on strategic redevelopment and revitalization*
- *Curate professional economic development leadership*
- *Forge public-private partnerships*
- *Commit to infrastructure improvements and other investment to drive growth*
- *Need to work together on a shared vision*



Focus Group 3
Education and Workforce Development

Summary: Education and workforce development assets include a small school division, strong dual enrollment programs, financial support, and specialized training opportunities through Patrick & Henry Community College certifications. Martinsville benefits from a supportive community with great quality of life and diversity. The City benefits from emerging initiatives, such as a “Young Professionals” group which promotes the City’s assets and what it has to offer younger generations.

However, challenges such as budget cuts, a trade skills gap, and poor coordination between schools and training programs limit progress. There should be more effort in the early identification of students for fast-track training opportunities and improved communication by the City school system and Patrick & Henry to identify good candidates for trades training and career trajectories.

To better prepare students for workforce needs, Martinsville should foster regular collaboration between economic development, education, and business sectors. The community also needs to address issues like distrust, lack of awareness, and duplicated efforts between Martinsville and Henry County. Combining school systems, enhancing soft skills training, expanding childcare options for working families, and promoting success stories could improve engagement and outcomes. Importantly, solutions should be realistic and tailored to Martinsville’s size, focusing on practical improvements rather than overly complex initiatives.

Key Themes:

- *School-to-workforce connections*
- *Optimize resources*
- *Soft skills and career readiness*
- *Communication and awareness of education opportunities*



Focus Group 4
Health, Safety, and Social Services

Summary: Martinsville has highly regarded public safety personnel (especially local law enforcement and the sheriff’s office) and also has the advantage of having both paid and volunteer fire/EMS teams that work well together. The community is close-knit and there is a strong desire for collaboration among health and safety providers/entities. However, despite strong efforts, the City (both Martinsville staff, as well as regional partners) struggles with limited resources in terms of personnel, time, and funding. Public safety and sheriff office both face challenges due to high turnover, particularly due to individuals leaving for higher paying jobs. The City could benefit from a dedicated grant writer to collaborate with various departments to seek and secure funding.

Substance abuse is a major cross-cutting issue linked to crime, housing instability, and health problems. Vulnerable groups – including individuals with disabilities, the elderly, and those struggling with addiction – often fall through the cracks due to a lack of affordable housing, accessible services, and supportive programs. Mental health services are limited, particularly for young people. Barriers such as cost, insurance, stigma, and community resistance (NIMBYism) hinder the development of treatment and housing solutions. There are no programs specifically for pregnant mothers with substance use issues, and labor and delivery services have recently ended at the local hospital. Jail overcrowding and limited re-entry programs highlight the need for preventative and peer-supported services before crises occur.

A significant gap exists in sustained mental health support. Martinsville currently addresses mental health mostly through short-term, outpatient programs, with limited follow-up and few long-term resources. Some current local providers are even avoided due to delays and limited effectiveness for severe cases. There is a strong need for a full-time, year-round shelter that offers meals and serves all populations, including those with disabilities, as well additional support facilities for women’s recovery.

Key Themes:

- *Holistic, long-term solutions*
- *Underserved and vulnerable populations*
- *Mental health support and services*
- *Resource constraints*
- *Local collaboration*



Focus Group 5
Martinsville City School Students

Summary: Participants indicated that significant challenges for their peers include feeling isolated and the lack of a safe, welcoming space(s) to gather. Concerns include a high suicide rate, limited housing options post-graduation, and the lack of accessible mental health resources. Participants expressed a strong desire for a dedicated building for mental health support and community resources, as well as more inclusive public spaces not tied to the city or commercial interests. They also emphasized the need for better communication around events and more consistent maintenance of public facilities.

In terms of education and the future, participants want more hands-on learning opportunities like trade programs, internships, and pathways to careers in fields such as healthcare, cosmetology, engineering, performing arts, and real estate. Many are interested in returning to Martinsville after college but stress the need for better job availability, community infrastructure, and more housing variety. Ideas for city improvement included expanding family-focused recreational options such as trampoline parks and skating rinks, revitalizing abandoned buildings for public use (e.g., food halls, art spaces), and increasing kid-friendly amenities. There was also a call for a stronger local identity through the arts, festivals, and accessible small business spaces, including incubators.

Participants also indicated a lack of clear and accessible communication from the City. Many young people feel disconnected from available resources, events, and opportunities simply because they don't know they exist. They noted poor promotion of event offerings, limited use of platforms that youth engage with (i.e. Instagram and TikTok), and a need for better information sharing through schools, community boards, and centralized communication channels.

Key Themes:

- *Mental health and youth support*
- *Educational and career training opportunities*
- *Housing variety to address all incomes*
- *Importance of “third-spaces”*
- *Communication about events, opportunities, and services*



Focus Group 6
Transportation, Infrastructure, and Natural Environment

Summary: Martinsville has a strong foundation of outdoor amenities, including the Dick and Willie Trail and an abundance of nature accessible within and around city limits. Low traffic volumes, interconnected streets, and excess roadway capacity – particularly on Spruce Street – support walkability and biking, especially in uptown areas. Efforts like the new Tree Board, Bee City designation, and accessible trails highlight a community that values outdoor activity and environmental assets. However, there is a call to expand trails, improve park maintenance, and enhance the curb appeal and safety of public spaces. Participants also stated that while Martinsville has a variety of park and recreation spaces, residents prefer going to County parks.

Key infrastructure improvements include fixing obstructed and limited sidewalks, particularly outside of Uptown and along Church and Fayette Streets, addressing poor visibility at intersections, and improving pedestrian and bike connectivity – especially near major roads and landmarks like Kroger and the YMCA. Parks need modernization, especially Baldwin Park and the aging playground near West Church Street. Additionally, there is a need for improved code enforcement or regulation for green infrastructure (tree canopy requirements, parking lot islands, etc.).

Key Themes:

- *Enhancement and protection of natural resources*
- *Tree canopy and urban heat island effects*
- *Modern City ordinances*
- *Park and recreation spaces*
- *Pedestrian and bike infrastructure and connectivity with trails*



Focus Group 7
Land Use and Development

Summary: Participants emphasized that Martinsville’s current development patterns are focused on redevelopment and adaptive reuse, rather than new construction. This is applicable to both residential and non-residential development and was stated to be due to rising costs, a limited supply of vacant land, and a lack of infrastructure in developable areas. Participants also expressed a strong need for diverse, affordable housing options – namely high-quality rental units, modular homes, and upper-floor residential with activated street-level uses. Updates to the City’s Zoning Ordinance were stated as a critical need, particularly to allow greater flexibility for “missing middle” housing – such as duplexes, triplexes, and townhouses – and to provide clarity on enforcement.

There was broad agreement that Martinsville should also focus on attracting non-residential uses and amenities that entice young families and remote workers to spend their money within the City, rather than traveling to Charlotte, Raleigh, or Greensboro for entertainment. Participants also underscored the importance of community cohesion, youth mentorship, and capturing the economic and social value from Martinsville’s unique characteristics, while remaining mindful of gentrification and the lingering effects of historic displacement of Black families. There was broad agreement that Martinsville should leverage its natural assets, such as tree canopy and green space, and build an identity around outdoor recreation and quality of life to attract young professionals and families.

- Key Themes:**
- *Redevelopment and infill over new development*
 - *Affordable housing options*
 - *Flexibility and clarity in zoning regulations*
 - *Environmental benefits of redevelopments*

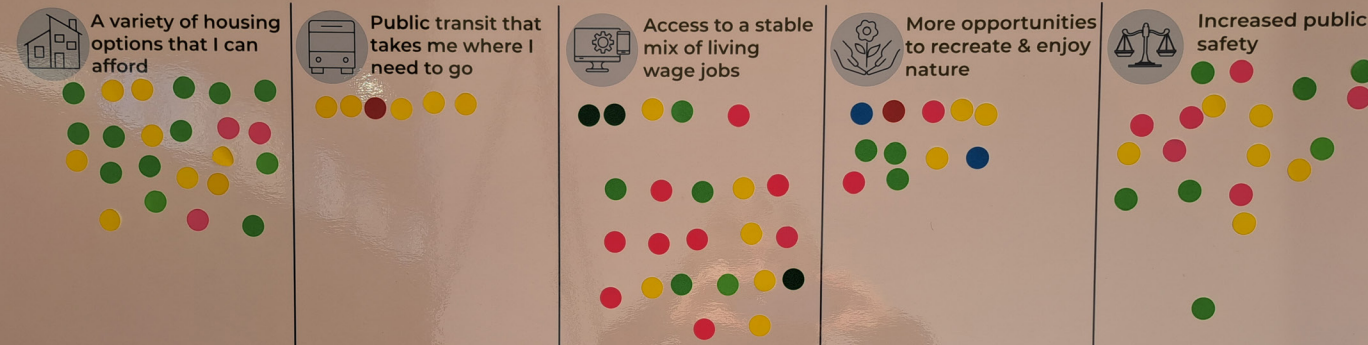


Who Participated?

- Ameristaff
- Architectural Review Board (ARB)
- Arts & Cultural Committee
- Berry Elliott Realtors
- Board of Zoning Appeals (BZA)
- Carter Bank
- Community Advisory Board
- Economic Development Authority (EDA)
- Fayette Area Historical Initiative (FAHI)
- Martinsville Fire & Emergency Medical Services
- Green Infrastructure Center (GIC)
- Martinsville Chamber of Commerce
- Martinsville Commonwealth’s Attorney Office
- Martinsville High School Students
- Martinsville Sheriff’s Office
- Martinsville-Henry County Economic Development Corporation (EDC)
- Martinsville-Henry County Historical Society
- New College Institute (NCI)
- Patrick & Henry Community College (PHCC)
- Patrick Henry Elementary School
- Planning Commission
- Small Business Owners
- Studio 107
- The Harvest Foundation
- The Lester Group
- Uptown Partnership
- Virginia Department of Health (VDH)
- Virginia Department of Social Services (DSS)
- Virginia Harm Reduction Coalition
- Virginia Museum of Natural History
- West Piedmont Planning District Commission (WPPDC)
- YMCA

What are your top three priorities for Martinsville's future?

Place one dot sticker beneath each of your top three priorities.



Overview

Four drop-in events were conducted on February 22nd, March 5th, April 15th, and May 6th at various locations throughout Martinsville. The events were held as unique opportunities to share general feedback on various planning-related topics.



February 22, 2025
March 5, 2025
April 15, 2025
May 6, 2025



- The Ground Floor
- Martinsville Middle School
- YMCA
- New College Institute



Drop-In: Morning Coffee @ The Ground Floor

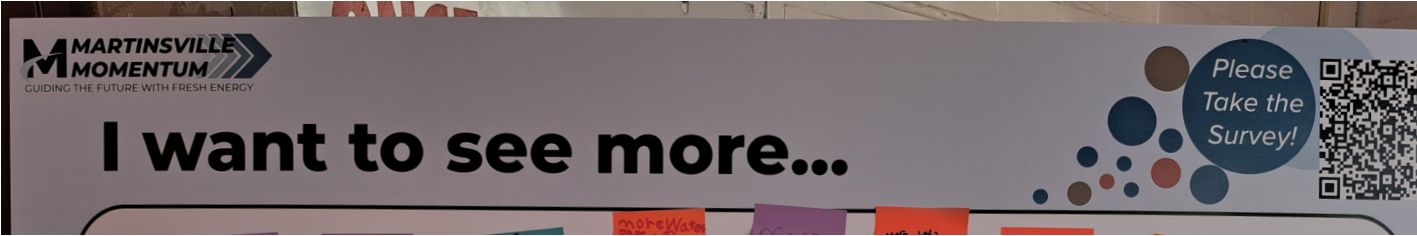
Activity: SWOT Analysis Board; Economic Priorities

Summary: This informal drop-in event was held at the Ground Floor coffee shop in Uptown Martinsville during the morning of May 13, 2025. City staff and Berkley Group representatives were available to discuss the Comprehensive Plan update with patrons and share information about the survey and drop-in events; patrons could also share their perspectives on the SWOT analysis and economic priorities board.

Results for the SWOT analysis and economic priorities board are cumulative for this drop-in and the drop-in at New College Institute; see pages 30 through 32.



Drop-In
Recreation Basketball at Martinsville Middle School



Activity: I want to see more _____ in Martinsville.

Summary: This drop-in event was held at the Martinsville Middle School during recreation basketball. Many of the participants were youth, which provided an opportunity for Martinsville’s youngest residents to provide feedback on the City’s future. Participants in this activity expressed a desire for more family-friendly amenities – including parks, water parks, and child-focused activities. As with other methods of public engagement, there was a call for better paying jobs and more affordable housing options. Participants also want additional options for affordable daycare, after-school programs, and education for children with disabilities.

Key Themes:

- Family-friendly activities
- Youth engagement
- Job opportunities
- Affordable housing



Answers:

- More family activities
- More community gatherings
- More for kids to do as family
- More jobs
- Event center (small, medium, large in one)
- Technology
- Zoo
- Water park
- More jobs
- More parks
- Higher paying jobs
- Cheaper rent
- Better education for kids with disabilities
- More water parks
- Better jobs
- Better homes
- Better law enforcement
- Cheap home
- Dining places like IHOP and such for my family
- More affordable daycare
- More child friendly places/activities
- More jobs
- More housing
- More public parties for good kids
- More after school programs
- More city giveaways (like stuffed backpacks for school supplies)



Activity: What are your top 3 priorities for Martinsville's future?

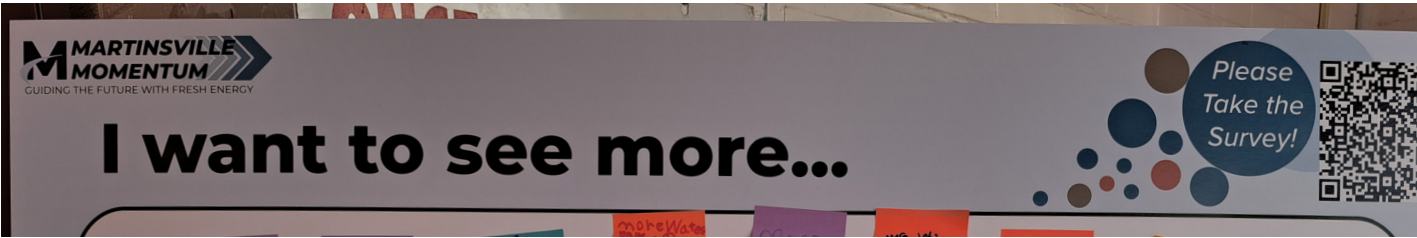
Summary: Participants identified their top priorities for Martinsville’s future by placing dot stickers on a large board. One dot sticker = one vote. The top three priorities were: a variety of housing options that I can afford, access to a stable mix of living wage jobs, and more options for entertainment, dining, and shopping. The lowest priorities were being able to walk to amenities, road maintenance, and continuing education.

Key Themes:

- Expand dining, shopping, and entertainment options
- More housing options
- Living wages

A variety of housing options that I can afford 23	Public transit that takes me where I need to go 6	Access to a stable mix of living wage jobs 23	More opportunities to recreate and enjoy nature 11	Increased public safety 19
More options for entertainment, shopping, & dining 24	Safe & well-maintained roads 3	More options for continuing education 7	Safe & high-quality public school facilities 10	Being able to walk to work, shops, and services from home 0





Activity: I want to see more _____ in Martinsville.

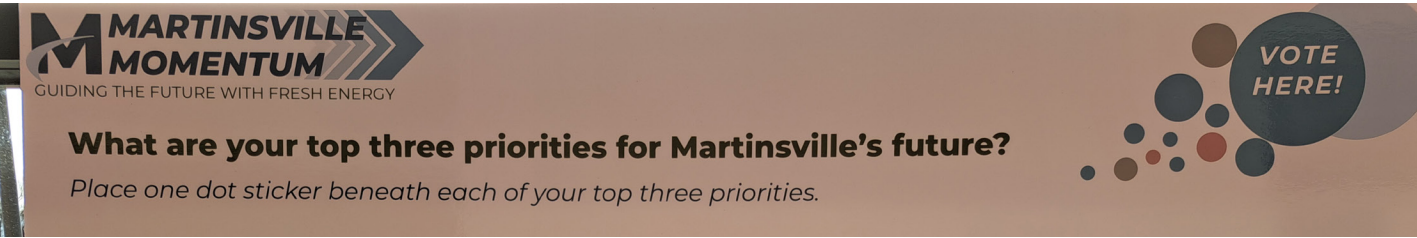
Summary: Participants expressed a desire for Martinsville to offer more family-oriented and recreational activities for all ages. There is a desire for improved expanded public transportation, support for small businesses, revitalizing downtown, and encouraging a wider variety of restaurants and commercial development that leverages the city’s natural resources and history. Additional priorities included affordable housing, accessible childcare, mental health resources, and better education.

Key Themes:

- Activities for all ages
- Public transportation
- Revitalization
- Natural resources and recreation

Answers:

- More family activities
- Safe streets and public transportation
- Interactive community programs
- Historical information posted on properties
- Utilize more of the natural resources and history in the criteria for new restaurants, commercial, and retail
- People to quit living in the past
- Focus on better education, affordable housing, and cultural experiences
- Small business support
- Capitalizing natural resources for activities
- Revitalization of downtown
- Variety of businesses
- Affordable housing
- Private schools
- Public transportation, like Uber and taxis
- More recreational activities for adults and seniors
- Affordable childcare
- More mental health resources
- Parks closed to cars
- Trash cleaned up in parks and neighborhoods
- Public transportation
- Reduction in city utility prices
- More opportunities/resources for the Hispanic/Latino community
- More entertainment options for kids
- Advertising of available jobs
- Indoor fun park- laser tag, go carts, etc.
- More parking for Dick and Willie Trail on Spruce Street
- Reversion
- Convention center
- Zoo



Activity: What are your top 3 priorities for Martinsville's future?

Summary: Participants identified their top priorities for Martinsville’s future by placing dot stickers on a large board. One dot sticker = one vote. The top three priorities were: more options for entertainment, dining, and shopping, access to a stable mix of living wage jobs, and safe and high-quality public school facilities. The lowest priorities were being able to walk to amenities, public transit, and continuing education.

Key Themes:

- Expand dining, shopping, and entertainment options
- Living wages
- High-quality education

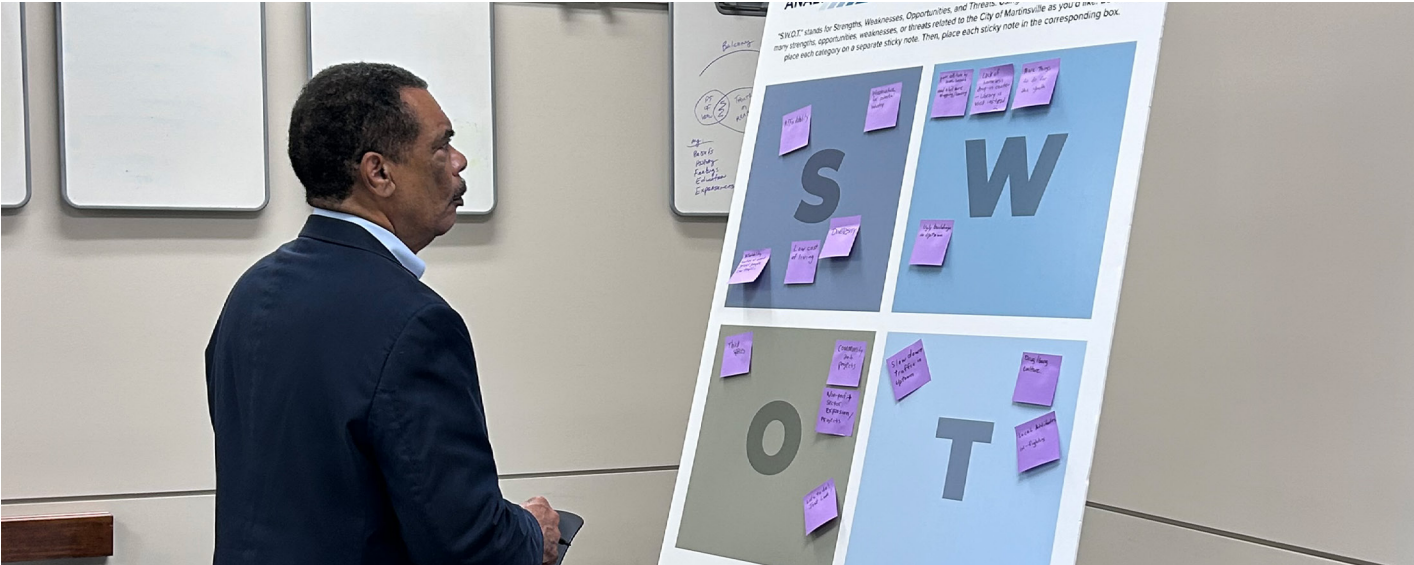
A variety of housing options that I can afford 33	Public transit that takes me where I need to go 20	Access to a stable mix of living wage jobs 43	More opportunities to recreate and enjoy nature 24	Increased public safety 37
More options for entertainment, shopping, & dining 58	Safe & well-maintained roads 37	More options for continuing education 21	Safe & high-quality public school facilities 40	Being able to walk to work, shops, and services from home 16

Activity: SWOT Analysis Board

Summary: This activity asked participants to write down what they perceive to be strengths, weaknesses, opportunities, and threats related to the City of Martinsville. Participants felt that Martinsville’s strengths include low cost of living, small-town charm and diversity. Participants felt that Martinsville’s weaknesses include lack of services for vulnerable groups, transportation issues, and run-down buildings and areas that need revitalization. Participants felt that Martinsville’s opportunities include expanding community spaces, increasing funding, and strengthening partnerships. Participants felt that Martinsville’s threats include political conflict, crime, negative attitudes, lack of transparency, and issues with law enforcement and courts.

Key Themes:

- **Build on Martinsville’s affordability and small-town charm. Promote the city’s low cost of living, natural surroundings, and strong sense of community to attract residents and investment.**
- **Invest in housing and infrastructure. Address aging infrastructure and expand affordable, quality housing options to support current residents and future growth.**
- **Support vulnerable populations. Improve transportation options, expand services for low-income residents, and provide dedicated facilities for people experiencing homelessness.**
- **Foster community identity and engagement. Promote public art, expand third spaces, and invest in cultural and historical projects that reflect Martinsville’s character and bring people together.**
- **Improve transparency and communication. Strengthen trust between citizens and city leadership by enhancing public communication and accountability.**
- **Revitalize Uptown and key commercial areas. Focus on cleaning up neglected properties, improving aesthetics, and supporting small businesses.**



STRENGTHS

- Affordability (mentioned three times)
- Diversity (mentioned twice)
- Low cost of living (mentioned twice)
- Small town
- “Slow” lifestyle
- Infrastructure for potential industry
- Nature all around
- Great people
- Low traffic

WEAKNESSES

- Poor attitude by some locals
- Need a bit more shopping/housing
- Lack of homeless drop-in center – library is used instead
- More things to do for the youth
- Housing
- Infrastructure neglect for decades
- Customer service
- Affordable housing options
- Repairs & upgrades for library property
- Ugly buildings in Uptown
- Veteran support
- Transportation for low income people
- Poor communication with citizens and City leadership
- Unsightly old unused buildings and houses
- Transportation

OPPORTUNITIES

- Third spaces
- Increase funding for “outside agencies”
- Community art projects
- Non-profit sector expansion/projects
- Increasing partnerships
- Housing
- Rebuild Rives Theater, NOT an amphitheater
- Merge school systems
- Lots to do! Just look!

THREATS

- Slow down traffic in Uptown
- City Council drama
- Drug/gang culture
- Local attitudes
- In-fighting
- Lack of transparency with City leadership
- Community culture
- Food deserts
- Crime
- Lack of accountability in courts
- Revolving door – in-police, out-courts

Activity: Economic Priorities

Summary: Participants identified their top economic priorities for Martinsville by placing dot stickers on a large board. One dot sticker = one vote. The top three priorities were small and local businesses, skilled trades, and education. The lowest priorities include offices and warehousing.

Key Themes:

- Support and small and local businesses. Participants strongly favored local entrepreneurship as a top driver of economic development.
- Invest in skilled trades and workforce education. There is clear interest in expanding vocational training and educational opportunities to meet local employment needs.
- Less interest in traditional office-based industries. Office jobs and warehousing were the lowest priorities, suggesting a shift away from these as focal points for economic growth.

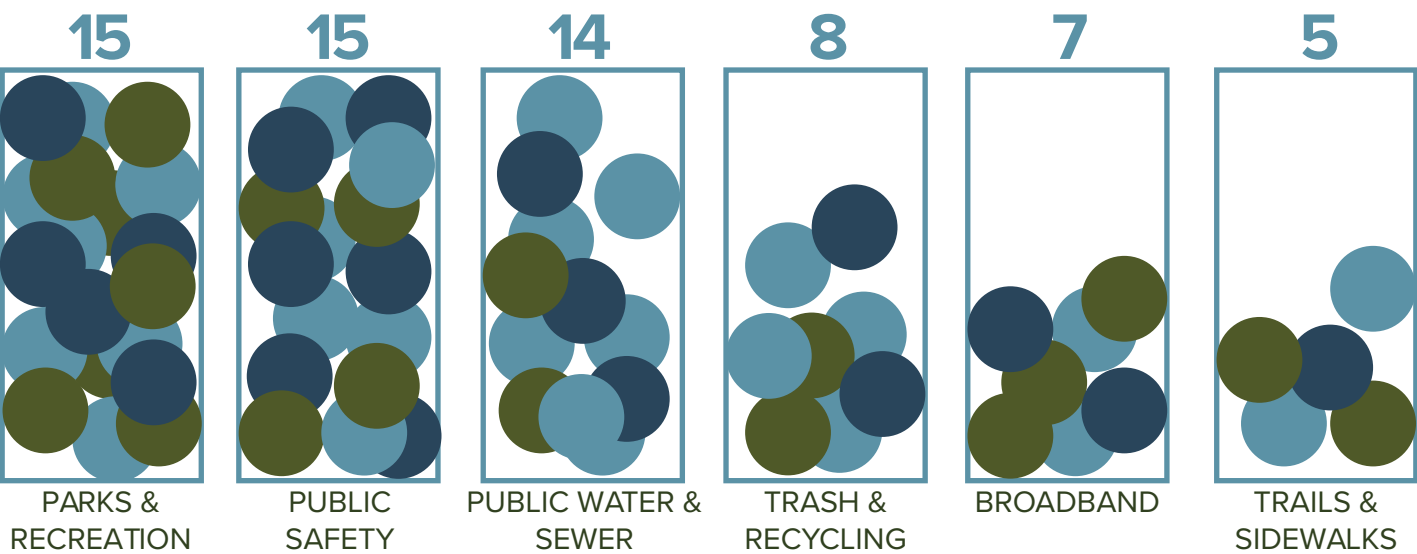


Activity: City Budgeting Game

Summary: This activity had participants allocate limited funds to different public improvements, by using a series of jars labeled to various items. Each participant put their “money” in the jars to represent their priorities for investment in infrastructure. The top three priorities for infrastructure investment were public safety, parks and recreation, and public water and sewer.

Key Themes:

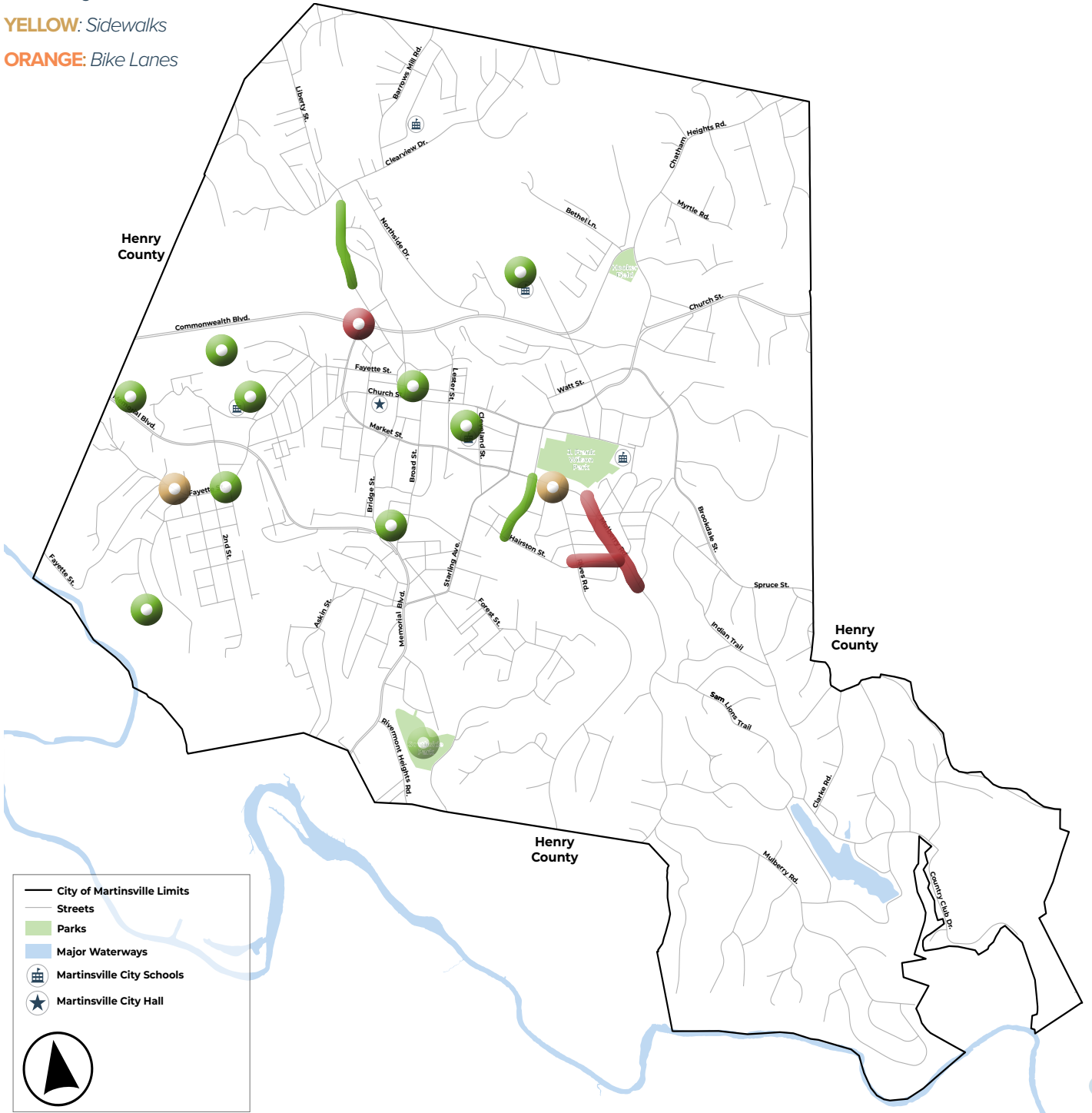
- Prioritize investment in public safety and recreation, as important components to quality of life and community well-being.
- Maintain and upgrade essential infrastructure.



Activity: Transportation Priorities

Summary: Participants identified their top transportation priorities for Martinsville by placing dot stickers on a large board. Each sticker color represented a needed improvement. See the included map, which is a diagrammatic representation of the results. The highest priorities were general road maintenance and congestion/traffic flow – specifically along Mulberry Road, south of Spruce Street.

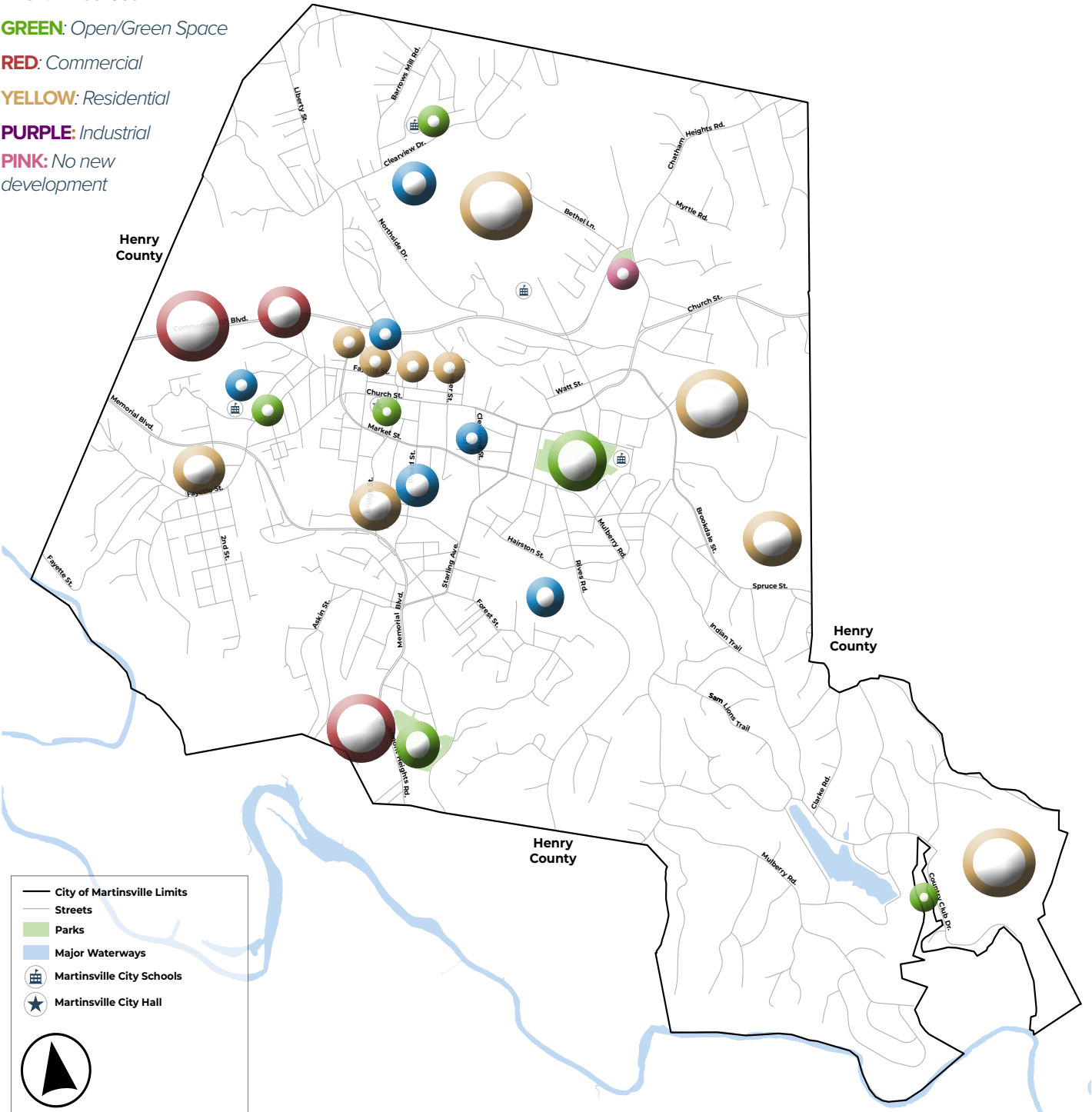
- BLUE: Safety Improvement
- GREEN: General Maintenance
- RED: Congestion/Traffic Flow
- YELLOW: Sidewalks
- ORANGE: Bike Lanes

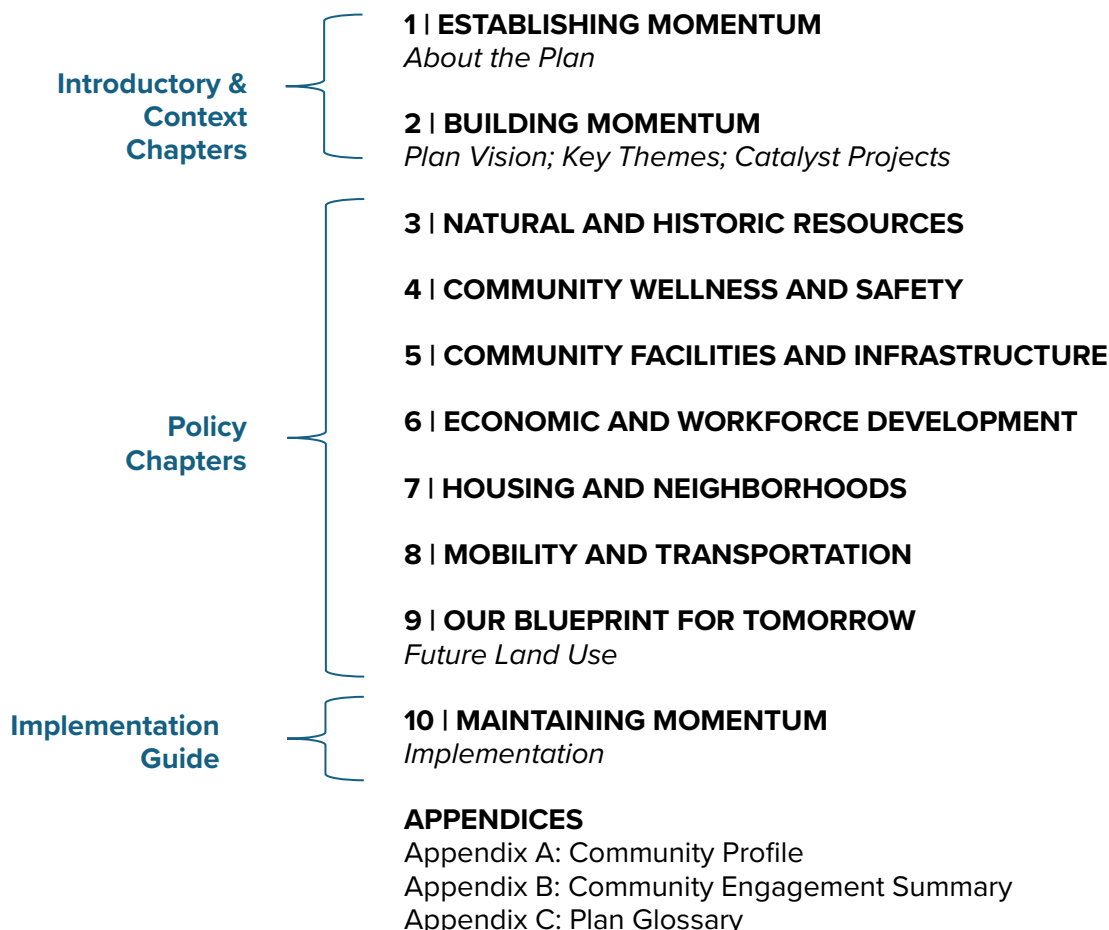


Activity: Future Land Use

Summary: Participants identified where they feel various types of future development would be most appropriate by placing dot stickers on a large board. Each sticker color represented a type of generalized land use. See the included map, a diagrammatic representation of the results, demonstrating multiple votes with larger icons. The results represented, largely, the existing land use pattern of Martinsville. This likely indicates the community is generally happy with the current development patterns and wants to preserve and improve, not dramatically change, how land is used. Results showed a call for more mixed-use development, particularly within the uptown area.

- BLUE: Mixed-Use
- GREEN: Open/Green Space
- RED: Commercial
- YELLOW: Residential
- PURPLE: Industrial
- PINK: No new development





City Vision Statement

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

City Mission Statement

Martinsville is southern Virginia's Great City to Live. Martinsville City provides exceptional services responsive to citizen's needs and top-quality facilities, parks, and infrastructure.



MARTINSVILLE MOMENTUM **COMPREHENSIVE PLAN**





OUR VISION

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

OUR MISSION

Martinsville is southern Virginia's Great City to Live. Martinsville City provides exceptional services responsive to citizen's needs and top-quality facilities, parks, and infrastructure.



WHAT IS A COMPREHENSIVE PLAN?

Martinsville Momentum is the City of Martinsville's Comprehensive Plan. This Plan is the City's most important document for guiding future land use and development – along with associated aspects of daily life including housing, parks and recreation, community facilities and services, and economic development – over the next ten to twenty years. While it does not carry the force of law, it is an officially adopted City policy document intended for use by City staff, the Planning Commission, the City Council, public agencies, developers, and the general community.

Once adopted and implemented, the Comprehensive Plan serves to facilitate rational and responsive decision making. Although it has no direct regulatory effect, it provides both City leaders and the community with a rationale and guidance for capital improvements, ordinance updates, and budgeting decisions.

Martinsville Momentum is based on extensive research, data analysis, and, most importantly, community input. The Plan describes the community's long-term vision for itself along with goals, strategies, and actions to aid Martinsville in achieving this vision.

LEGAL BASIS FOR THE PLAN

Every locality in Virginia is required by the Code of Virginia to adopt a Comprehensive Plan. Code of Virginia §§ 15.2-2223 and 15.2-2224, among others, outline the required and optional Plan elements and offer a general framework for Plan activities. Typical elements of the Comprehensive Plan, include, but are not limited to:

- » Future land use planning maps and recommendations for development.
- » A comprehensive system of transportation facilities, including maps and cost estimates for improvements.
- » A system of community service facilities.
- » Areas and implementation measures for the construction, rehabilitation, and maintenance of affordable housing.
- » Strategies to provide broadband infrastructure.
- » Urban development areas appropriate for higher density development, redevelopment, and infill.

State requirements for Comprehensive Plans also recognize that community development is on-going and ever-changing. For this reason, Code of Virginia § 15.2-2230 requires localities to review the Comprehensive Plan every five years and amend as needed to ensure its continued applicability and usefulness to the community.

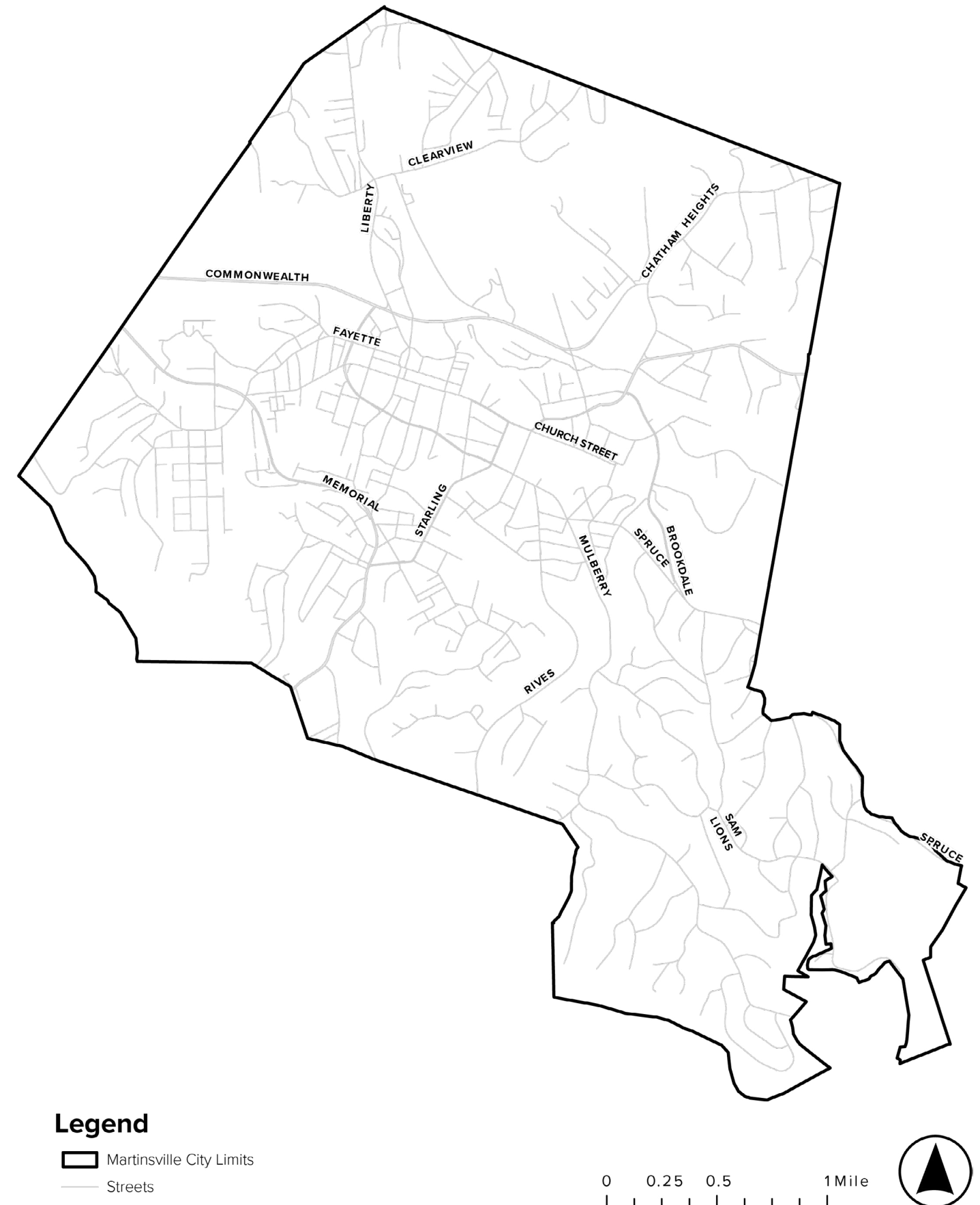
Code of Virginia § 15.2-2223

“The Comprehensive Plan shall be made with the purpose of guiding and accomplishing a coordinated, adjusted and harmonious development of the territory which will, in accordance with present and probable future needs and resources, best promote the health, safety, morals, order, convenience, prosperity and general welfare of the inhabitants, including the elderly and persons with disabilities.”

PLAN JURISDICTION

The Comprehensive Plan applies to the City of Martinsville’s official planning jurisdiction, which ends at City boundaries (Map 1.1). However, responsible regionalism and partnerships with neighboring jurisdictions are important in effectively shaping the City’s future. As such, the Plan recognizes and prioritizes collaboration with its regional partners – namely Henry County – as a vital aspect of long-range planning. While the City does not have political jurisdiction over decisions in its neighboring localities, it works as a partner of the West Piedmont Planning District Commission (WPPDC) – a regional organization that provides planning services and technical assistance to its member jurisdictions: the City of Danville and Franklin, Henry, Patrick, and Pittsylvania Counties. Development, demographic, and economic trends in these localities all influence quality of life and land use patterns in the City of Martinsville. Much of the information in this Plan builds on existing regional studies and efforts, and many of the strategies will require regional coordination to realize the highest benefit to the City of Martinsville.

MAP 1.1 | CITY OF MARTINSVILLE



RELATIONSHIP TO OTHER PLANS AND POLICIES

Martinsville Momentum is intrinsically tied to past and present planning efforts, including plans, policies, and ordinances. This Plan includes data, ideas, and recommendations from many existing plans, studies, and strategic documents. In turn, the Plan informs and influences future updates to all City land development regulations and decisions. The Plan guides development of the annual budget, Capital Improvement Program, small area plans, resource preservation plans, and other strategic plans, and amendments and enforcement of the Zoning Ordinance, Subdivision Ordinance, and Technical and Design Standards. Further, zoning and subdivision matters, land use decisions, and environmental and historic resource protection initiatives will all have their basis in the contents of the Plan.

Zoning and Subdivision Ordinances

The City of Martinsville’s Zoning and Subdivision Ordinances are the primary tools used to realize the vision of the Comprehensive Plan. While the Comprehensive Plan articulates Martinsville’s ideal vision, goals, strategies, and objectives for land use and development, the Zoning and Subdivision Ordinances serve to directly regulate the location, form, and character of development. The Plan should therefore guide all updates to the Zoning and Subdivision Ordinances. These Ordinances should also be reviewed in their entirety on an annual basis to ensure that they align with the Comprehensive Plan. In addition, when a development or rezoning application is submitted to the City, the City Council and the Planning Commission must ensure that the application meets the specific standards of City Ordinances and contributes to the successful implementation of the Comprehensive Plan.

Capital Improvement Program

The City of Martinsville’s Capital Improvement Program (CIP) is a short-term plan to identify and fund capital project needs. The CIP is based on a five-year planning period. Every year, it is updated and extended an additional year into the future to ensure it remains a five-year program. The CIP prioritizes capital projects, estimates their costs and timeline, and determines potential funding sources. City Council is then responsible for appropriating expenditures in either the annual operating budget or a separate capital budget. There are numerous community benefits that result from the creation of a CIP, including guaranteed annual review of the capital construction and infrastructure maintenance needs of Martinsville, enabling the City to better plan a financing strategy for capital improvements and annual operating requirements, and allowing

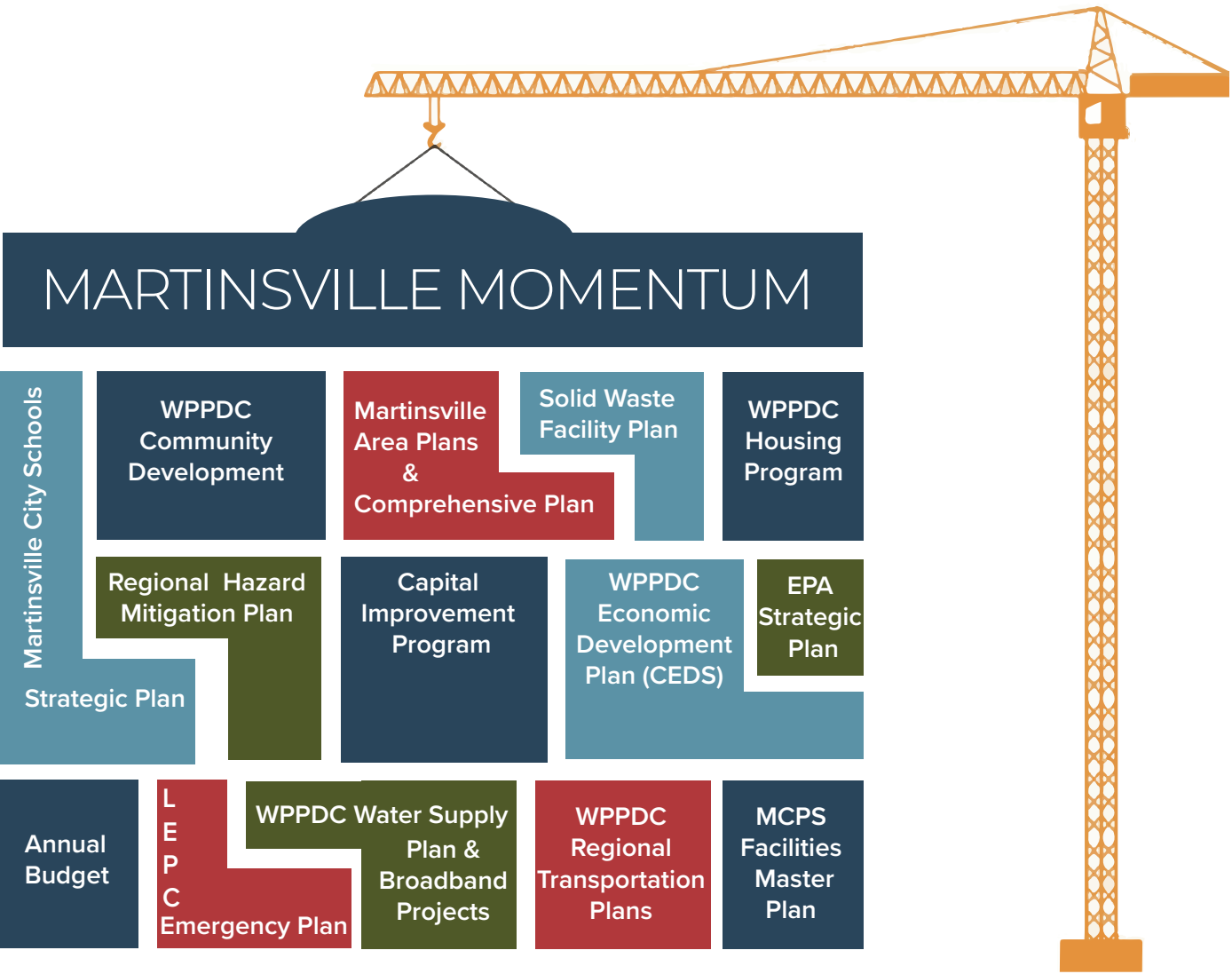
for programming of multi-year capital projects. The Comprehensive Plan directly informs the projects included in the CIP, including prioritization and assigning responsible parties for accomplishing each project. The community’s goals and long-range vision for land use and investment are fully realized when the City ensures the priorities of the CIP align with the priorities of the Comprehensive Plan.

Other Plans and Studies

Local, regional, and state plans, studies, and initiatives all inform the planning process, while the Comprehensive Plan informs the development of future planning initiatives. Martinsville Momentum encompasses multiple community plans, studies, and initiatives to ensure regional coordination.

“The comprehensive plan helps determine an overall vision of the community and helps communities prioritize the use of funds and staff time. The goals contained in the comprehensive plan are aspirational, and the action plan, also part of the comprehensive plan, sets up realistic steps towards achieving those goals. Steps outlined in the plan can protect key assets and resources that are important to the community, such as historic resources or an important business corridor.”

– West Virginia University College of Law



CREATING THE PLAN

Martinsville Momentum is the culmination of nearly two years of research, data analysis, and community input and engagement. Throughout the planning process, this Comprehensive Plan update has taken deliberate steps to guarantee that community input defines Martinsville’s vision and goals for today and tomorrow. Martinsville commits to continuing to promote the Comprehensive Plan and engaging the community in its implementation.

Existing Conditions and Community Engagement

The first step in directing a data-driven, community-informed Plan was to learn about Martinsville today through research and requesting feedback from the community. A multi-faceted approach to community engagement was used to meet residents and learn more about their priorities and concerns for the future. Robust research was also completed simultaneously to provide quantitative data about current conditions.

Existing conditions can be found in *Appendix A: Community Profile*. A full summary of the community engagement process, including the feedback received, can be found in *Appendix B: Community Engagement Summary*.



Step 2

INVESTIGATION			DRAFTING	REVIEWING & REFINING	
Project Kickoff	Data Gathering	Community Input	Plan Drafting	Community Feedback	Refinement & Adoption
Staff Kickoff Joint Kickoff Worksession	Diagnostic City Staff Interviews City Council Interviews PC Feedback Sheet Community Profile	Project Webpage Pop-Up 2 Community Forums Focus Groups Community Survey Engagement Summary	Staff Review Sessions 3 Drafting Work Sessions	Public Open House VDOT Chapter 729 Review	Final Review Joint Work Session PC Public Hearing Council Public Hearings

Plan Formulation

The Martinsville Planning Commission is ultimately responsible for reviewing and recommending the proposed changes to the Comprehensive Plan, as directed in Code of Virginia §15.2-2223. Code of Virginia § 15.2-2230 additionally calls for the Comprehensive Plan to be reviewed by the local Planning Commission at least once every five years to determine whether it is advisable to amend the Plan.

Plan drafting was conducted through a collaborative approach between City staff and Berkley Group planning consultants. The Planning Commission and City Council reviewed drafts and provided input and guidance during regularly scheduled worksessions from July 2025 through January 2026.

Step 3

Public Review

Editor's Note: This section will be drafted following the completion of the public review phase in the spring of 2026.

Step 4

Refinement and Adoption

Editor's Note: This section will be drafted at the time of public hearings for Plan consideration and adoption.

USING THE PLAN

Comprehensive Plans are community documents used by a variety of individuals and stakeholders. The Comprehensive Plan serves the community best when it is consistently referenced to make recommendations and decisions. The Planning Commission's annual review of the Plan's implementation matrix will track progress by measuring achievements and will prioritize strategies, including identifying any necessary amendments needed to meet community goals.



Community members, business owners, and developers use the Plan to better understand the City's assets, vision, and development goals.



City staff and the Planning Commission rely on the Plan to review land use applications and draft Ordinances, striving for consistency with the community's vision.



The City Council uses the Plan to guide their decisions on budget priorities, capital projects, and ordinance amendments.



State and regional partners use the Plan to understand Martinsville's priorities and leverage grant funding and study opportunities.





June 24th, 2025
Martinsville City Council
Meeting Minutes

5:00 pm - Closed, Executive Session Meeting

New College Institute, Gardner Board Room

A Closed meeting of the City of Martinsville, Virginia's Council, was held on June 24th, 2025, at 5:00 PM in Gardner Board Room at New College Institute. Council Members participating included Vice Mayor, Kathy Lawson; Councilman, Julian Mei; Councilman, Rayshaun Gravely; Councilman, Aaron Rawls; and Mayor LC Jones. Staff present included Acting City Manager, Rob Fincher. Mayor Jones called the meeting to order and advised Council would go into Closed Session beginning at 5:00 PM. In accordance with the Code of Virginia, Title 2.2 Chapter 37, Freedom of Information Act and upon a motion by Council Member Lawson and seconded by Council Member Mei with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye. Council convened in Closed Session to discuss the following matters:

- A. 2.2-3711 A (1) Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; In regards to the City Manager, City Attorney Designee and City Attorney position.
- B. 2.2-3711 A(7) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; In regards to current and ongoing litigation matters.
- C. 2.2-3711 A(8) Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter; In regards to personnel disclosures and pending or ongoing reviews of such disclosures.



- D. 2.2-3711 A (1) Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; In regards to Economic Development Authority Employment MOU.

Certification of Closed Session

Motioned by Lawson and seconded by Gravely, that the City Council certify that only those matters permitted by the Code of Virginia Sec. 2.2-3711 and specifically referenced in the motion to enter closed session were discussed during the closed session. Approved with the following 5-0 vote: Councilman Gravely, aye; Councilman Mei, aye; Councilman Rawls, aye; Vice Mayor Lawson, aye; Mayor Jones, aye. City Council exited from Closed Session at 6:50 PM. Council certifies that only business matters under the following:

- E. 2.2-3711 A (1) Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; In regards to the City Manager, City Attorney Designee and City Attorney position.
- F. 2.2-3711 A(7) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; In regards to current and ongoing litigation matters.
- G. 2.2-3711 A(8) Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter; In regards to personnel disclosures and pending or ongoing reviews of such disclosures.
- H. 2.2-3711 A (1) Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; In regards to Economic Development Authority Employment MOU.



Action taken as a result of Closed Session;

- a. Motion to authorize Sands Anderson to hire a recommended auditor to assist with legal funds made by Vice Mayor Lawson and Seconded by Councilman Rawls. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.
- b. Motion to authorize Sands Anderson to prepare MOU for Economic Development Authority for the hiring of the Economic Development Director made by Vice Mayor Lawson and seconded by Councilman Mei. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.

7:00 PM Work Session: New College Institute

1. Briefings and Presentations
 - a. Police Department Update

7:10 PM Regular Session: New College Institute

1. Call to Order
2. Pledge of Allegiance
3. Invocation
4. Presentations and Proclamation
 - a. Proclamation Honoring Independence Day
 - b. Proclamation Honoring the Lady Bulldogs as Martinsville Middle School Soccer Champions 2025
5. Consent Agenda
 - a. Discuss and Consider June 10, 2025 Meeting Minutes
 - i. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.



6. Public Hearing

a. Hear Names for School Board Nominations

- i. Motion to open the floor was made by Kathy Lawson and seconded by Councilman Mei. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.
- ii. Mike Williamson and Sarah Morrison were provided by Councilman Gravely.
- iii. Motion to Close the floor was made by Kathy Lawson and seconded by Councilman Mei. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.

7. Regular Agenda or New Business

a. Discuss and Consider Nominations for School Board

- i. Pushed to June 26, 2025 Community Meeting

b. Discuss and Consider Resignation From Planning Commission

- i. Motion to approve was made by Julian Mei and seconded by Vice Mayor Lawson. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.

c. Discuss and Consider Adopting on Second Reading Fy25 Appropriations

- i. Motion to adopt on Second Reading as presented by Kathy Lawson and seconded by Councilman Gravely. Motion was approved with the following 3:2 vote; Councilman Rawls, nay; Councilman Gravely, aye; Councilman Mei, nay; Vice Mayor, Lawson aye; Mayor Jones, aye.



- d. Water Resources Asset Management Plan Presentation
 - i. Given by Dewberry an Asset Management Plan Presentation relating to aging Water and WaseWater Infrastructure for a 10-year span. Decaying infrastructure is cause for concern with a depreciation value of 56% for Water Capital and 39% for WasteWater Capital. Fy 21-25 Capital Outlay Expenditures are less than the cost of depreciation.
- e. Discuss and Consider Contracting with Moseley Inc. for Court Condition Assessment
 - i. An RFP was placed with about 3 applications; Moseley was the winning consultant to do a building assessment/
 - ii. Approval to execute the contract and appropriate the funding from Fund Balance for \$108,000 with a motion by Councilman Rawls and seconded by Councilman Mei. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.
- f. Discuss and Consider Finalization of 1 Ellsworth Lease Option
 - i. Motion to approve Lease Alternative Payment Option 4 with intention to bring back to Council for final approval made by Councilman Rawls and seconded by Councilman Mei. Motion was approved with the following 5:0 vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.



- g. Discuss and Consider Ordinance Authorizing Bonuses, Payable out of State Funds for Qualifying Employees of Certain State-Supported Local Agencies
 - i. Motion to Adopt Ordinance with intention to bring back to Council for final approval made by Vice Mayor Lawson and seconded by Councilman Rawls. Motion was approved with the following 5:0 roll call vote; Councilman Rawls, aye; Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor, Lawson aye; Mayor Jones, aye.
- 8. City Hall Reporting
 - a. Munis/Tyler Connect Presentation 2025
 - b. Financial Update
 - i. Audit is Complete and will be brought to Council on July 22nd to present to Council. A copy of the financial report will be sent to Council beforehand.
 - ii. ARPA has been fully caught up on reporting. Money has been encumbered and spent properly. Reports will continue regularly.
- 9. Business from the Floor
- 10. Comments from Council
- 11. Comments from City Manager
- 12. Adjournment
 - a. Mayor Jones made the motion to adjourn at 8:30PM.



Minutes -- CITY COUNCIL CITY OF MARTINSVILLE, VIRGINIA

June 26, 2025 Community Meeting Minutes

Tour of Precinct 3

Precinct 3 Community Meeting – Starling Avenue Baptist Church, 5PM

1. Neighborhood Tour Update From Members of Council

- a. Several demoed and on the way. Blight has diminished greatly due to the efforts of Council and staff.
- b. Aaron Mills is well underway; anticipated for occupancy in December.
- c. Several instances of Kudzu

2. Briefings and Presentations

- a. Police Department
 - i. Updates on Flock Camera and BlueLine solution systems.
- b. Fire Department
 - i. Fire Safety
 - 1. Unattended cooking is number one cause of fires in the city.
 - 2. Do not mix smoking and oxygen administration.
 - ii. Community Health and Wellness Program
 - iii. Outdoor Burning
 - 1. Can Burn From 9-8pm
 - 2. Can burn paper and cardboard. Plastic is prohibited.
 - a. However, asked to please practice Neighbor Courtesy.
 - iv. Child Safety Seat Requests
 - v. Smoke Alarm Installations
 - 1. Station installs Smoke Alarms free of charge.
 - vi. Assistance with Police Department
 - 1. Hostage Missions
 - 2. Barricade Missions
 - 3. EMS Standby and Tactical Medics
 - vii. Census Track Call Log
 - 1. 28 Fire
 - a. False Alarm
 - b. Motor Vehicle Accident
 - c. Medical Assist
 - d. Rubbage Fires
 - e. Parking
 - f. Brush Fires
 - g. Structure Fires



Minutes -- CITY COUNCIL CITY OF MARTINSVILLE, VIRGINIA

- h. Attempted Rubbage Fire
 - 2. 229 EMS Responses
 - a. Sick Person
 - b. Breathing Problems
 - c. Falls
 - d. Chest Pains
 - e. Well-Being Checks
 - c. Electric Department
 - i. Outages Reported in Mulberry area due to the storm occurring during the Community Meeting.
 - ii. Utility Bill and Saving Energy
 - 1. Air Conditioning Best Practices
 - a. Keep Thermostat High when possible
 - b. Using Ceiling to Floor, Heavy Drapes
 - 2. Policies On Disconnect when Hot
 - a. Do Not Disconnect during Extreme Heat
 - b. Do Not Disconnect on Friday or when Building is Closed
 - 3. Salvation Army, YMCA Have Cooling Centers
 - 4. Southern Area Agency on Aging
 - 5. Virginia Low-Income Heating and Cooling Assistance Program
 - a. Cooling Assistance Provided During the Summer
 - b. Applications Now Open
 - d. SeeClickFix
 - i. SeeClickFix is non-emergent reporting software for submitting issues to City of Martinsville for progress tracking.
 - ii. Downloadable on Mobile Devices
 - iii. Does not replace contact officials or city hall, is meant to be an accessory to assist with reporting issues.
 - iv. 211 issues closed to date.
 - v. Can be fully anonymous.
 - 1. Pathways for follow-up are diminished however.
 - 2. State Laws against release of information about notices of violations; Identity Discretion can be reinforced this way.
 - vi. Potholes and Weeds
 - vii. Public Works and Community Development Support
 - e. Paving
 - i. Liberty St out to bid for a Paving Company
 - ii. Close on the 30th and hope to be finished paving by October
 - iii. 12 to 15 Roads will be maintained due to their score on the Paving Index
 - iv. Intersections and Infrastructure will be getting an upgrade



Minutes -- CITY COUNCIL CITY OF MARTINSVILLE, VIRGINIA

- v. Streets with Curbing Gutter, stormwater infrastructure, is a possibility using the Stormwater Funds.
 - vi. Current Paving should be done within a week.
 - f. Demo List
 - i. 5 Code Enforcement Repairs
 - ii. 10 Non-Code Enforcement
 - iii. 5 Demos
 - iv. 2 on Notice Process
 - v. 3 New Single-Family Dwellings
 - g. Raised Crosswalks
 - i. 3 inch high as a speed deterrent
 - ii. Issues with geometry however are still working through it with hopes to roll out soon.

3. Regular Agenda or New Business

- a. Discuss and Consider School Board Nominations
 - i. Michael Williamson
 - ii. Sarah Morrison
- b. Discuss and Consider Setting a Date for School Board Interviews
 - i. July 7th
 - ii. 4PM and second at 4:45PM

4. Citizen Comments and Questions

5. Adjournment

- a. Mayor LC adjourned the meeting at 6PM.

**A RESOLUTION APPROPRIATING FUNDS IN THE CITY OF MARTINSVILLE,
VIRGINIA FISCAL YEAR 2025-2026 BUDGET**

WHEREAS, on May 20, 2025 the City Council (the “Council”) of the City of Martinsville, Virginia (the “City”) adopted the City’s fiscal year 2025-2026 budget ordinance; and,

WHEREAS, the Council desires to appropriate the following funds in the City’s fiscal year 2025-2026 budget.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA AS FOLLOWS:

1. The sum of \$192,320, approved within the 2025-2026 budget in the City’s General Fund Capital Project fund-16 for the Registrar’s voting equipment purchase is hereby APPROPRIATED.
2. The sum of \$375,000 is hereby APPROPRIATED from General fund balance to the Commonwealth Water line project.
3. The sum of \$375,000 is hereby APPROPRIATED from the Water & Sewer fund balance for the Commonwealth Water line project.
4. This Resolution shall take effect immediately

The members of Council voted as follows on the foregoing Resolution:

Ayes

Nays

Absent

Abstentions

Adopted this ___ day of July, 2025.

Attest:

Deputy Clerk of Council, City of Martinsville



STAFF REPORT

TO: City Council

FROM: Richard Stanfield, Chief Financial Officer

SUBJECT: Annual Comprehensive Financial Report (FY 24)

STAFF/ DEPARTMENT RESPONSIBLE: Finance

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Michael Lupton, Partner at Robinson, Farmer, Cox, and Associates will review the auditor's required communication with City Council as required for FY 24. Mr. Lupton will cover audit engagement, responsibilities, and details of performing the audit for the City of Martinsville.

POLICY EXPLANATION:

15.2-2511. Audit of local government records, etc.; Auditor of Public Accounts; audit of shortages; civil penalty.

A. Localities shall have all their accounts and records, including all accounts and records of their constitutional officers, audited annually as of June 30 by an independent certified public accountant in accordance with the specifications furnished by the Auditor of Public Accounts.

The certified public accountant shall present a detailed written report to the local governing body at a public session by the following December 31.

FISCAL IMPACT/FUNDING SOURCE:

Contained Within Audit Report.

Available Budget: Not Applicable.

Purchase Amount: Not Applicable.

ACTION REQUESTED/ALTERNATIVES

None.

ATTACHMENTS:

1.	Martinsville-2024
----	-------------------

Martinsville, Virginia
A CITY WITHOUT LIMITS



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2024

CITY OF MARTINSVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

PREPARED BY:

Finance Department

CITY OF MARTINSVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
Front Cover	1
INTRODUCTORY SECTION	
Title Page	3
Table of Contents	5-8
Directory of Principal Officials	9
Organizational Chart	11
FINANCIAL SECTION	
Independent Auditors' Report	13-16
Management's Discussion and Analysis	17-26
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	31
Exhibit 2 Statement of Activities	32-33
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	37
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	38
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes In Fund Balances to the Statement of Activities—Governmental Funds	39
Exhibit 6 Statement of Net Position—Proprietary Funds	40
Exhibit 7 Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds	41
Exhibit 8 Statement of Cash Flows—Proprietary Funds	42
Exhibit 9 Statement of Fiduciary Net Position—Fiduciary Funds	43
Exhibit 10 Statement of Changes in Fiduciary Net Position—Fiduciary Funds	44
Notes to Financial Statements	45-121
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	124
Exhibit 12 Schedule of Employer's Proportionate Share of the Net Pension Liability—VRS Pension Plans	125
Exhibit 13 Schedule of Changes in Net Pension Liability and Related Ratios—Component Unit School Board (nonprofessional)	126-127
Exhibit 14 Schedule of Employer Contributions—VRS Pension Plans	129

CITY OF MARTINSVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 15 Notes to Required Supplementary Information–VRS Pension Plans	130
Exhibit 16 Schedule of the City of Martinsville, Virginia's Share of Net OPEB Liability–Group Life Insurance Plan	131
Exhibit 17 Schedule of Employer Contributions–Group Life Insurance Plan	132
Exhibit 18 Notes to Required Supplementary Information–Group Life Insurance Plan	133
Exhibit 19 Schedule of Changes in the City of Martinsville, Virginia School Board's Net OPEB Liability and Related Ratios–Nonprofessional Employee Health Insurance Credit (HIC) Plan	134
Exhibit 20 Schedule of Employer Contributions–Nonprofessional Employee Health Insurance Credit (HIC) Plan	135
Exhibit 21 Notes to Required Supplementary Information–Nonprofessional Employee Health Insurance Credit (HIC) Plan	136
Exhibit 22 Schedule of the City of Martinsville, Virginia School Board's Share of Net OPEB Liability–Teacher Employee Health Insurance Credit (HIC) Plan	137
Exhibit 23 Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Plan	138
Exhibit 24 Notes to Required Supplementary Information–Teacher Employee Health Insurance Credit (HIC) Plan	139
Exhibit 25 Schedule of Changes in Total OPEB Liability and Related Ratios–City and School OPEB Plan	140-141
Exhibit 26 Notes to Required Supplementary Information–City and School's OPEB	142
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 27 Schedule of Revenues, Expenditures and Changes in Fund Balances–Meals Tax Fund–Budget and Actual	147
Exhibit 28 Combining Balance Sheet–Nonmajor Governmental Funds	148
Exhibit 29 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Nonmajor Governmental Funds	149
Exhibit 30 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Nonmajor Governmental Funds–Budget and Actual	150-151
Exhibit 31 Combining Statement of Fiduciary Net Position–Custodial Funds	153
Exhibit 32 Combining Statement of Changes in Fiduciary Net Position–Custodial Funds	154-155

CITY OF MARTINSVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Other Supplementary Information: (Continued)</u>	
Discretely Presented Component Unit—School Board:	
Exhibit 33 Combining Balance Sheet	157
Exhibit 34 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	158
Exhibit 35 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	159
Exhibit 36 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	160-161
Supporting Schedules:	
Schedule 1 Governmental Funds and Discretely Presented Component Unit-School Board—Schedule of Revenues—Budget and Actual	165-171
Schedule 2 Governmental Funds and Discretely Presented Component Unit-School Board—Schedule of Expenditures—Budget and Actual	172-177
Schedule 3 Pledged Revenue Coverage—Water and Sewer Revenue Bonds	178
STATISTICAL SECTION:	
<u>Statistical Tables:</u>	
Table 1 Net Position by Component	181
Table 2 Changes in Net Position	182-183
Table 3 Level of Unrestricted Net Position	184
Table 4 Governmental Activities Tax Revenues by Source—(Accrual Basis of Accounting)	185
Table 5 Fund Balances of Governmental Funds	186-187
Table 6 Fund Balance Summary	189
Table 7 Changes in Fund Balances of Governmental Funds	190-191
Table 8 Level of Unassigned Fund Balance	192
Table 9 Governmental Activities Tax Revenues by Source—(Modified Accrual Basis of Accounting)	193
Table 10 Utility Analysis of Unrestricted Net Position	194

CITY OF MARTINSVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
STATISTICAL SECTION: (CONTINUED)	
<u>Statistical Tables: (Continued)</u>	
Table 11 Local Sales Tax Growth	195
Table 12 Assessed Value of Taxable Property and Tax Rates	196-197
Table 13 Property Tax Levies and Collections	199
Table 14 Ratios of Outstanding Debt by Type	200-201
Table 15 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	203
Table 16 Computation of Direct and Overlapping Bonded Debt	204
Table 17 Expenditures Per Capita Ratios	205
Table 18 Demographic and Economic Statistics	206
Table 19 Full-time Equivalent City Government Employees by Function	207
Table 20 Operating Indicators by Function	208-209
Table 21 Capital Asset Statistics by Function	210
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 <i>Government Auditing Standards</i>	211-212
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	213-215
Schedule of Expenditures of Federal Awards	216-217
Notes to Schedule of Expenditures of Federal Awards	218
Schedule of Findings and Questioned Costs	220-222

CITY OF MARTINSVILLE, VIRGINIA

City Council

LC Jones, Mayor
Kathy Lawson, Vice-Mayor

Aaron Rawls

Rayshaun Gravely

Julian Mei

School Board

Yvonne Givens, Chairperson
Michael Williamson, Vice-Chairperson

Nekia Blackwell

Kathy Carter

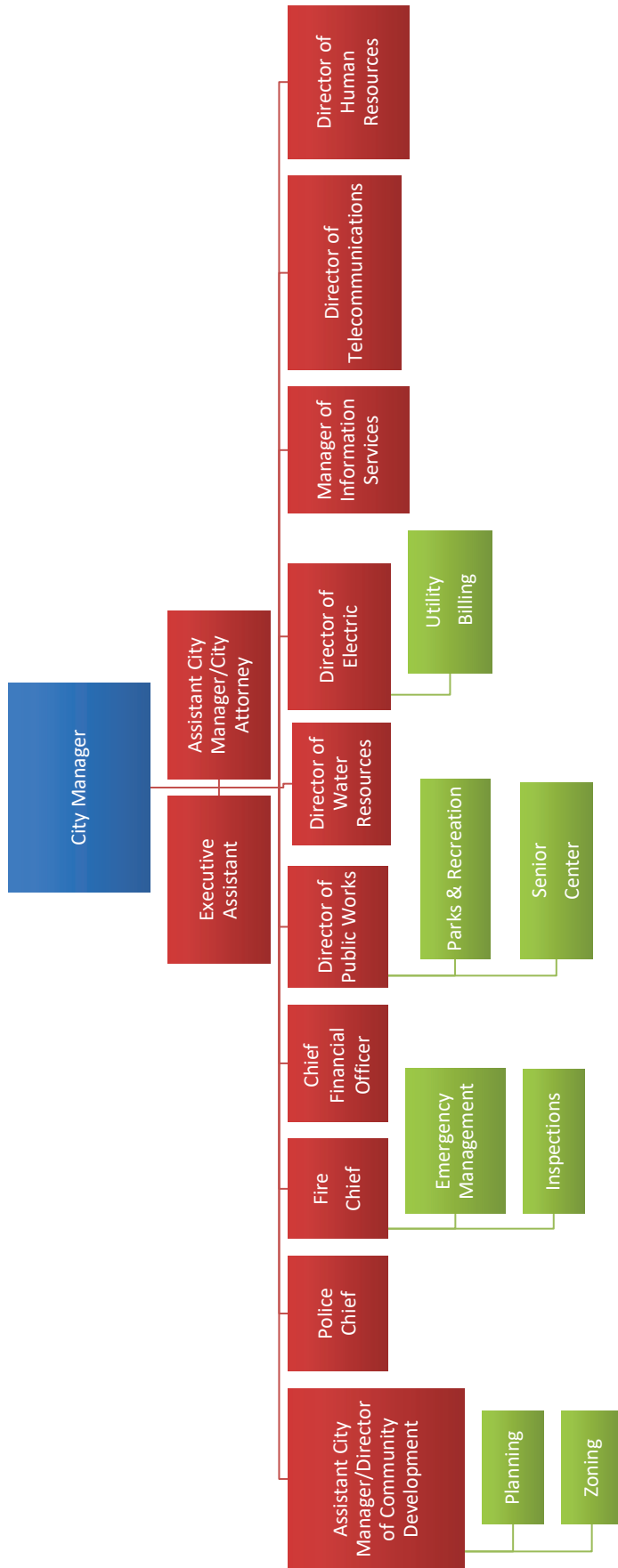
Anne Agee

Other Officials

City Manager.....	Aretha Ferrel-Benavides
Clerk of the Circuit Court.....	Jean P. Nunn
City Attorney/Asst. City Mgr.	Vacant
Commissioner of the Revenue.....	Ruth Easley
Treasurer	Cindy Dickerson
Police Chief.....	Rob Fincher
Superintendent of Schools.....	Zebadee Talley
Clerk of the School Board.....	Yani Smith
Chief Financial Officer.....	Richard Stanfield
Sheriff.....	Steve M. Draper
Commonwealth's Attorney	Glen A. Hall
Public Works Director	Greg Maggard
Electric Director.....	Durwin Joyce
Purchasing Manager.....	Zachary Morris
Fire Chief	Dan Howell
Water Resources	Mandy Muse

This page intentionally left blank

City of Martinsville Organizational Chart



This page intentionally left blank



Independent Auditors' Report

**To The Honorable Members of
City Council
City of Martinsville, Virginia**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 City of Martinsville, 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.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2024, the City restated beginning balances of the general fund and governmental activities to correct an error in prior year revenue. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 City of Martinsville, 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 City of Martinsville, 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 City of Martinsville, 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 be presented to supplement the basic financial statements. Such information, 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 the City of Martinsville, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules and 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 section and statistical information 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 April 24, 2025, on our consideration of the City of Martinsville, 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 City of Martinsville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Martinsville, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
April 24, 2025

To the Honorable Members of the City Council To the Citizens of the City of Martinsville

The management of the City of Martinsville, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. We encourage you to read this discussion and analysis in conjunction with the accompanying management letter on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$52,370,275 (total net position).
- The Governmental activities net position was \$11,340,728 of the City's total, an increase of \$4,340,605 from net position of \$7,000,123 at June 30, 2023.
- Net position of the City's various business-type activities totaled \$41,029,547. This is an increase of \$5,908,678 or 16.82% compared to net position of \$35,120,869 at June 30, 2023.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing resources in excess of expenditures and other financing uses by \$1,033,526 (Exhibit 4) after making direct contributions totaling \$4,892,265 to the School Board. Additionally, \$1,202,088 was expended from the Meals Tax Fund for School related debt service. A total of \$6,094,353 was expended on School activities from Governmental Funds.

- At the close of the current fiscal year, the City's Governmental funds reported ending fund balances of \$14,362,343, which is an increase of \$1,033,526 in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$5,255,868 or 12.71% of total general fund expenditures.
- The combined long-term Governmental activities obligations decreased by \$2,401,673 or approximately 8.68% during the current fiscal year. This is primarily due to a decrease in the actuarially determined net pension liability.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements.

These financial statements are comprised of three (3) components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains required and other information to supplement the basic financial statements.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

Government-wide financial reporting consists of two statements: (1) The Statement of Net Position and (2) The Statement of Activities.

Overview of the Financial Statements (Continued)

The Statement of Net position (exhibit one) presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the City's net position changed during the 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 which result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

The Statement of Net position and The Statement of Activities are both divided into three types of activities:

1. **Governmental Activities** – Most of the City's basic services are reported in this column to include: Police, Fire, Courts, Recreation, Social Services, Economic Development, Community Development, Telecommunications, Capital Projects, and General Administration. Governmental Activities are supported primarily by taxes, state and federal grants, and transfers from the City's Enterprise funds (Electric, Water, Sewer, and Refuse).
2. **Business-Type Activities** – The City has four business-type activities: Electric, Water, Sewer, and Refuse. The City recovers all or a significant portion of the costs associated with providing these services through user fees and charges to the customers receiving these services.
3. **Component Unit** – The City has one component unit, the Martinsville Public Schools. While the School System is a legally separate entity, the City of Martinsville is financially accountable for the School System. Financial information for the 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 City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the City's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, a reconciliation between the two methods used is provided at the bottom of the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures and changes in fund balances (exhibit 5). By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the City's near-term financing decisions.

The City has two major governmental funds - the General Fund and the Meals Tax Fund. The City has three funds considered nonmajor funds. These are the Community Development Block Grant Fund (CDBG), the Capital Reserve Fund, and the CARES Fund. For reporting purposes, the CDBG Fund is called the City Grants Fund and is combined with the CARES Fund to comprise the Special Revenue Funds. The Capital Reserve Fund is the City's nonmajor Capital Projects Fund. Together the Special Revenue Funds and the Capital Projects Fund comprise the City's Nonmajor Governmental Funds. Information on these funds is contained in Exhibits 28, 29, and 30. This data is then combined in a single column for the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, changes in fund balances (exhibit 4).

Overview of the Financial Statements (Continued)

Proprietary funds – *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Electric, Water, Sewer and Refuse/Landfill funds are presented on the statements individually as major funds (exhibits 6-8). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

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

Other information - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As stated earlier in this discussion, net position may serve as a useful indicator of a City's financial position over time. For the City in FY2024, (1) assets and deferred outflows of resources exceeded (2) liabilities and deferred inflows of resources by \$52,370,275 at the close of the fiscal year as presented in the Table below. This was an increase of \$10,249,283 or 24.73% as compared to the FY2023 closing amount of \$41,442,373.

**City of Martinsville, Virginia
Statement of Net Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 27,329,021	\$ 28,663,581	\$ 16,074,796	\$ 14,673,689	\$ 43,403,817	\$ 43,337,270
Capital assets	17,158,093	17,484,998	54,958,316	51,141,874	72,116,409	68,626,872
Total assets	\$ 44,487,114	\$ 46,148,579	\$ 71,033,112	\$ 65,815,563	\$ 115,520,226	\$ 111,964,142
Deferred outflows of resources	2,893,687	3,988,455	1,316,845	865,898	4,210,532	4,854,353
Total assets and deferred outflows of resources	\$ 47,380,801	\$ 50,137,034	\$ 72,349,957	\$ 66,681,461	\$ 119,730,758	\$ 116,818,495
Long-term liabilities outstanding	\$ 24,077,806	\$ 26,486,267	\$ 27,161,369	\$ 27,696,924	\$ 51,239,175	\$ 54,183,191
Current liabilities	9,571,548	12,832,539	3,717,300	2,888,377	13,288,848	15,720,916
Total liabilities	\$ 33,649,354	\$ 39,318,806	\$ 30,878,669	\$ 30,585,301	\$ 64,528,023	\$ 69,904,107
Deferred inflows of resources	\$ 2,390,719	\$ 3,818,105	\$ 441,741	\$ 975,291	\$ 2,832,460	\$ 4,793,396
Net position:						
Net investment in capital assets	\$ 10,731,433	\$ 10,651,069	\$ 33,356,327	\$ 29,124,441	\$ 44,087,760	\$ 39,775,510
Restricted	4,347,708	466,366	-	-	4,347,708	466,366
Unrestricted (deficit)	(3,738,413)	(4,117,312)	7,673,220	5,996,428	3,934,807	1,879,116
Total net position	\$ 11,340,728	\$ 7,000,123	\$ 41,029,547	\$ 35,120,869	\$ 52,370,275	\$ 42,120,992
Total liabilities, deferred inflows of resources and net position	\$ 47,380,801	\$ 50,137,034	\$ 72,349,957	\$ 66,681,461	\$ 119,730,758	\$ 116,818,495

At the end of FY2024, the City's net investment in capital assets is \$44,087,760. These capital assets are used to deliver services to City residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported as net investment in capital assets, it should be noted that the resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

At the end of the current Fiscal Year, the City's Governmental Activities net investment in capital assets is \$10,731,433.

Restricted Assets represent resources subject to external restrictions on how they may be used. In FY2024, the City held cash restricted for Electric and Water customer deposits totaling \$427,564.

Governmental Activities - Governmental activities increased Martinsville City's net position by \$4,340,605. The key elements of this increase are found in exhibit 2.

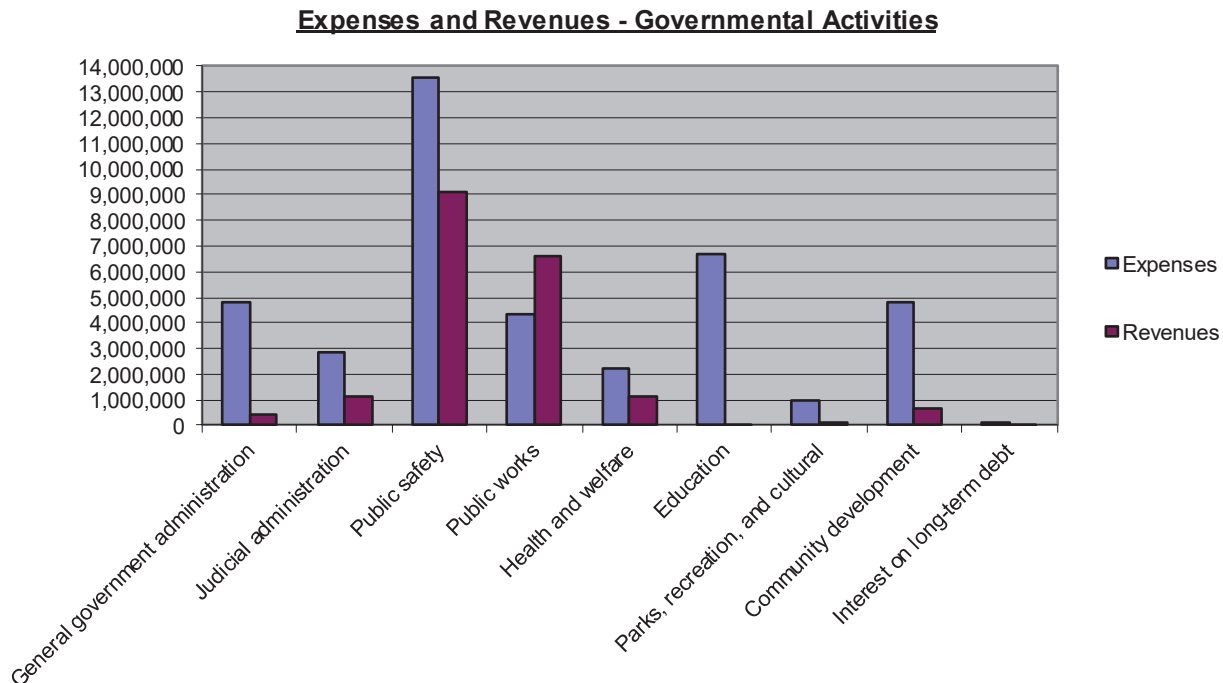
City of Martinsville, Virginia
Changes in Net Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,398,386	\$ 2,690,563	\$ 32,187,777	\$ 29,910,617	\$ 34,586,163	\$ 32,601,180
Operating grants and contributions	16,068,038	16,520,844	-	-	16,068,038	16,520,844
Capital grants and contributions	569,332	1,694,727	4,381,297	-	4,950,629	1,694,727
General revenues:						
General property taxes	11,553,269	10,432,820	-	-	11,553,269	10,432,820
Other local taxes	9,948,248	9,178,807	-	-	9,948,248	9,178,807
Commonwealth non-categorical aid	1,281,309	1,387,358	-	-	1,281,309	1,387,358
Other general revenues	2,246,902	1,795,327	684,655	841,863	2,931,557	2,637,190
Total revenues	<u>\$ 44,065,484</u>	<u>\$ 43,700,446</u>	<u>\$ 37,253,729</u>	<u>\$ 30,752,480</u>	<u>\$ 81,319,213</u>	<u>\$ 74,452,926</u>
Expenses:						
General government administration	\$ 4,828,694	\$ 5,194,243	\$ -	\$ -	\$ 4,828,694	\$ 5,194,243
Judicial administration	2,853,488	2,706,080	-	-	2,853,488	2,706,080
Public safety	13,555,439	13,073,788	-	-	13,555,439	13,073,788
Public works	4,319,615	4,698,354	-	-	4,319,615	4,698,354
Health and welfare	2,195,904	1,795,566	-	-	2,195,904	1,795,566
Education	6,661,732	5,182,631	-	-	6,661,732	5,182,631
Parks, recreation, and cultural	991,330	855,227	-	-	991,330	855,227
Community development	4,806,583	4,208,581	-	-	4,806,583	4,208,581
Interest on long-term debt	62,094	75,373	-	-	62,094	75,373
Electric	-	-	20,533,010	19,557,213	20,533,010	19,557,213
Water	-	-	3,453,752	2,566,198	3,453,752	2,566,198
Sewer	-	-	4,761,252	4,516,026	4,761,252	4,516,026
Refuse collection/landfill	-	-	2,047,037	2,005,597	2,047,037	2,005,597
Total expenses	<u>\$ 40,274,879</u>	<u>\$ 37,789,843</u>	<u>\$ 30,795,051</u>	<u>\$ 28,645,034</u>	<u>\$ 71,069,930</u>	<u>\$ 66,434,877</u>
Change in net position before transfers	\$ 3,790,605	\$ 5,910,603	\$ 6,458,678	\$ 2,107,446	\$ 10,249,283	\$ 8,018,049
Transfers	550,000	-	(550,000)	-	-	-
Change in net position	<u>\$ 4,340,605</u>	<u>\$ 5,910,603</u>	<u>\$ 5,908,678</u>	<u>\$ 2,107,446</u>	<u>\$ 10,249,283</u>	<u>\$ 8,018,049</u>
Net position - beginning	7,000,123	1,089,520	35,120,869	33,013,423	42,120,992	34,102,943
Net position - ending	<u>\$ 11,340,728</u>	<u>\$ 7,000,123</u>	<u>\$ 41,029,547</u>	<u>\$ 35,120,869</u>	<u>\$ 52,370,275</u>	<u>\$ 42,120,992</u>

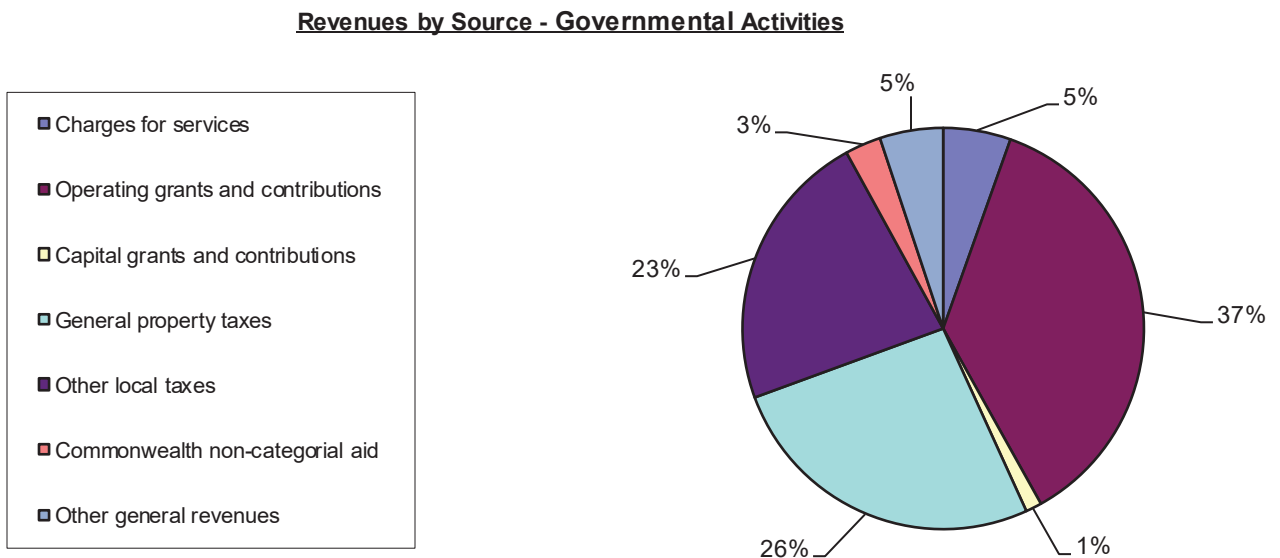
Government-wide Financial Analysis (Continued)

Revenues in governmental activities totaled \$44,065,484 with operating grants and contributions (36.46%), general property taxes (26.22%), and other local taxes (22.58%) comprising 85.26% of the City's revenues. Expenses for public safety (33.66%), education (16.54%), public works (10.73%), community development (11.93%), and general government administration (11.99%), account for 84.85% of total governmental expenses of \$40,274,879.

The chart below compares the revenues and expenses by program for governmental activities. It is common throughout the Commonwealth for expenses to outpace the revenues because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the City has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The chart below portrays the Sources of Revenue for the Governmental Activities of the City.



Business-type Activities increased the City's net position by \$5,908,678. Transfers out of business-type activities increased by \$550,000 compared to the prior fiscal year.

Financial Analysis of the City's Funds

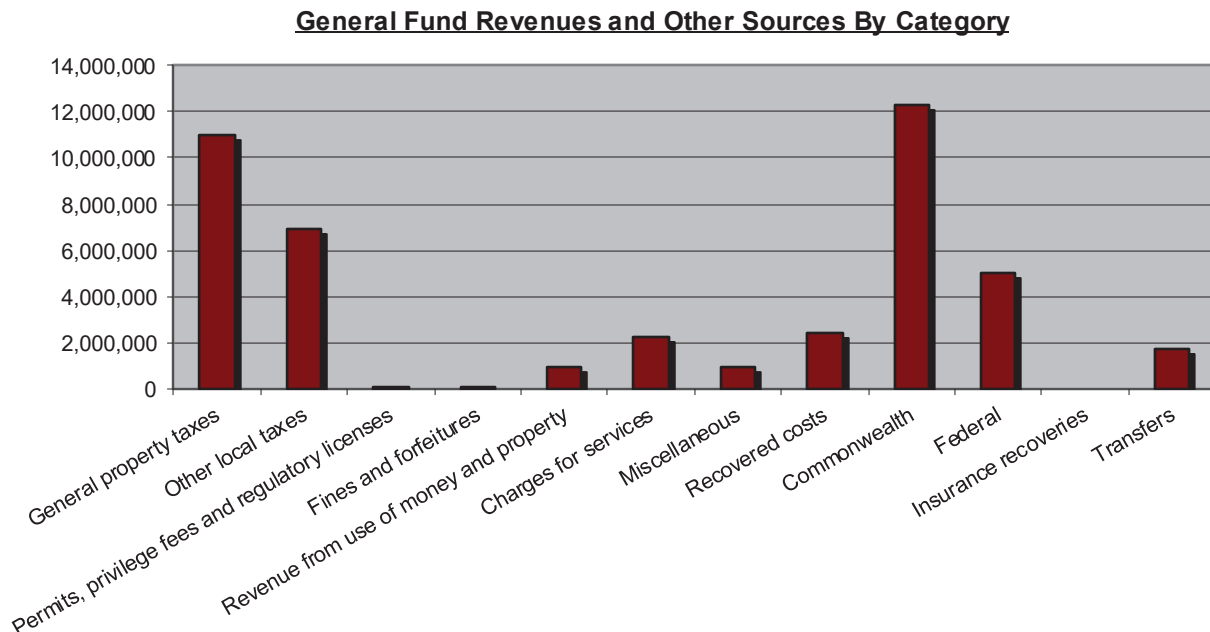
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$14,362,343, an increase of \$1,033,526 when compared to the prior year. \$5,255,868, or 36.59%, of the combined governmental fund balance is unassigned. The remaining \$9,106,475, or 63.41%, of the total fund balance is nonspendable, restricted, committed or assigned to show it is not available for spending because it has been designated as nonspendable, committed or assigned for future projects.

The General Fund is the operating fund of the City. The General Fund reports a fund balance at June 30, 2024 of \$11,177,894. This is an increase from the prior year of \$1,498,143. The General Fund revenue exceeded expenditures in the current year by \$664,911; the expenditures exceeded revenues in FY23 by \$206,608. There were no transfers into the General Fund in FY23 as compared to \$1,755,000 of transfers into the General Fund in FY24. There was \$921,768 of transfers out of the General Fund in FY24. \$5,255,868, representing 47.02% of the total fund balance is unassigned, a decrease of \$1,973,969, compared to \$989,732 of unassigned fund balance from June 30, 2023. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.71% of total General Fund expenditures, while total fund balance is 27.02% of that same amount.

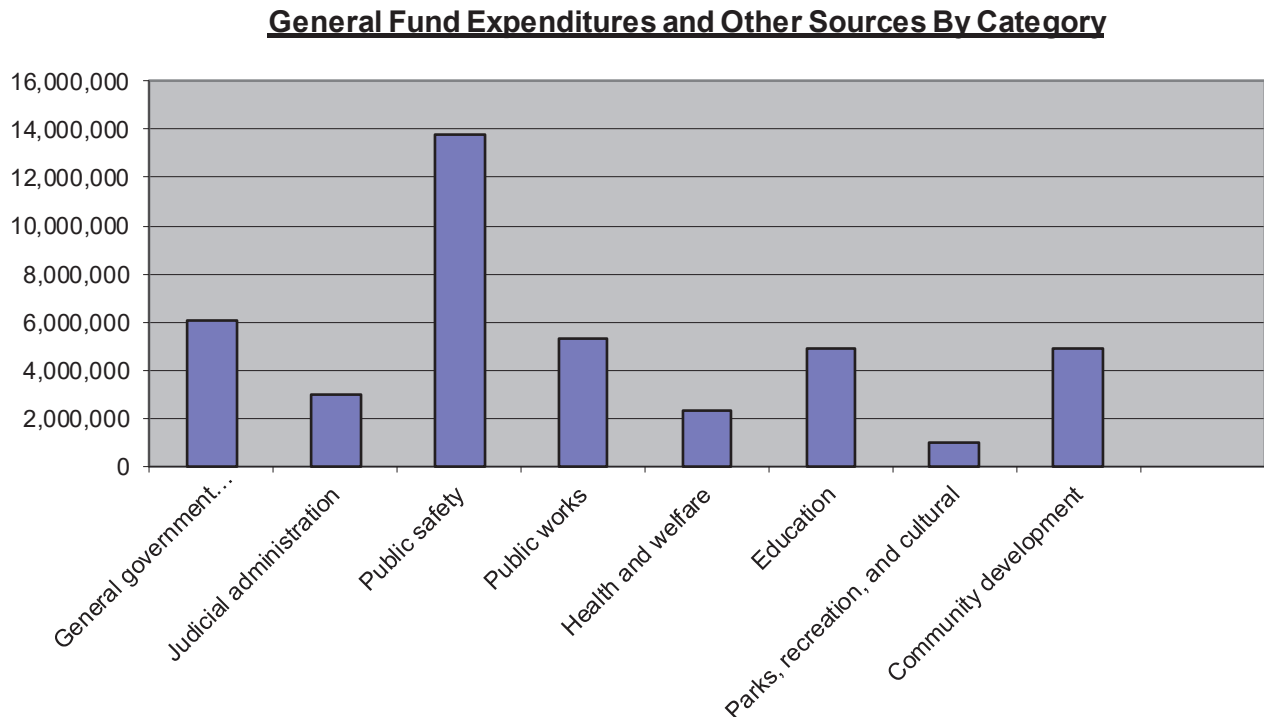
General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$42,032,759.



General Fund Revenues and Other Sources by Category (Continued)

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$41,367,848.



Proprietary funds – reported combined ending net position of \$41,029,547, an increase of \$5,908,678 in comparison with the amount reported on June 30, 2023. The Electric Fund increased \$988,361; the Refuse Fund decreased \$268,587; the Water Fund increased \$283,175; and the Sewer Fund increased \$4,905,729.

The Enterprise Funds contributed \$550,000 in support of other City operations. Transfers were made to the General Fund in FY2024.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were as follows. Revenues were increased by \$6,051,255 or 17.06%, while expenditures increased by \$5,246,255 or 13.47%.

The Revenue increases (decreases) were as follows:

- \$13,324 in Fines and forfeitures
- \$36,090 in Miscellaneous
- \$536,751 in Intergovernmental revenues from the Commonwealth
- \$5,465,090 in Intergovernmental revenues from the Federal Government

The Expenditure amendments were as follows:

- \$1,097,800 in General government administration
- \$16,320 in Judicial administration
- \$704,958 in Public Safety
- \$2,163,177 in Public Works
- \$280,000 in Health and welfare
- \$625,000 in Parks, recreation, and cultural
- \$359,000 in Community development

General Fund Budgetary Highlights (Continued)

During the year, actual revenues were greater than budgeted by \$519,738 or 1.25%; actual expenditures were less than the budget by \$2,820,739 or 6.38%. The result was a positive variance of \$3,340,477 to the revised budget.

Capital Asset and Debt Administration

Capital assets – The City’s investment in capital assets for its governmental and enterprise operations as of June 30, 2024, is \$72,116,409 (net of accumulated depreciation) as listed in the table below. This investment in capital assets includes land, buildings and improvements, infrastructure, and machinery and equipment. Significant capital asset events during FY2024 were: public works equipment, patrol cars, trucks, and continuing facility renovations.

**City of Martinsville, Virginia's
Capital Assets
June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 4,379,094	\$ 4,379,094	\$ 683,624	\$ 683,624	\$ 5,062,718	\$ 5,062,718
Construction in progress	2,260,590	1,546,343	6,598,332	1,467,693	8,858,922	3,014,036
Buildings and improvements	13,094,631	13,877,501	6,779,238	6,779,238	19,873,869	20,656,739
Infrastructure	34,775,970	34,775,970	95,685,926	95,685,926	130,461,896	130,461,896
Equipment	13,722,865	12,925,621	11,848,611	11,257,465	25,571,476	24,183,086
Total	\$ 68,233,150	\$ 67,504,529	\$ 121,595,731	\$ 115,873,946	\$ 189,828,881	\$ 183,378,475
Less: accumulated depreciation	51,075,057	50,019,531	66,637,415	64,732,072	117,712,472	114,751,603
Net capital assets	\$ 17,158,093	\$ 17,484,998	\$ 54,958,316	\$ 51,141,874	\$ 72,116,409	\$ 68,626,872

Additional information on Martinsville City’s capital assets can be found in Note 6 of this report.

Long-term debt – At the close of FY2024, Martinsville City had total outstanding obligations (not including pension or OPEB obligations) of \$29,962,653. Of this amount, \$5,747,967 comprises debt backed by the full faith and credit of the City. The remainder of the City’s debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds and capital financing agreements.

During the Fiscal Year, there was a net decrease in the City’s long-term debt of \$2,344,575. This amount does not include increases and decreases of the City’s pension and OPEB obligations.

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which a City may issue. On June 30, 2024 the City’s ratio of Net General Obligation Debt to Assessed Value was 0.73%. This was a decrease from the previous fiscal year.

Additional information on the Martinsville City’s long-term debt can be found in Note 8 of this report.

Economic Factors Influencing FY2025 Budget and Tax Rates

The FY25 budget continued the strategy of streamlining expenses, funding essential capital expenditures, evaluating personnel vacancies on a case-by-case basis, and continuing an internal cost allocation plan to ensure costs attributed to utility operations are fairly and accurately recovered in the City’s General Fund.

The City Council reduced the real estate tax rate from \$1.03975 to \$0.99 per \$100 to lessen the tax burden resulting from increased assessment values. Other basic tax rates remain unchanged in FY25. Meals Tax revenue is generally applied to School debt service and capital needs while Cigarette Tax revenue simply accrues to General Fund revenue.

Economic Factors Influencing FY2025 Budget and Tax Rates: (Continued)

The City faces both opportunities and challenges in FY25, including the following issues:

1. **COVID-19 Impacts** – The COVID-19 pandemic impacted national, state, and local economies as businesses were closed or in some cases reduced hours and capacity in response to aggressive mandates aimed at reducing public exposure. A variety of grant programs, utility assistance, and the American Rescue Plan Act have been essential in the recovery.
2. **Unemployment, under-employment, and other workforce challenges** – After many years of experiencing higher unemployment relative to other localities around the state, Martinsville realized substantial and steady improvement – until COVID-19 and that number has since rebounded favorably. The unemployment rate for the City on June 30, 2024, was 4.9% compared to 4.6% on June 30, 2023. Since June 30 the rate has improved somewhat, but challenges continue to be reported by employers in filling vacant positions throughout the community with qualified individuals. Workforce issues will continue to be a challenge as economic growth and expansion occurs. The inability to fill City government positions will impact salary and benefit expenditures as well as overtime and contractual services. The city experienced higher turnover in FY24 as well as turnover in key city positions.
3. **Reductions in state and unfunded mandates** – A continuing concern for the city is regarding potential reductions in state aid during periods when the state revenue fails to meet budget projections. The practice is unpredictable and creates additional fiscal stress for the city. For example, House Bill 599 (HB599) is an example of the fiscal stress to the City's General Fund.
4. **Personnel Costs** – The City continues to address the rising cost of employee health care, market-related adjustments in the pay/classification plan to remain competitive, and changes in the Virginia Retirement System (VRS) contributions, all of which have a significant and continuing impact to the city. The ability to remain competitive with pay and benefits in the regional market to retain and attract a talented workforce is a significant challenge, not necessarily unique to Martinsville.
5. **Policy** – The City Council approves the annual budget following City Manager/staff recommendations, and its analysis of the needs of the City, including the City's overall financial position, and economic conditions, with careful consideration of input and comments from citizens. This methodical process has led to the development of conservative budget principles of minimizing increases in taxes and fees while maintaining the same levels of service that citizens of Martinsville are accustomed to receiving. Management and Council realize the trend of providing current levels of service without evaluating the rate structure, revenues, and charges for services.
6. **Exploration of new revenue opportunities** – With direction from the City Council, staff continues to explore opportunities for revenue growth. Continued expansion of the City's fiber optic system shows potential while expansion opportunities are evaluated based on expected return on investment.
7. **Exploration of opportunities to reduce costs/outsource** - City staff continues to investigate options for outsourcing certain governmental functions/operations in areas where service can be provided at least as well if not better at less cost than providing the same service internally. Outsourcing housing functions, changes in management of the City's baseball team, the Martinsville Mustangs, and continuing to contract with the Martinsville Chamber of Commerce's Partnership for Economic Growth for small business development are several examples. The City recently contracted with Martinsville Henry County YMCA to provide management of recreation services, again at a substantial saving while keeping services unchanged, and other such opportunities are being considered. The City's Electric Department in cooperation with AEP Energy recently completed a battery storage project that is expected to generate significant savings for the city and utility customers.

Economic Factors Influencing FY2025 Budget and Tax Rates: (Continued)

8. **Uptown Revitalization Projects** – To accelerate the redevelopment of vacant and underutilized properties, the City is taking a more aggressive position on property acquisitions with a plan to leverage available funding through grants, and or other sources to repurpose properties to enhance the community. The establishment of the Land Bank is expected to complement the revitalization efforts with several projects. Additionally, the City is involved in several uptown redevelopment projects that will positively impact housing capacity, tax revenue growth, etc. Projects include BB & T project, the Five Points Housing Project, the Aaron Mill's Senior Living Project, and the property located at 62 Fayette Street.
9. **Job Creation** – The City continues to partner with Martinsville Henry County Economic Development Corporation (EDC), Henry County Administrators, in economic development. In FY25, efforts continue to retain and attract business and industries to our area and Martinsville and Henry County and region.
10. **Industrial Parks**– The City and Henry County partner in economic development through joint funding of the Martinsville-Henry County Economic Development Corporation. Additionally, a revenue-sharing agreement exists between the City and County at two County Industrial Parks. Under the agreement, the city is to receive one-third of the revenue generated after Henry County recovers its initial investment. The newest industrial Park, Commonwealth Crossing Business Center (CCBC), a 726-acre rail-served site, has become the focus of strategic development efforts and grading of several tracts at the site is completed/underway. The first tenant, Press Glass, now operates a 43.5M to construct a 280,000 square foot facility. Crown Holdings, the second tenant built an estimated 145M facility, with 20M expansion underway. Both the City and County expect more and more economic interest in these sites.
11. **Infrastructure Needs** – The City continues to address essential infrastructure needs, recently completing several projects – repairs to the sewer collection system, replaced water and election meters with an automation system, and upgraded lighting in city facilities in the past several years. Jones Creek Interceptor Project, Doe Run sewer line improvement, investments in Hooker Field, and other improvements using grants, American Rescue Plan Act (ARPA), etc.
12. **Opioid Epidemic** – The opioid epidemic in Virginia has a significant financial impact on local governments, contributing to an overall economic burden in the state. Increased costs in healthcare, public safety, and child and family services to name a few. Virginia receives a portion of the national opioid settlement funds with a specific allocation to localities to address the opioid crisis. The Virginia Opioid Abatement Authority is responsible for distributing these funds.

Looking Ahead

For Fiscal year 2025, the City Council approved a General Fund Budget of \$38,096,430 with no changes in utility rates, a 13% increase in refuse collection fees, and a decision to tax certain tangible personal properties (eligible vehicles) at 80% FMV to account for substantial increases in assessed values and to provide relief to taxpayers.

Requests for Information

This financial report is designed to provide a general overview of the City of Martinsville's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Martinsville, Finance Department, 55 West Church Street, Martinsville, Virginia 24112.

Basic Financial Statements

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Position
At June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 18,803,202	\$ 9,676,299	\$ 28,479,501	\$ 3,248,079
Cash and cash equivalents - restricted	-	427,564	427,564	-
Receivables (net of allowance for uncollectibles):				
Property taxes	2,591,660	-	2,591,660	-
Accounts receivable	1,519,227	3,351,440	4,870,667	2,279
Inventory	2,885,696	1,995,780	4,881,476	-
Due from other governments	1,529,236	623,713	2,152,949	2,318,818
Total Current Assets	\$ 27,329,021	\$ 16,074,796	\$ 43,403,817	\$ 5,569,176
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land and land improvements	\$ 4,379,094	\$ 683,624	\$ 5,062,718	\$ 47,172
Construction in progress	2,260,590	6,598,332	8,858,922	1,408,301
Buildings and improvements	3,109,854	1,710,977	4,820,831	12,934,228
Equipment	3,634,873	3,514,336	7,149,209	875,911
Infrastructure	3,773,682	42,451,047	46,224,729	-
Total Net Capital Assets	\$ 17,158,093	\$ 54,958,316	\$ 72,116,409	\$ 15,265,612
Total Noncurrent Assets	\$ 17,158,093	\$ 54,958,316	\$ 72,116,409	\$ 15,265,612
Total Assets	\$ 44,487,114	\$ 71,033,112	\$ 115,520,226	\$ 20,834,788
DEFERRED OUTFLOWS OF RESOURCES				
Items related to:				
Pension	\$ 2,516,049	\$ 1,221,273	\$ 3,737,322	\$ 4,095,574
OPEB	377,638	95,572	473,210	402,645
Total deferred outflows of resources	\$ 2,893,687	\$ 1,316,845	\$ 4,210,532	\$ 4,498,219
Total assets and deferred outflows of resources	\$ 47,380,801	\$ 72,349,957	\$ 119,730,758	\$ 25,333,007
LIABILITIES				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 3,769,290	\$ 2,295,613	\$ 6,064,903	\$ 2,130,794
Accrued interest payable	181,524	46,637	228,161	-
Unearned revenues	4,423,082	-	4,423,082	-
Current portion of long-term obligations	1,197,652	1,375,050	2,572,702	-
Total Current Liabilities	\$ 9,571,548	\$ 3,717,300	\$ 13,288,848	\$ 2,130,794
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 24,077,806	\$ 27,161,369	\$ 51,239,175	\$ 16,831,316
Total Noncurrent Liabilities	\$ 24,077,806	\$ 27,161,369	\$ 51,239,175	\$ 16,831,316
Total Liabilities	\$ 33,649,354	\$ 30,878,669	\$ 64,528,023	\$ 18,962,110
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 146,796	-	\$ 146,796	-
Items related to:				
Pension	2,078,941	403,189	2,482,130	2,192,393
OPEB	164,982	38,552	203,534	459,441
Total deferred inflows of resources	\$ 2,390,719	\$ 441,741	\$ 2,832,460	\$ 2,651,834
NET POSITION				
Net investment in capital assets	\$ 10,731,433	\$ 33,356,327	\$ 44,087,760	\$ 14,458,216
Restricted:				
Opioid settlement	1,270,919	-	1,270,919	-
State highway maintenance	2,810,182	-	2,810,182	-
Asset forfeiture	266,607	-	266,607	-
Unrestricted (deficit)	(3,738,413)	7,673,220	3,934,807	(10,739,153)
Total Net Position	\$ 11,340,728	\$ 41,029,547	\$ 52,370,275	\$ 3,719,063
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 47,380,801	\$ 72,349,957	\$ 119,730,758	\$ 25,333,007

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

CITY OF MARTINSVILLE, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,828,694	\$ 17,721	\$ 372,352	\$ -
Judicial administration	2,853,488	151,854	987,193	-
Public safety	13,555,439	654,063	8,434,731	-
Public works	4,319,615	1,574,748	4,495,402	569,332
Health and welfare	2,195,904	-	1,101,156	-
Education	6,661,732	-	-	-
Parks, recreation, and cultural	991,330	-	42,666	-
Community development	4,806,583	-	634,538	-
Interest on long-term debt	62,094	-	-	-
Total governmental activities	\$ 40,274,879	\$ 2,398,386	\$ 16,068,038	\$ 569,332
Business-type activities:				
Electric	\$ 20,533,010	\$ 21,262,767	\$ -	\$ -
Water	3,453,752	3,791,718	-	-
Sewer	4,761,252	5,248,710	-	4,381,297
Refuse collection / landfill	2,047,037	1,884,582	-	-
Total business-type activities	\$ 30,795,051	\$ 32,187,777	\$ -	\$ 4,381,297
Total primary government	\$ 71,069,930	\$ 34,586,163	\$ 16,068,038	\$ 4,950,629
COMPONENT UNIT:				
School Board	\$ 31,176,686	\$ 158,837	\$ 30,123,694	\$ -
General revenues:				
General property taxes				
Local sales tax				
Business license tax				
Meals tax				
Consumer utility tax				
Other local taxes				
Unrestricted revenues from use of money				
Miscellaneous				
Grants and contributions not restricted to specific programs				
City contribution to the school board, unrestricted				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning, as originally reported				
Restatements				
Net position (deficit) - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	Functions/Programs
PRIMARY GOVERNMENT:				
Governmental activities:				
\$ (4,438,621)	\$ -	\$ (4,438,621)	\$ -	General government administration
(1,714,441)	-	(1,714,441)	-	Judicial administration
(4,466,645)	-	(4,466,645)	-	Public safety
2,319,867	-	2,319,867	-	Public works
(1,094,748)	-	(1,094,748)	-	Health and welfare
(6,661,732)	-	(6,661,732)	-	Education
(948,664)	-	(948,664)	-	Parks, recreation, and cultural
(4,172,045)	-	(4,172,045)	-	Community development
(62,094)	-	(62,094)	-	Interest on long-term debt
\$ (21,239,123)	\$ -	\$ (21,239,123)	\$ -	Total government activities
Business-type activities:				
\$ -	\$ 729,757	\$ 729,757	\$ -	Electric
-	337,966	337,966	-	Water
-	4,868,755	4,868,755	-	Sewer
-	(162,455)	(162,455)	-	Refuse collection / landfill
\$ -	\$ 5,774,023	\$ 5,774,023	\$ -	Total business-type activities
\$ (21,239,123)	\$ 5,774,023	\$ (15,465,100)	\$ -	Total primary government
COMPONENT UNIT:				
\$ -	\$ -	\$ -	\$ (894,155)	School Board
General revenues:				
\$ 11,553,269	\$ -	\$ 11,553,269	\$ -	General property taxes
2,714,108	-	2,714,108	-	Local sales tax
2,222,227	-	2,222,227	-	Business license tax
3,005,116	-	3,005,116	-	Meals tax
642,213	-	642,213	-	Consumer utility tax
1,364,584	-	1,364,584	-	Other local taxes
918,251	27,638	945,889	48,370	Unrestricted revenues from use of money
1,328,651	657,017	1,985,668	434,833	Miscellaneous
1,281,309	-	1,281,309	-	Grants and contributions not restricted to specific programs
-	-	-	4,892,265	City contribution to the school board, unrestricted
550,000	(550,000)	-	-	Transfers
\$ 25,579,728	\$ 134,655	\$ 25,714,383	\$ 5,375,468	Total general revenues and transfers
\$ 4,340,605	\$ 5,908,678	\$ 10,249,283	\$ 4,481,313	Change in net position
6,321,504	35,120,869	41,442,373	(762,250)	Net position (deficit) - beginning, as originally reported
678,619	-	678,619	-	Restatements
7,000,123	35,120,869	42,120,992	(762,250)	Net position (deficit) - beginning, as restated
\$ 11,340,728	\$ 41,029,547	\$ 52,370,275	\$ 3,719,063	Net position - ending

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet - Governmental Funds
At June 30, 2024

	General	Meals Tax Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 15,749,257	\$ 1,964,561	\$ 1,238,869	\$ 18,952,687
Receivables (net of allowance for uncollectibles):				
Taxes, including penalties	2,591,660	-	-	2,591,660
Accounts	1,519,227	-	-	1,519,227
Inventory	1,337,764	-	-	1,337,764
Due from other governments	1,323,913	-	205,323	1,529,236
Total assets	<u>\$ 22,521,821</u>	<u>\$ 1,964,561</u>	<u>\$ 1,444,192</u>	<u>\$ 25,930,574</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 3,694,471	\$ -	\$ 74,819	\$ 3,769,290
Reconciled overdraft	-	-	149,485	149,485
Unearned revenue	4,423,082	-	-	4,423,082
Total liabilities	<u>\$ 8,117,553</u>	<u>\$ -</u>	<u>\$ 224,304</u>	<u>\$ 8,341,857</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 2,394,637	\$ -	\$ -	\$ 2,394,637
Unavailable revenue-opioid settlement	831,737	-	-	831,737
Total deferred inflows of resources	<u>\$ 3,226,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,226,374</u>
FUND BALANCES				
Nonspendable:				
Inventory	\$ 1,337,764	\$ -	\$ -	\$ 1,337,764
Restricted:				
Opioid settlement	439,182	-	-	439,182
State highway maintenance	2,810,182	-	-	2,810,182
Asset forfeiture	266,607	-	-	266,607
Committed:				
General government administration	369,409	-	-	369,409
Judicial administration	9,071	-	-	9,071
Public safety	682,510	-	-	682,510
Public works	7,301	-	-	7,301
Assigned:				
Capital reserve fund	-	-	1,219,888	1,219,888
Meals tax fund	-	1,964,561	-	1,964,561
Unassigned	5,255,868	-	-	5,255,868
Total fund balances	<u>\$ 11,177,894</u>	<u>\$ 1,964,561</u>	<u>\$ 1,219,888</u>	<u>\$ 14,362,343</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,521,821</u>	<u>\$ 1,964,561</u>	<u>\$ 1,444,192</u>	<u>\$ 25,930,574</u>

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

Total fund balances per exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,362,343
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	17,158,093
Inventory of land and buildings held for resale	1,547,932

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

Unavailable revenue - property taxes	\$ 2,247,841	
Unavailable revenue - opioid settlement	831,737	3,079,578

Items related to the measurement of the net pension and OPEB liabilities are considered deferred outflows and deferred inflows and will be amortized and recognized as expenses in future periods.

Deferred outflows related to:		
Pension items	\$ 2,516,049	
OPEB items	377,638	2,893,687
Deferred inflows related to:		
Pension items	\$ (2,078,941)	
OPEB items	(164,982)	(2,243,923)

Long-term liabilities, including bonds payable and grant repayment liabilities, are not due and payable in the current period and therefore, are not reported in the funds. All liabilities--both current and long-term--are reported in the statement of net position.

(25,275,458)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(181,524)

Net position of General Government Activities	<u>\$ 11,340,728</u>
---	----------------------

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Meals Tax Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 11,032,843	\$ -	\$ -	\$ 11,032,843
Other local taxes	6,943,132	3,005,116	-	9,948,248
Permits, privilege fees and regulatory licenses	88,648	-	-	88,648
Fines and forfeitures	84,025	-	-	84,025
Revenue from use of money and property	979,611	-	1,185	980,796
Charges for services	2,225,713	-	-	2,225,713
Miscellaneous	963,280	-	-	963,280
Recovered costs	2,427,287	-	-	2,427,287
Intergovernmental:				
Commonwealth	12,287,271	-	-	12,287,271
Federal	5,000,949	373,820	630,456	6,005,225
Total revenues	\$ 42,032,759	\$ 3,378,936	\$ 631,641	\$ 46,043,336
Expenditures:				
Current:				
General government administration	\$ 6,085,582	\$ 75,259	\$ 923,137	\$ 7,083,978
Judicial administration	3,008,329	-	-	3,008,329
Public safety	13,797,409	-	387,073	14,184,482
Public works	5,290,248	-	456,558	5,746,806
Health and welfare	2,313,818	-	-	2,313,818
Education	4,912,100	-	-	4,912,100
Parks, recreation, and cultural	980,290	-	14,000	994,290
Community development	4,865,164	-	772,469	5,637,633
Nondepartmental	114,908	-	-	114,908
Debt service:				
Principal retirement	-	780,079	341,437	1,121,516
Interest and other fiscal charges	-	422,009	19,941	441,950
Total expenditures	\$ 41,367,848	\$ 1,277,347	\$ 2,914,615	\$ 45,559,810
Excess (deficiency) of revenues over (under) expenditures	\$ 664,911	\$ 2,101,589	\$ (2,282,974)	\$ 483,526
Other financing sources (uses):				
Transfers in	\$ 1,755,000	\$ -	\$ 1,512,086	\$ 3,267,086
Transfers (out)	(921,768)	(1,795,318)	-	(2,717,086)
Total other financing sources (uses)	\$ 833,232	\$ (1,795,318)	\$ 1,512,086	\$ 550,000
Changes in fund balances	\$ 1,498,143	\$ 306,271	\$ (770,888)	\$ 1,033,526
Fund balances at beginning of year, as originally reported	9,001,132	1,658,290	1,990,776	12,650,198
Restatements	678,619	-	-	678,619
Fund balances at beginning of year, as restated	9,679,751	1,658,290	1,990,776	13,328,817
Fund balances at end of year	\$ 11,177,894	\$ 1,964,561	\$ 1,219,888	\$ 14,362,343

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2024

		<u>Primary Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	1,033,526
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 expense. This is the amount by which the depreciation exceeded capital outlays in the current year.		
Capital outlays	\$ 1,617,675	
Depreciation expense	<u>(1,111,583)</u>	506,092
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position		(50,127)
Inventory of land and buildings held for resale sold during the year		(62,545)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(782,870)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:		
Change in unavailable revenue - property taxes	\$ 520,426	
Change in unavailable revenue - opioid settlement	365,371	
Change in deferred inflows related to the measurement of:		
Pension items	1,365,878	
OPEB items	<u>131,910</u>	2,383,585
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of long-term obligations 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, similar items when obligations are first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Details supporting this adjustment are as follows:		
Principal retired on general obligation bonds	\$ 92,300	
Principal retired on capital financing activities	249,137	
Principal retired on VPA subsidy bonds	<u>780,079</u>	1,121,516
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. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ 41,833	
Change in deferred outflows related to:		
Pension items	(908,885)	
OPEB items	(185,883)	
Change in net pension liability	844,341	
Change in net OPEB liability - group life insurance	(2,349)	
Change in total Pay-as-you-Go OPEB liability	396,333	
Change in accrued interest payable	<u>6,038</u>	191,428
Change in net position of governmental activities	\$	<u><u>4,340,605</u></u>

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

Proprietary Funds
Statement of Net Position
At June 30, 2024

	Electric Fund	Water Fund	Sewer Fund	Refuse Collection/ Landfill Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,016,075	\$ 4,826,250	\$ 1,526,462	\$ 2,307,512	\$ 9,676,299
Cash and cash equivalents - restricted	377,026	50,538	-	-	427,564
Receivables (net of allowance for uncollectibles):	2,261,877	442,616	402,445	244,502	3,351,440
Due from other governments	-	-	623,713	-	623,713
Inventory	1,797,855	197,925	-	-	1,995,780
Total current assets	\$ 5,452,833	\$ 5,517,329	\$ 2,552,620	\$ 2,552,014	\$ 16,074,796
Noncurrent Assets:					
Capital assets:					
Land	\$ -	\$ 658,224	\$ 25,400	\$ -	\$ 683,624
Construction in progress	-	1,102,800	5,470,532	25,000	6,598,332
Buildings and improvements	586,744	1,993,728	1,230,905	2,967,861	6,779,238
Equipment	4,020,535	2,107,528	2,905,879	2,814,669	11,848,611
Infrastructure	41,110,304	18,925,393	35,650,229	-	95,685,926
Accumulated depreciation	(27,873,961)	(14,209,147)	(20,655,897)	(3,898,410)	(66,637,415)
Total capital assets (net of accumulated depreciation)	\$ 17,843,622	\$ 10,578,526	\$ 24,627,048	\$ 1,909,120	\$ 54,958,316
Total assets	\$ 23,296,455	\$ 16,095,855	\$ 27,179,668	\$ 4,461,134	\$ 71,033,112
DEFERRED OUTFLOWS OF RESOURCES					
Items related to:					
Pension	\$ 632,091	\$ 185,778	\$ 284,029	\$ 119,375	\$ 1,221,273
OPEB	34,214	18,967	32,112	10,279	95,572
Total deferred outflows of resources	\$ 666,305	\$ 204,745	\$ 316,141	\$ 129,654	\$ 1,316,845
Total assets and deferred outflows of resources	\$ 23,962,760	\$ 16,300,600	\$ 27,495,809	\$ 4,590,788	\$ 72,349,957
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 46,596	\$ 700,594	\$ 899,539	\$ 47,031	\$ 1,693,760
Retainage payable	-	-	174,289	-	174,289
Customers' deposits	377,026	50,538	-	-	427,564
Interest payable	28,605	14,375	-	3,657	46,637
Current portion of long-term obligations	348,650	337,737	641,134	47,529	1,375,050
Total current liabilities	\$ 800,877	\$ 1,103,244	\$ 1,714,962	\$ 98,217	\$ 3,717,300
Noncurrent liabilities:					
Noncurrent portion of long-term obligations	4,406,769	4,371,169	14,989,626	3,393,805	27,161,369
Total liabilities	\$ 5,207,646	\$ 5,474,413	\$ 16,704,588	\$ 3,492,022	\$ 30,878,669
DEFERRED INFLOWS OF RESOURCES					
Items related to:					
Pension	\$ 103,433	\$ 95,819	\$ 165,437	\$ 38,500	\$ 403,189
OPEB	12,953	7,856	13,528	4,215	38,552
Total deferred inflows of resources	\$ 116,386	\$ 103,675	\$ 178,965	\$ 42,715	\$ 441,741
NET POSITION					
Net investment in capital assets	\$ 15,025,622	\$ 6,903,845	\$ 9,807,740	\$ 1,619,120	\$ 33,356,327
Unrestricted (deficit)	3,613,106	3,818,667	804,516	(563,069)	7,673,220
Total net position	\$ 18,638,728	\$ 10,722,512	\$ 10,612,256	\$ 1,056,051	\$ 41,029,547
Total liabilities, deferred inflows of resources and net position	\$ 23,962,760	\$ 16,300,600	\$ 27,495,809	\$ 4,590,788	\$ 72,349,957

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

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Collection/ Landfill Fund</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 21,262,767	\$ 3,791,718	\$ 5,248,710	\$ 1,884,582	\$ 32,187,777
Miscellaneous	<u>258,604</u>	<u>195,209</u>	<u>9,336</u>	<u>193,868</u>	<u>657,017</u>
Total operating revenues	<u>\$ 21,521,371</u>	<u>\$ 3,986,927</u>	<u>\$ 5,258,046</u>	<u>\$ 2,078,450</u>	<u>\$ 32,844,794</u>
Operating expenses:					
Personnel services	\$ 1,410,811	\$ 846,982	\$ 1,226,228	\$ 411,011	\$ 3,895,032
Fringe benefits	568,266	224,310	327,454	159,461	1,279,491
Contractual services	384,930	598,881	351,415	96,705	1,431,931
Other charges	17,395,403	1,283,448	2,289,342	1,139,334	22,107,527
Depreciation	<u>699,514</u>	<u>450,385</u>	<u>566,813</u>	<u>232,499</u>	<u>1,949,211</u>
Total operating expenses	<u>\$ 20,458,924</u>	<u>\$ 3,404,006</u>	<u>\$ 4,761,252</u>	<u>\$ 2,039,010</u>	<u>\$ 30,663,192</u>
Operating income (loss)	<u>\$ 1,062,447</u>	<u>\$ 582,921</u>	<u>\$ 496,794</u>	<u>\$ 39,440</u>	<u>\$ 2,181,602</u>
Nonoperating revenues (expenses):					
Interest income	-	-	27,638	-	27,638
Interest expense	<u>(74,086)</u>	<u>(49,746)</u>	<u>-</u>	<u>(8,027)</u>	<u>(131,859)</u>
Total nonoperating revenues (expenses)	<u>\$ (74,086)</u>	<u>\$ (49,746)</u>	<u>\$ 27,638</u>	<u>\$ (8,027)</u>	<u>\$ (104,221)</u>
Income (loss) before capital contributions and transfers	<u>\$ 988,361</u>	<u>\$ 533,175</u>	<u>\$ 524,432</u>	<u>\$ 31,413</u>	<u>\$ 2,077,381</u>
Capital contributions	\$ -	\$ -	\$ 4,381,297	\$ -	\$ 4,381,297
Transfers (out)	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>(550,000)</u>
Change in net position	<u>\$ 988,361</u>	<u>\$ 283,175</u>	<u>\$ 4,905,729</u>	<u>\$ (268,587)</u>	<u>\$ 5,908,678</u>
Net position at beginning of year	<u>17,650,367</u>	<u>10,439,337</u>	<u>5,706,527</u>	<u>1,324,638</u>	<u>35,120,869</u>
Net position at end of year	<u><u>\$ 18,638,728</u></u>	<u><u>\$ 10,722,512</u></u>	<u><u>\$ 10,612,256</u></u>	<u><u>\$ 1,056,051</u></u>	<u><u>\$ 41,029,547</u></u>

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

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2024

	Electric Fund	Water Fund	Sewer Fund	Refuse Collection/ Landfill Fund	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 21,904,346	\$ 4,051,271	\$ 4,698,099	\$ 2,123,818	\$ 32,777,534
Payments to suppliers and other operating expenses	(18,311,878)	(1,947,047)	(2,650,875)	(1,169,223)	(24,079,023)
Payments to employees (including fringe benefits)	(1,946,304)	(1,153,798)	(1,743,411)	(583,941)	(5,427,454)
Net cash provided by (used for) operating activities	\$ 1,646,164	\$ 950,426	\$ 303,813	\$ 370,654	\$ 3,271,057
Cash Flows From Capital and Related Financing Activities:					
Purchase and construction of capital assets	\$ -	\$ (239,272)	\$ (4,318,029)	\$ (326,570)	\$ (4,883,871)
Federal grants	-	-	4,381,297	-	4,381,297
Retirement of general obligation bonds	-	-	-	(44,000)	(44,000)
Retirement of revenue bonds	-	(96,889)	(634,336)	-	(731,225)
Retirement of capital financing obligations	(308,000)	(214,000)	-	-	(522,000)
Interest expense	(77,212)	(51,917)	-	(8,580)	(137,709)
Net cash provided by (used for) capital and related financing activities	\$ (385,212)	\$ (602,078)	\$ (571,068)	\$ (379,150)	\$ (1,937,508)
Cash Flows From Investing Activities:					
Interest income	\$ -	\$ -	\$ 27,638	\$ -	\$ 27,638
Net Increase (decrease) in cash and cash equivalents	\$ 1,260,952	\$ 98,348	\$ (239,617)	\$ (308,496)	\$ 811,187
Cash and cash equivalents at beginning of year, including restricted	<u>132,149</u>	<u>4,778,440</u>	<u>1,766,079</u>	<u>2,616,008</u>	<u>9,292,676</u>
Cash and cash equivalents at end of year, including restricted	<u>\$ 1,393,101</u>	<u>\$ 4,876,788</u>	<u>\$ 1,526,462</u>	<u>\$ 2,307,512</u>	<u>\$ 10,103,863</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 1,062,447	\$ 582,921	\$ 496,794	\$ 39,440	\$ 2,181,602
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation	\$ 699,514	\$ 450,385	\$ 566,813	\$ 232,499	\$ 1,949,211
Changes in operating activities:					
(Increase) decrease in:					
Accounts receivable	349,410	59,845	63,766	45,368	518,389
Due from other governments	-	-	(623,713)	-	(623,713)
Inventory	(512,460)	27,864	-	-	(484,596)
Deferred outflows of resources	(390,804)	(27,383)	(1,366)	(31,394)	(450,947)
Increase (decrease) in:					
Accounts payable	(19,085)	(92,582)	(10,118)	(16,083)	(137,868)
Customer deposits	33,565	4,499	-	-	38,064
Net pension liability	479,897	61,798	59,638	54,533	655,866
Net OPEB liability - group life insurance	1,211	(2,614)	(4,707)	377	(5,733)
Total Pay-as-you-Go OPEB liability	54,138	415	(10,088)	3,868	48,333
Compensated absences	8,334	20,277	1,828	2,661	33,100
Landfill closure and post-closure liability	-	-	-	82,899	82,899
Deferred inflows of resources	(120,003)	(134,999)	(235,034)	(43,514)	(533,550)
Total adjustments	\$ 583,717	\$ 367,505	\$ (192,981)	\$ 331,214	\$ 1,089,455
Net cash provided by (used for) operating activities	<u>\$ 1,646,164</u>	<u>\$ 950,426</u>	<u>\$ 303,813</u>	<u>\$ 370,654</u>	<u>\$ 3,271,057</u>
Schedule of noncash capital and related financing activities:					
Capital related payables	\$ -	\$ -	\$ 881,782	\$ -	\$ -

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2024

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>1,080,035</u>
Total assets	\$ <u><u>1,080,035</u></u>
LIABILITIES	
Accounts payable	\$ <u>87,085</u>
Total liabilities	\$ <u>87,085</u>
NET POSITION	
Restricted for:	
Retiree benefits	\$ 269,091
Inmates	25,468
Piedmont Regional Criminal Justice Training Academy	382,241
Southern Virginia Recreation Facility Authority	0
Blue Ridge Regional Library	251,226
Dan River ASAP	<u>64,924</u>
Total net position	\$ <u>992,950</u>
Total liabilities and net position	\$ <u><u>1,080,035</u></u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Retiree and City contributions	\$ 5,583,614
Interest income	5,247
Collections for inmates	283,030
Collections for Piedmont Regional Criminal Justice Training Academy	624,456
Collections for Southern Virginia Recreation Facility Authority	172,967
Collections for Blue Ridge Regional Library	1,988,811
Collections for Dan River ASAP	226,531
Total additions	<u>\$ 8,884,656</u>
DEDUCTIONS	
Retiree benefits	\$ 5,898,889
Disbursements for inmates	276,846
Disbursements for Piedmont Regional Criminal Justice Training Academy	626,778
Disbursements for Southern Virginia Recreation Facility Authority	196,523
Disbursements for Blue Ridge Regional Library	1,980,460
Disbursements for Dan River ASAP	199,084
Total deductions	<u>\$ 9,178,580</u>
Net increase (decrease) in fiduciary net position	<u>\$ (293,924)</u>
Net position, beginning of year	<u>\$ 1,286,874</u>
Net position, end of year	<u><u>\$ 992,950</u></u>

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements As of June 30, 2024

Note 1—Summary of Significant Accounting Policies:

The City of Martinsville, Virginia (the "City") was incorporated in 1940 and its current Charter was granted in 1942. The City operates under a Council/Manager form of government. The Council consists of a Mayor and four (4) council members. The Council is responsible for appointing the City Manager. The City provides a full range of services as authorized by its Charter. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities, cultural events, education, social services, water and sewer and electric.

The financial statements of the City of Martinsville, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - The financial statements are required to be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of nonfiduciary activities of the primary government and its component unit. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - 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.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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.

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

Government-wide and Fund Financial Statements: (Continued)

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget, final budget and actual results.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The Economic Development Authority (EDA) board members are appointed by the City Council. Through the fiscal year ended June 30, 2024, the EDA has been funded mostly by City intergovernmental revenue. The financial information of the EDA is presented with the General Fund as a blended component unit for the fiscal year ended June 30, 2024.

Discretely Presented Component Unit School Board. The School Board members are appointed by the City Council and are responsible for the operations of the City's School System within the City boundaries. The School Board is fiscally dependent on the City. The City has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the City. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the City financial statements for the fiscal year ended June 30, 2024.

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

C. Other Related Organizations

Included in the City's Financial Report

None

Excluded from the City's Financial Report

Blue Ridge Regional Library — The Blue Ridge Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The counties of Henry and Patrick and the City provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Library's funding or has oversight responsibility over its operations. The City holds assets in a custodial capacity for the Library. These assets are accounted for as a custodial fund in the City's financial statements.

Henry-Martinsville Social Services Board — The Henry-Martinsville Social Services Board is considered a component unit of Henry County and therefore its operations are not included in the City's financial statements. Henry County and the City provide the financial support for the Board and appoint its governing Board. Henry County appoints 6 members of the Board and the City appoints 3 members.

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

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

Generally, the effect of interfund activity has been eliminated from the City's government-wide financial statements for internal service funds. Exceptions to our general rule are payments-in-lieu of taxes where the amounts are equivalent to interfund services provided and other charges between the government's proprietary funds and various other functions of 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)

D. 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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The City reports the following governmental funds.

The General Fund is the primary operating fund of the City. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

The Meals Tax fund is a Capital Projects Fund and is a major fund of the City. This fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of major capital facilities.

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

1. Governmental Funds: (Continued)

The City reports the following nonmajor governmental funds:

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The nonmajor Special Revenue Fund is the City Grants Fund.

Capital Projects Funds - The Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The only nonmajor Capital Projects Fund is the Capital Reserve Fund.

2. Proprietary Funds – account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds – Enterprise 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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the electric, water, sewer and refuse collection/landfill funds as major enterprise funds.

3. Fiduciary Funds – Custodial Funds – account for assets held by the City in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. Custodial funds utilize the accrual basis of accounting to recognize receivables and payables. Fiduciary funds are not included in the government-wide financial statements. Custodial funds include the Insurance Trust Fund, Inmate Trust Fund, Police Academy Fund, Southern Virginia Recreation Facility Authority Fund, Blue Ridge Regional Library Fund, and Dan River ASAP 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 charges between the government's Electric, Water, Sewer, and Refuse Collection/Landfill funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various funds concerned.

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

E. 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.

F. Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include unspent bond proceeds and accumulated interest that the City intends to use for the electric and water meter installation projects.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “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).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$964,754 at June 30, 2024, and is composed of the following:

<u>General Fund</u>	
Allowance for uncollectible property taxes	\$ <u>355,117</u>
<u>Enterprise Funds</u>	
Allowance for uncollectible accounts:	
Electric Fund	\$ 426,184
Water Fund	74,620
Sewer Fund	69,422
Refuse Collection/Landfill Fund	<u>39,411</u>
Total allowance for uncollectible accounts – Enterprise funds	\$ <u>609,637</u>
Total allowance for uncollectible accounts	\$ <u><u>964,754</u></u>

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

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5/June 5 (50% each date)	December 5th
Lien Date	January 1	January 1

The City bills and collects its own property taxes.

H. Inventory

Inventory consists of expendable supplies held for consumption and commercial and residential property held for resale. Inventories are valued at cost or weighted average cost for the supplies held for consumption.

I. Prepaid Items

Payments made for services that will benefit periods beyond June 30 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 in the year in which the services are consumed.

J. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

J. Capital Assets: (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease 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:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20-40
Furniture, Vehicles, Office and Computer Equipment	4-10
Buses	12
Utility plant in service	40-50
Infrastructure	30

K. 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 (expense/expenditure) until then. The City 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 City has two 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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

L. 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 City’s and School Board’s Retirement Plan and the additions to/deductions from the City’s and School Board’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)

M. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, 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, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

N. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the statement of net position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement. A liability for these amounts is recorded in the governmental funds only if they have matured, for example, as a result of employee retirement.

O. Unbilled Revenue

The City bills service charges to customers on a monthly basis. Service charges earned but unbilled are accrued based on the last billing and reported in the financial statements as billed receivables and revenues.

P. 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.

Q. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- 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 City 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;

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

Q. Fund Balance: (Continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, that 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 City 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).

R. Net Position

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 City 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 City'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)

S. Leases

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. The City has no leases requiring recognition at June 30, 2024.

Lessee

The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The City 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).

Key Estimates and Judgments

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

- The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease 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 incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

T. Long-term Obligations

In the government-wide 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.

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

T. Long-term Obligations: (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

U. Component Unit—School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the City who issues the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

In the Statement of Net Position, this scenario presents a dilemma for the City. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the City. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net position.

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

V. Upcoming Pronouncements

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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.

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before April 30th, the City Manager submits to the City 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.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the Fund level. The appropriation for each Fund can be revised only by the City Council. The City Manager is authorized to transfer budgeted amounts within a specific Fund; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all City units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

The City Grants Fund and Cafeteria Fund ended the fiscal year with expenditures in excess of budgeted appropriations of \$772,297 and \$335,028, respectively.

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 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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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).

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 3—Deposits and Investments: (Continued)

Investments: (Continued)

The City has not adopted a formal investment policy to address the various types of risks associated with investments.

Restricted cash and cash equivalents at June 30, 2024 consist of the following:

	Electric Fund	Water Fund	Total
Proprietary Funds:			
Utility customer deposits	\$ 377,026	\$ 50,538	\$ 427,564
Total	\$ 377,026	\$ 50,538	\$ 427,564

The component unit school board is part of the City's pooled cash and has a net balance in the amount of \$3,050,825 at June 30, 2024.

Note 4—Due from Other Governments:

At June 30, 2024, the City has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 201,811	\$ -
State sales tax	-	229,470
Constitutional officer reimbursements	578,544	-
Victim witness grants	4,257	-
Children's services	269,227	-
Communication taxes	49,464	-
Auto rental tax	12,064	-
Miscellaneous	4,281	24,902
Federal Government:		
Victim witness grants	8,938	-
Brownfields grants	170,332	-
EPA grants	513,973	-
DEQ grants	109,740	-
CDBG grants	205,323	-
Miscellaneous grants	24,995	-
School fund grants	-	2,064,446
Total due from other governments	\$ 2,152,949	\$ 2,318,818

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 5—Inventory:

At June 30, 2024, the City has inventory recorded in the various funds as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Expendable supplies	\$ 1,337,764	\$ 1,995,780
Land and building inventory held for resale:		
70 Commercial & residential lots held for resale	1,326,346	-
6 Commercial & residential buildings held for resale	221,586	-
Totals	<u>\$ 2,885,696</u>	<u>\$ 1,995,780</u>

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

Primary Government:

Governmental Activities:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
Capital assets, not being depreciated:				
Land	\$ 4,379,094	\$ -	\$ -	\$ 4,379,094
Construction in progress	1,546,343	714,247	-	2,260,590
Total capital assets not being depreciated	<u>\$ 5,925,437</u>	<u>\$ 714,247</u>	<u>\$ -</u>	<u>\$ 6,639,684</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 7,931,855	\$ -	\$ -	\$ 7,931,855
Equipment	12,925,621	903,428	106,185	13,722,864
Infrastructure	34,775,970	-	-	34,775,970
Jointly owned assets	5,945,646	-	782,870	5,162,776
Total capital assets being depreciated	<u>\$ 61,579,092</u>	<u>\$ 903,428</u>	<u>\$ 889,055</u>	<u>\$ 61,593,465</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,387,872	\$ 198,110	\$ -	\$ 5,585,982
Equipment	9,495,562	648,487	56,058	10,087,991
Infrastructure	30,866,371	135,917	-	31,002,288
Jointly owned assets	4,269,726	129,069	-	4,398,795
Total accumulated depreciation	<u>\$ 50,019,531</u>	<u>\$ 1,111,583</u>	<u>\$ 56,058</u>	<u>\$ 51,075,056</u>
Total capital assets being depreciated, net	<u>\$ 11,559,561</u>	<u>\$ (208,155)</u>	<u>\$ 832,997</u>	<u>\$ 10,518,409</u>
Governmental activities capital assets, net	<u>\$ 17,484,998</u>	<u>\$ 506,092</u>	<u>\$ 832,997</u>	<u>\$ 17,158,093</u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)**Business-type Activities:**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Electric Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 586,744	\$ -	\$ -	\$ 586,744
Equipment	4,020,535	-	-	4,020,535
Infrastructure	<u>41,110,304</u>	<u>-</u>	<u>-</u>	<u>41,110,304</u>
Total capital assets being depreciated	\$ <u>45,717,583</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45,717,583</u>
Accumulated depreciation:				
Buildings and improvements	\$ 586,744	\$ -	\$ -	\$ 586,744
Equipment	2,800,563	162,083	-	2,962,646
Infrastructure	<u>23,787,140</u>	<u>537,431</u>	<u>-</u>	<u>24,324,571</u>
Total accumulated depreciation	\$ <u>27,174,447</u>	\$ <u>699,514</u>	\$ <u>-</u>	\$ <u>27,873,961</u>
Total capital assets being depreciated, net	\$ <u>18,543,136</u>	\$ <u>(699,514)</u>	\$ <u>-</u>	\$ <u>17,843,622</u>
Electric fund capital assets, net	\$ <u><u>18,543,136</u></u>	\$ <u><u>(699,514)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>17,843,622</u></u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Water Fund:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 658,224	\$ -	\$ -	\$ 658,224
Construction in progress	<u>1,060,892</u>	<u>41,908</u>	<u>-</u>	<u>1,102,800</u>
Total capital assets not being depreciated	<u>\$ 1,719,116</u>	<u>\$ 41,908</u>	<u>\$ -</u>	<u>\$ 1,761,024</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,993,728	\$ -	\$ -	\$ 1,993,728
Equipment	1,954,032	197,364	43,868	2,107,528
Infrastructure	<u>18,925,393</u>	<u>-</u>	<u>-</u>	<u>18,925,393</u>
Total capital assets being depreciated	<u>\$ 22,873,153</u>	<u>\$ 197,364</u>	<u>\$ 43,868</u>	<u>\$ 23,026,649</u>
Accumulated depreciation:				
Buildings and improvements	\$ 1,513,388	\$ 37,917	\$ -	\$ 1,551,305
Equipment	1,463,575	59,624	43,868	1,479,331
Infrastructure	<u>10,825,667</u>	<u>352,844</u>	<u>-</u>	<u>11,178,511</u>
Total accumulated depreciation	<u>\$ 13,802,630</u>	<u>\$ 450,385</u>	<u>\$ 43,868</u>	<u>\$ 14,209,147</u>
Total capital assets being depreciated, net	<u>\$ 9,070,523</u>	<u>\$ (253,021)</u>	<u>\$ -</u>	<u>\$ 8,817,502</u>
Water fund capital assets, net	<u>\$ 10,789,639</u>	<u>\$ (211,113)</u>	<u>\$ -</u>	<u>\$ 10,578,526</u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)**Primary Government: (Continued)****Business-type Activities: (Continued)**

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Sewer Fund:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 25,400	\$ -	\$ -	\$ 25,400
Construction in progress	<u>381,801</u>	<u>5,088,731</u>	<u>-</u>	<u>5,470,532</u>
Total capital assets not being depreciated	\$ <u>407,201</u>	\$ <u>5,088,731</u>	\$ <u>-</u>	\$ <u>5,495,932</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,230,905	\$ -	\$ -	\$ 1,230,905
Equipment	2,794,799	111,080	-	2,905,879
Infrastructure	<u>35,650,229</u>	<u>-</u>	<u>-</u>	<u>35,650,229</u>
Total capital assets being depreciated	\$ <u>39,675,933</u>	\$ <u>111,080</u>	\$ <u>-</u>	\$ <u>39,787,013</u>
Accumulated depreciation:				
Buildings and improvements	\$ 1,024,377	\$ 17,826	\$ -	\$ 1,042,203
Equipment	1,746,200	135,697	-	1,881,897
Infrastructure	<u>17,318,507</u>	<u>413,290</u>	<u>-</u>	<u>17,731,797</u>
Total accumulated depreciation	\$ <u>20,089,084</u>	\$ <u>566,813</u>	\$ <u>-</u>	\$ <u>20,655,897</u>
Total capital assets being depreciated, net	\$ <u>19,586,849</u>	\$ <u>(455,733)</u>	\$ <u>-</u>	\$ <u>19,131,116</u>
Sewer fund capital asset, net	<u>\$ 19,994,050</u>	<u>\$ 4,632,998</u>	<u>\$ -</u>	<u>\$ 24,627,048</u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)**Business-type Activities: (Continued)**

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Refuse Collection/Landfill Fund:				
Capital assets, not being depreciated:				
Construction in progress	\$ <u>25,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>25,000</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ <u>2,967,861</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,967,861</u>
Equipment	<u>2,488,099</u>	<u>326,570</u>	<u>-</u>	<u>2,814,669</u>
Total capital assets being depreciated	\$ <u>5,455,960</u>	\$ <u>326,570</u>	\$ <u>-</u>	\$ <u>5,782,530</u>
Accumulated depreciation:				
Buildings and improvements	\$ <u>1,751,096</u>	\$ <u>136,913</u>	\$ <u>-</u>	\$ <u>1,888,009</u>
Equipment	<u>1,914,815</u>	<u>95,586</u>	<u>-</u>	<u>2,010,401</u>
Total accumulated depreciation	\$ <u>3,665,911</u>	\$ <u>232,499</u>	\$ <u>-</u>	\$ <u>3,898,410</u>
Total capital assets being depreciated, net	\$ <u>1,790,049</u>	\$ <u>94,071</u>	\$ <u>-</u>	\$ <u>1,884,120</u>
Refuse collection/landfill fund capital assets, net	\$ <u><u>1,815,049</u></u>	\$ <u><u>94,071</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,909,120</u></u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Total Business-type Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 683,624	\$ -	\$ -	\$ 683,624
Construction in progress	1,467,693	5,130,639	-	6,598,332
Total capital assets not being depreciated	\$ 2,151,317	\$ 5,130,639	\$ -	\$ 7,281,956
Capital assets being depreciated:				
Buildings and improvements	\$ 6,779,238	\$ -	\$ -	\$ 6,779,238
Equipment	11,257,465	635,014	43,868	11,848,611
Infrastructure	95,685,926	-	-	95,685,926
Total capital assets being depreciated	\$ 113,722,629	\$ 635,014	\$ 43,868	\$ 114,313,775
Accumulated depreciation:				
Buildings and improvements	\$ 4,875,605	\$ 192,656	\$ -	\$ 5,068,261
Equipment	7,925,153	452,990	43,868	8,334,275
Infrastructure	51,931,314	1,303,565	-	53,234,879
Total accumulated depreciation	\$ 64,732,072	\$ 1,949,211	\$ 43,868	\$ 66,637,415
Total capital assets being depreciated, net	\$ 48,990,557	\$ (1,314,197)	\$ -	\$ 47,676,360
Total Business-type capital assets, net	\$ 51,141,874	\$ 3,816,442	\$ -	\$ 54,958,316

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)

Discretely Presented Component Unit—School Board:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
Discretely Presented Component Unit-School Board:				
Capital assets, not being depreciated:				
Land	\$ 47,172	\$ -	\$ -	\$ 47,172
Construction in Progress	<u>600,905</u>	<u>807,396</u>	<u>-</u>	<u>1,408,301</u>
Total capital assets being depreciated	<u>\$ 648,077</u>	<u>\$ 807,396</u>	<u>\$ -</u>	<u>\$ 1,455,473</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,197,449	\$ -	\$ -	\$ 8,197,449
Equipment	<u>3,770,057</u>	<u>411,789</u>	<u>-</u>	<u>4,181,846</u>
Jointly owned assets	<u>17,791,112</u>	<u>782,870</u>	<u>-</u>	<u>18,573,982</u>
Total capital assets being depreciated	<u>\$ 29,758,618</u>	<u>\$ 1,194,659</u>	<u>\$ -</u>	<u>\$ 30,953,277</u>
Accumulated depreciation:				
Buildings and improvements	\$ 6,689,841	\$ 106,763	\$ -	\$ 6,796,604
Equipment	<u>3,125,505</u>	<u>180,430</u>	<u>-</u>	<u>3,305,935</u>
Jointly owned assets	<u>6,576,249</u>	<u>464,350</u>	<u>-</u>	<u>7,040,599</u>
Total accumulated depreciation	<u>\$ 16,391,595</u>	<u>\$ 751,543</u>	<u>\$ -</u>	<u>\$ 17,143,138</u>
Total capital assets being depreciated, net	<u>\$ 13,367,023</u>	<u>\$ 443,116</u>	<u>\$ -</u>	<u>\$ 13,810,139</u>
School Board capital assets, net	<u>\$ 14,015,100</u>	<u>\$ 1,250,512</u>	<u>\$ -</u>	<u>\$ 15,265,612</u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 6—Capital Assets: (Continued)

The following is a summary of depreciation expense for the year ended June 30, 2024:

Governmental activities:

General government administration	\$	109,933
Judicial administration		580
Public safety		439,437
Public works		326,837
Health and welfare		9,596
Education		129,069
Parks, recreation and cultural		41,794
Community development		54,337
Total Governmental activities	\$	<u>1,111,583</u>

Business-type activities:

Electric	\$	699,514
Water		450,385
Sewer		566,813
Refuse collection / landfill		232,499
Total Business-type activities	\$	<u>1,949,211</u>

Component Unit School Board \$ 287,193 *

* Note accumulated depreciation transferred from the Primary Government to the Component Unit School Board on Jointly owned assets totaled \$464,350 for the year ended June 30, 2024. When added to depreciation expense, the amount of \$751,543 agrees to total depreciation per the previous page.

Note 7—Interfund Transfers/Obligations:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Activities:		
General Fund	\$ 1,755,000	\$ 921,768
Meals tax	-	1,795,318
Nonmajor governmental funds:		
City grants	16,768	-
Capital reserve	1,495,318	-
Proprietary Funds:		
Water	-	250,000
Refuse Collection/Landfill	-	300,000
Total	\$ <u>3,267,086</u>	\$ <u>3,267,086</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

The following is a summary of change in long-term obligations for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2024	Due Within One Year
Governmental Activities Obligations:					
Incurred by City:					
Direct borrowings and placements:					
General obligation bonds	\$ 384,700	\$ -	\$ 92,300	\$ 292,400	\$ 94,800
Capital financing activity	503,583	-	249,137	254,446	254,446
Compensated absences	693,487	138,697	180,530	651,654	65,165
Net pension liability	16,824,333	7,211,399	8,055,740	15,979,992	-
Net OPEB liability - group life insurance	652,558	250,668	248,319	654,907	-
Total OPEB liability - Pay-as-you-Go	2,672,825	134,653	530,986	2,276,492	-
Total incurred by City	\$ 21,731,486	\$ 7,735,417	\$ 9,357,012	\$ 20,109,891	\$ 414,411
Incurred by School Board:					
Direct borrowings and placements:					
VPA subsidy bonds	\$ 5,945,646	\$ -	\$ 780,079	\$ 5,165,567	\$ 783,241
Total incurred by School Board	\$ 5,945,646	\$ -	\$ 780,079	\$ 5,165,567	\$ 783,241
Total Governmental Activities Obligations	\$ 27,677,132	\$ 7,735,417	\$ 10,137,091	\$ 25,275,458	\$ 1,197,652
Business-type Activities Obligations:					
Direct borrowings and placements:					
General obligation bonds	\$ 334,000	\$ -	\$ 44,000	\$ 290,000	\$ 45,000
Revenue bonds	16,927,433	-	731,225	16,196,208	731,710
Capital financing activity	4,756,000	-	522,000	4,234,000	570,000
Compensated absences	250,303	83,161	50,061	283,403	28,340
Net pension liability	3,539,151	2,640,915	1,985,049	4,195,017	-
Net OPEB liability - group life insurance	143,041	53,470	59,203	137,308	-
Total OPEB liability - Pay-as-you-Go	557,175	182,225	133,892	605,508	-
Landfill closure and post-closure costs	2,512,076	82,899	-	2,594,975	-
Total Business-type Activities Obligations	\$ 29,019,179	\$ 3,042,670	\$ 3,525,430	\$ 28,536,419	\$ 1,375,050
Total Primary Government	\$ 56,696,311	\$ 10,778,087	\$ 13,662,521	\$ 53,811,877	\$ 2,572,702

The City's General Fund and Meals Tax Fund are responsible for repaying the City's long-term obligation amounts.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize city governments' long-term obligations are as follows:

Year Ending June 30,	Governmental Activities Obligations				Business-type Activities Obligations					
	Direct Borrowings and Direct Placements				Direct Borrowings and Direct Placements					
	General		Capital		General		Revenue Bonds		Capital	
	Obligation Bonds		Financing Activity		Obligation Bonds		Revenue Bonds		Financing Activity	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 94,800	\$ 8,041	\$ 254,446	\$ 4,053	\$ 45,000	\$ 7,356	\$ 731,710	\$ 11,172	\$ 570,000	\$ 104,580
2026	97,500	5,434	-	-	46,000	6,105	732,197	10,684	638,000	90,501
2027	100,100	2,753	-	-	48,000	4,813	732,687	10,194	494,000	74,743
2028	-	-	-	-	49,000	3,479	733,179	9,702	501,000	62,541
2029	-	-	-	-	50,000	2,118	733,674	9,207	530,000	50,166
2030	-	-	-	-	52,000	715	734,172	8,710	561,000	37,075
2031	-	-	-	-	-	-	734,671	8,210	592,000	23,218
2032	-	-	-	-	-	-	735,174	7,708	348,000	8,596
2033	-	-	-	-	-	-	735,679	7,203	-	-
2034	-	-	-	-	-	-	736,186	6,696	-	-
2034	-	-	-	-	-	-	736,696	6,186	-	-
2036	-	-	-	-	-	-	737,208	5,673	-	-
2037	-	-	-	-	-	-	737,723	5,158	-	-
2038	-	-	-	-	-	-	738,241	4,641	-	-
2039	-	-	-	-	-	-	738,761	4,121	-	-
2040	-	-	-	-	-	-	739,284	3,598	-	-
2041	-	-	-	-	-	-	739,809	3,072	-	-
2042	-	-	-	-	-	-	740,337	2,544	-	-
2043	-	-	-	-	-	-	740,868	2,014	-	-
2044	-	-	-	-	-	-	741,401	1,480	-	-
2045	-	-	-	-	-	-	741,937	944	-	-
2046	-	-	-	-	-	-	563,905	406	-	-
2047	-	-	-	-	-	-	160,709	-	-	-
Total	\$ 292,400	\$ 16,228	\$ 254,446	\$ 4,053	\$ 290,000	\$ 24,586	\$ 16,196,208	\$ 129,323	\$ 4,234,000	\$ 451,420

Year Ending June 30,	Governmental Activities Obligations	
	Direct Borrowings and Direct Placements	
	School Board Obligations	
	General Obligation Bonds	
	Principal	Interest
2025	\$ 783,241	\$ 416,403
2026	786,569	410,575
2027	790,070	404,574
2028	793,755	398,389
2029	670,644	395,250
2030	670,644	395,250
2031	670,644	197,624
Total	\$ 5,165,567	\$ 2,618,065

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities Obligations:

Incurred by City:

Direct Borrowings and Placements:

General Obligation Bonds:

\$1,250,000 general obligation bond, Series 2012 issued (for Municipal building renovations) January 26, 2012, maturing in various annual installments of \$76,300 to \$100,100 through February 1, 2027, interest payable semi-annually at 2.75%

\$ 292,400

Total general obligations bonds \$ 292,400

Capital Financing Activity:

\$1,214,500 obligation for the purchase of major equipment, payable in semi-annual installments of \$129,250 beginning July 15, 2020 through January 15, 2025, interest at 2.120%

\$ 254,446

Total capital financing activity obligations \$ 254,446

Compensated absences \$ 651,654

Net pension liability \$ 15,979,992

Net OPEB liability - group life insurance \$ 654,907

Total Pay-as-you-Go OPEB liability \$ 2,276,492

Total Incurred by City \$ 20,109,891

Incurred by School Board:

Direct Borrowings and Placements:

General Obligation Bonds:

\$1,936,758 Virginia Public Authority Subsidy Bonds issued (for Patrick Henry Elementary School) November 1, 2007, due in annual installments of varying amounts through 2028; interest payable semi-annually at 4.38%

\$ 471,059

\$9,300,000 Qualified School Construction Bonds issued (for renovations to Martinsville High School) December 15, 2011, due in annual installments of varying amounts through December 1, 2030 interest free as a federal tax credit is provided to bondholders

4,694,508

Total general obligation bonds \$ 5,165,567

Total Incurred by the School Board \$ 5,165,567

Total Governmental Activities Obligations \$ 25,275,458

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities Obligations:

Direct Borrowings and Placements:

Revenue Bonds:

\$10,000,000 water and sewer revenue bonds series 2016 bonds maturing in various semi-annual installments of \$178,571 beginning May 1, 2018 through November 1, 2045, interest payable at 0.00%.

\$ 7,678,571

\$7,900,000 water and sewer revenue bonds series 2017 bonds maturing in various semi-annual installments of \$138,596 beginning April 1, 2019 through April 1, 2047, interest payable at 0.00%.

6,258,956

\$2,500,000 water and sewer revenue bonds series 2020 bonds maturing in various semi-annual installments of \$54,273 beginning March 1, 2022 through March 1, 2046, interest payable at 0.50% per annum.

2,258,681

Total revenue bonds \$ 16,196,208

General Obligation Bonds:

\$679,000 capital-related general obligation refunding series 2014B bonds maturing in various annual installments of \$36,000 to \$52,000 through July 15, 2029, interest payable semi-annually at 2.37%

\$ 290,000

Total general obligation bonds \$ 290,000

Capital Financing Activity:

\$7,425,000 obligation for the purchase of utility meters for electric and water, payable in various annual installments of \$348,000 to \$638,000 beginning February 1, 2018 through February 1, 2032, interest at 2.46%

\$ 4,234,000

Total capital financing activity obligations \$ 4,234,000

Compensated absences \$ 283,403

Net pension liability \$ 4,195,017

Net OPEB liability - group life insurance \$ 137,308

Total Pay-as-you-Go OPEB liability \$ 605,508

Landfill closure and postclosure costs \$ 2,594,975

Total Business-type Activities Obligations \$ 28,536,419

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

In the event of default for any general obligation bond, including the State Literary Fund Loan, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

Revenue bonds totaling \$16,196,208 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.

Discretely Presented Component Unit-School Board

The following is a summary of changes in long-term obligations of the Discretely Presented Component Unit-School Board for the fiscal year ended June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Deletions	Ending Balance June 30, 2024	Amounts Due Within One Year
Net pension liability - nonprofessional	\$ 1,684,863	\$ 681,827	\$ 764,097	\$ 1,602,593	-
Net pension liability - professional	12,236,825	6,015,323	5,475,630	12,776,518	-
Net OPEB liability - group life insurance	688,382	297,376	319,180	666,578	-
Net OPEB liability - health insurance credit	1,703,318	350,504	509,195	1,544,627	-
Total Pay-as-you-Go OPEB liability	274,000	17,000	50,000	241,000	-
Total	<u>\$ 16,587,388</u>	<u>\$ 7,362,030</u>	<u>\$ 7,118,102</u>	<u>\$ 16,831,316</u>	<u>\$ -</u>

Note 9—Landfill Closure and Postclosure Costs:

State and federal laws and regulations require the City to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with Statement 18 of the Governmental Accounting Standards Board entitled *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the City reported a liability for a portion of these closure and postclosure care costs based on landfill capacity used. The \$2,594,975 reported as landfill closure and postclosure care liability at June 30, 2024 is based on 100% of the estimated capacity used to date. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. Actual closure and postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations.

The City plans to meet all federal laws, regulations and test of financial assurance related to the financing of closure and postclosure care when they become effective.

The City demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 10—Unearned and Deferred/Unavailable Revenue:

The following is a summary of unearned and deferred/unavailable revenue for the year ended June 30, 2024:

	Government- wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unearned revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 2,247,841
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	146,796	146,796
Opioid settlement	-	831,737
Total deferred/unavailable revenue	\$ 146,796	\$ 3,226,374
Unearned revenue:		
Unused CSLFRF	\$ 4,423,082	\$ 4,423,082
Total	\$ 4,569,878	\$ 7,649,456

Note 11—Contingent Liabilities:

Federal programs in which the City and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 12—Litigation:

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

Note 13—Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries insurance.

The City is a member of the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP) for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The City pays VACORP contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The City continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 14—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the City and (nonprofessional) employees of the public school divisions 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. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through the City of Martinsville, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. 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.

Note 14—Pension Plan: (Continued)

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 member date prior to July 1, 2010 and not vested as of 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 and service 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 and service equal 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.

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 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

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.

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 City's contractually required employer contribution rate for the year ended June 30, 2024 was 19.70% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$3,176,471 and \$2,972,810 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

At June 30, 2024, the City reported a liability of \$20,175,009 for its proportionate share of the net pension liability. The City's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. In order to allocate the net pension liability to all employers included in the plan, the City is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2023 and 2022 was used as a basis for allocation to determine the City's proportionate share of the net pension liability. At June 30, 2023 and 2022, the City's proportion was 94.31% and 93.15%, respectively.

Note 14—Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City of Martinsville, Virginia’s Retirement Plan and the Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City of Martinsville, Virginia’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—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:

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

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

** On June 15, 2023, the VRS Board elected a long-term rate of 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%.

Note 14—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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City and Component Unit School Board (nonprofessional) were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions 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.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the City’s proportionate share of 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%)
City's proportionate share of the Net Pension Liability (Asset)	\$ 33,189,483	\$ 20,175,009	\$ 9,296,750

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,607,875. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

At June 30, 2024, the City 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	\$ -	\$ 643,696
Net difference between projected and actual earnings on pension plan investments	-	1,467,840
Changes in proportion	560,851	370,594
Employer contributions subsequent to the measurement date	<u>3,176,471</u>	<u>-</u>
Total	<u>\$ 3,737,322</u>	<u>\$ 2,482,130</u>

\$3,176,471 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2025	\$ (1,563,750)
2026	(1,736,424)
2027	1,326,412
2028	52,483
2029	-
Thereafter	-

Pension Plan Data

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

Note 14—Pension Plan: (Continued)

Component Unit School Board (nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

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

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	66
Inactive members:	
Vested inactive members	3
Non-vested inactive members	8
Inactive members active elsewhere in VRS	<u>16</u>
Total inactive members	27
Active members	<u>18</u>
Total covered employees	<u><u>111</u></u>

Contributions

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 36.86% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$222,391 and \$193,594 for the years ended June 30, 2024 and June 30, 2023, respectively.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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 Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 4,219,218	\$ 2,534,355	\$ 1,684,863
Changes for the year:			
Service cost	\$ 54,184	\$ -	\$ 54,184
Interest	276,665	-	276,665
Differences between expected and actual experience	(38,273)	-	(38,273)
Contributions - employer	-	193,300	(193,300)
Contributions - employee	-	24,604	(24,604)
Net investment income	-	158,539	(158,539)
Benefit payments, including refunds	(349,318)	(349,318)	-
Administrative expenses	-	(1,660)	1,660
Other changes	-	63	(63)
Net changes	\$ (56,742)	\$ 25,528	\$ (82,270)
Balances at June 30, 2023	\$ 4,162,476	\$ 2,559,883	\$ 1,602,593

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

The following presents the net pension liability of the Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the Component Unit School Board's (nonprofessional) 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%)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 2,001,844	\$ 1,602,593	\$ 1,251,257

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

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized pension expense of \$71,607. At June 30, 2024, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 52,620
Employer contributions subsequent to the measurement date	222,391	-
Total	\$ 222,391	\$ 52,620

Note 14—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

\$222,391 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2025	\$ (33,502)
2026	(57,735)
2027	37,008
2028	1,609
2029	-
Thereafter	-

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,194,637 and \$1,995,492 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division’s proportionate share is reflected in the Statement of Activities.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Contributions: (Continued)

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the Statement of Activities.

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

At June 30, 2024, the school division reported a liability of \$12,776,518 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was .1264% as compared to .1285% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$831,782. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,097,514	\$ 498,594
Change in assumptions	579,204	-
Net difference between projected and actual earnings on pension plan investments	-	830,731
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,828	810,448
Employer contributions subsequent to the measurement date	<u>2,194,637</u>	<u>-</u>
Total	<u>\$ 3,873,183</u>	<u>\$ 2,139,773</u>

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

\$2,194,637 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30		
2025	\$	(646,465)
2026		(931,673)
2027		903,045
2028		213,866
2029		-

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

Mortality rates: (Continued)

- Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
Rates projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the standard rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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
Discount Rate	No change

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	57,574,609
Plan Fiduciary Net Position		47,467,405
Employers' Net Pension Liability (Asset)	\$	10,107,204
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.45%

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of 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%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability	\$	22,648,209	\$ 12,776,518	\$ 4,661,176

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plan: Primary Government	\$ <u>3,737,322</u>	\$ <u>2,482,130</u>	\$ <u>20,175,009</u>	\$ <u>1,607,875</u>
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	\$ 222,391	\$ 52,620	\$ 1,602,593	\$ 71,607
School Board Professional	<u>3,873,183</u>	<u>2,139,773</u>	<u>12,776,518</u>	<u>831,782</u>
Totals	\$ <u>4,095,574</u>	\$ <u>2,192,393</u>	\$ <u>14,379,111</u>	\$ <u>903,389</u>

Note 15—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.

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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 program. 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.

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 program 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 \$9,254 as of June 30, 2024.

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$90,250 and \$84,024 for the years ended June 30, 2024 and June 30, 2023, respectively, for the City; \$3,345 and \$2,890 for the years ended June 30, 2024 and June 30, 2023, respectively, for the component unit school board (nonprofessional); and \$95,695 and \$67,805 for the years ended June 30, 2024 and June 30, 2023, respectively, for the component unit school board (professional).

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the Statement of Activities.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—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

At June 30, 2024, liabilities of \$792,215, \$27,224, and \$639,354 were reported for the City, component unit school board (nonprofessional), and component unit school board (professional), respectively, for the proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employers' proportions were 0.06606%, 0.00227%, and 0.05331% as compared to 0.06608%, 0.00220%, and 0.05500% at June 30, 2022, for the City, component unit school board (nonprofessional), and component unit school board (professional), respectively.

For the year ended June 30, 2024, the participating employers recognized GLI OPEB expense of \$29,251, \$477, and \$3,391, for the City, component unit school board (nonprofessional), and component unit school board (professional), respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,123	\$ 24,048	\$ 2,719	\$ 826	\$ 63,856	\$ 19,408
Net difference between projected and actual earnings on GLI OPEB plan investments	-	31,837	-	1,094	-	25,693
Change in assumptions	16,934	54,887	582	1,886	13,666	44,297
Changes in proportionate share	3,318	3,762	4,039	4,054	-	61,163
Employer contributions subsequent to the measurement date	90,250	-	3,345	-	75,365	-
Total	<u>\$ 189,625</u>	<u>\$ 114,534</u>	<u>\$ 10,685</u>	<u>\$ 7,860</u>	<u>\$ 152,887</u>	<u>\$ 150,561</u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—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)

\$90,250, \$3,345, \$75,365, for the City, component unit school board (nonprofessional), and component unit school board (professional), respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employers' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2025	\$ (7,196)	\$ (942)	\$ (25,241)
2026	(32,426)	(1,774)	(45,284)
2027	13,974	781	543
2028	2,436	1,020	(5,929)
2029	8,053	395	2,872
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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
Discount Rate	No change

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Net GLI OPEB Liability: (Continued)

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return*	8.25%

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

**On June 15, 2023, the VRS Board elected a long-term rate of 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%.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employers' 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 1,174,311	\$ 792,215	\$ 483,288
Component Unit School Board (nonprofessional) proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 40,355	\$ 27,224	\$ 16,608
Component Unit School Board (professional) proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 947,722	\$ 639,354	\$ 390,036

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 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 participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>22</u>
Total inactive members	<u>22</u>
Active members	18
Total covered employees	<u><u>40</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Component Unit School Board (nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2024 was 2.29% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the Component Unit School Board (nonprofessional) to the HIC Plan were \$14,133 and \$12,257 for the years ended June 30, 2024 and June 30, 2023, respectively.

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability

The Component Unit School Board (nonprofessional)’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

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

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

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

- Pre-Retirement:
 Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return*	8.25%

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

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%, including expected inflation of 2.50%.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 114,244	\$ 11,329	\$ 102,915
Changes for the year:			
Service cost	\$ 659	\$ -	\$ 659
Interest	7,659	-	7,659
Differences between expected and actual experience	(78,195)	-	(78,195)
Contributions - employer	-	12,257	(12,257)
Net investment income	-	1,121	(1,121)
Benefit payments	(2,880)	(2,880)	-
Administrative expenses	-	(34)	34
Other changes	-	(1)	1
Net changes	\$ (72,757)	\$ 10,463	\$ (83,220)
Balances at June 30, 2023	\$ 41,487	\$ 21,792	\$ 19,695

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the Component Unit School Board (nonprofessional)'s HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit School Board (nonprofessional)'s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit School Board (nonprofessional)'s net HIC 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%)
Component Unit School Board (nonprofessional)			
Net HIC OPEB Liability	\$ 23,814	\$ 19,695	\$ 16,182

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$(14,265). At June 30, 2024, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 47,071
Net difference between projected and actual earnings on HIC OPEB plan investments	126	-
Change in assumptions	2,018	-
Employer contributions subsequent to the measurement date	14,133	-
Total	\$ 16,277	\$ 47,071

\$14,133 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB that will be recognized in the HIC OPEB expense in future reporting periods.

Note 16—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Data

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

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 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 (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the school division to the VRS Teacher Employee HIC Plan were \$168,542 and \$151,876 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The school division's proportionate share is reflected in the Statement of Activities.

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2024, the school division reported a liability of \$1,524,932 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.12590% as compared to 0.12813% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$72,166. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 67,120
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	765	-
Change in assumptions	35,498	1,537
Change in proportion	31	145,292
Employer contributions subsequent to the measurement date	<u>168,542</u>	<u>-</u>
Total	\$ <u>204,836</u>	\$ <u>213,949</u>

\$168,542 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (49,604)
2026	(41,954)
2027	(33,634)
2028	(26,323)
2029	(18,574)
Thereafter	(7,566)

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation: Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers 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

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		17.90%

The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC 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.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

**On June 15, 2023, the VRS Board elected a long-term rate of 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%.

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB 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, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC 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%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,724,869	\$ 1,524,932	\$ 1,355,503

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance:

Primary Government:

Plan Description

In addition to the pension and OPEB benefits previously described, the City administers a single-employer defined benefit healthcare plan, the City of Martinsville Post-Retirement Medical Plan (CMPRMP). The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City’s pension plan. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees includes Medical insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. Retired employees, who were hired before July 1, 2005, who participated in the City’s medical program with at least 15 years of continuous service and who retire under the VRS plan are eligible to elect post-retirement coverage in the CMPRMP. The CMPRMP is closed to new entrants.

Plan Membership

At July 1, 2023 (measurement date), the following employees were covered by the benefit terms:

	Primary Government
Total active employees with coverage	67
Total retirees with coverage	40
Total	107

Contributions

The City holds assets accumulated for OPEB purposes in a custodial capacity. As required, the City reports these assets in a custodial fund. At June 30, 2024 the City held assets amounting to \$269,091 for OPEB purposes. The City Council establishes employer contribution rates for plan participants as part of the budgetary process each year. Council also determines how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. For retirees hired prior to July 1, 2000 with 15 years of uninterrupted service, the City pays 100% of the designated contribution towards the monthly single only coverage premium and the retiree contributes the remaining balance. Retirees hired on or after July 1, 2000 but prior to July 1, 2005, with 14 or less years of continuous service are not eligible for the designated contribution. For retirees hired in this same time frame with 15 through 19 years of continuous service, the City contributes 50% of the designated contribution and the retiree contributes the remaining balance. For retirees hired in this time frame with 20 or more years of continuous service, the City contributes 75% of the designated contribution and the retiree contributes the remaining balance. Retirees hired on or after July 1, 2005 are not eligible for the designated contribution.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Primary Government: (Continued)

Total OPEB Liability

The City’s total OPEB liability was measured as of July 1, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.86%
Salary Scale	2.50%
Healthcare Cost Trend Rates:	6.50% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%.
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.
Actuarial Cost Method:	Entry Age Actuarial Cost Method.

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

Discount Rate

The final equivalent single discount rate used for this year’s valuation is 3.86% as of the end of the fiscal year with the expectation that the City will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at July 1, 2023	\$	3,230,000
Changes for the year:		
Service cost		33,000
Interest		114,000
Difference between expected and actual experience		(178,000)
Changes in assumptions		25,000
Benefit payments		(342,000)
Net changes		(348,000)
Balances at June 30, 2024	\$	2,882,000

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Primary Government: (Continued)

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

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 3,043,000	\$ 2,882,000	\$ 2,731,000

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

The following presents the total OPEB liability of the City, 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 (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.50%)	Healthcare Cost Trend (6.50%)	1% Increase (7.50%)
\$ 2,695,000	\$ 2,882,000	\$ 3,084,000

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

For the year ended June 30, 2024, the City recognized OPEB expense in the amount of \$86,000. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 89,000
Changes in assumptions	12,000	-
Employer contributions subsequent to the measurement date	271,585	-
Total	\$ 283,585	\$ 89,000

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Primary Government: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2025	\$ (77,000)
2026	-
2027	-
2028	-
2029	-
Thereafter	-

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

Component Unit School Board:

Plan Description

In addition to the pension and OPEB benefits previously described, the School Board administers a single-employer defined benefit healthcare plan, the City of Martinsville School Board Post-Retirement Medical Plan (CMSBPRMP). The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plan. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees includes Medical insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. Retired employees, who were hired before July 1, 2005, who participated in the School Board’s medical program with at least 15 years of continuous service and who retire under the VRS plan are eligible to elect post-retirement coverage in the CMSBPRMP. The CMSBPRMP is closed to new entrants.

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Component Unit School Board: (Continued)

Plan Membership

At July 1, 2023 (measurement date), the following employees were covered by the benefit terms:

	<u>Component Unit School Board</u>
Total active employees with coverage	38
Total retirees with coverage	<u>11</u>
Total	<u><u>49</u></u>

Contributions

The School Board, in conjunction with the City, holds assets accumulated for OPEB purposes in a fiduciary capacity. The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. For retirees hired prior to July 1, 2000 with 15 years of uninterrupted service, the School Board pays 100% of the designated contribution towards the monthly single only coverage premium and the retiree contributes the remaining balance. Retirees hired on or after July 1, 2000 but prior to July 1, 2005, with 14 or less years of continuous service are not eligible for the designated contribution. For retirees hired in this same time frame with 15 through 19 years of continuous service, the School Board contributes 50% of the designated contribution and the retiree contributes the remaining balance. For retirees hired in this time frame with 20 or more years of continuous service, the Board contributes 75% of the designated contribution and the retiree contributes the remaining balance. Retirees hired on or after July 1, 2005 are not eligible for the designated contribution.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Component Unit School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.86%
Salary Scale	2.50%
Healthcare Cost Trend Rates:	6.50% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%.
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.
Actuarial Cost Method:	Entry Age Actuarial Cost Method.

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

Discount Rate

The final equivalent single discount rate used for this year’s valuation is 3.86% as of the end of the fiscal year with the expectation that the School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balances at July 1, 2023	\$ 274,000
Changes for the year:	
Service cost	6,000
Interest	10,000
Difference between expected and actual experience	(8,000)
Changes in assumptions	1,000
Benefit payments	(42,000)
Net changes	(33,000)
Balances at June 30, 2024	\$ 241,000

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Component Unit School Board: (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 252,000	\$ 241,000	\$ 231,000

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

The following presents the total OPEB liability of the School Board, 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 5.50% or one percentage point higher 7.50% than the current healthcare cost trend rates:

Rates		
1% Decrease (5.50%)	Healthcare Cost Trend (6.50%)	1% Increase (7.50%)
\$ 226,000	\$ 241,000	\$ 257,000

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

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$(77,000). At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows.

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 37,000
Changes in assumptions	2,000	3,000
Employer contributions subsequent to the measurement date	15,960	-
Total	\$ 17,960	\$ 40,000

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 18—Pay-as-you-Go (OPEB Plan) – Medical Insurance: (Continued)

Component Unit School Board: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

Year Ended June 30	Component Unit School Board
2025	\$ (36,000)
2026	(2,000)
2027	-
2028	-
2029	-
Thereafter	-

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

Aggregate OPEB Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net/Total OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 15):				
City	\$ 189,625	\$ 114,534	\$ 792,215	\$ 29,251
City Stand-Alone Plan (Note 18)	283,585	89,000	2,882,000	86,000
Totals	<u>\$ 473,210</u>	<u>\$ 203,534</u>	<u>\$ 3,674,215</u>	<u>\$ 115,251</u>
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 15):				
School Board Nonprofessional	\$ 10,685	\$ 7,860	\$ 27,224	\$ 477
School Board Professional	152,887	150,561	639,354	3,391
Nonprofessional Health Insurance Credit Plan (Note 16)	16,277	47,071	19,695	(14,265)
Teacher Health Insurance Credit Plan (Note 17)	204,836	213,949	1,524,932	72,166
School Stand-Alone Plan (Note 18)	17,960	40,000	241,000	(77,000)
Totals	<u>\$ 402,645</u>	<u>\$ 459,441</u>	<u>\$ 2,452,205</u>	<u>\$ (15,231)</u>

CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2024 (Continued)

Note 19—Surety Bonds:

	<u>Amount</u>
Travelers Casualty and Surety Company of America - Surety Faithful Performance of Duty Schedule Position Bond:	
Commonwealth Funds	
Jean P. Nunn, Clerk of the Circuit Court	\$ 103,000
Cindy Dickerson, Treasurer and/or Richard Stanfield, CFO	500,000
Ruth Easley, Commissioner of the Revenue	3,000
Steve M. Draper, Sheriff	30,000
Lumberman's Mutual Casualty Company - Surety City funds	
Cindy Dickerson, Treasurer	250,000
Virginia Municipal League - Surety	
All School Board employees - blanket bond	
VACORP - Surety	
All City employees - blanket bond	
Honesty	100,000
Faithful performance	1,000,000

Note 20 – Restatement of Beginning Balances:

Beginning balances were restated in the general fund and governmental activities as follows:

	<u>General Fund</u>	<u>Governmental Activites</u>
Fund Balance/Net Position at June 30, 2023, as previously reported	\$ 9,001,132	\$ 6,321,504
Unrecorded intergovernmental revenue accruals from prior year	<u>678,619</u>	<u>678,619</u>
Fund Balance/Net Position at June 30, 2023, as restated	\$ <u>9,679,751</u>	\$ <u>7,000,123</u>

Note 21 – Subsequent Event:

In January 2025, City Council authorized the termination of an agreement executed in July 2020 for a Company to construct a solar development. As part of the termination, the City will receive a termination payment of \$320,000 as liquidated damages.

This page intentionally left blank

Required Supplementary Information

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual

For the Year Ended June 30, 2024

	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 10,453,900	\$ 10,453,900	\$ 11,032,843	\$ 578,943
Other local taxes	6,375,350	6,375,350	6,943,132	567,782
Permits, privilege fees and regulatory licenses	72,700	72,700	88,648	15,948
Fines and forfeitures	87,500	100,824	84,025	(16,799)
Revenue from use of money and property	1,365,027	1,365,027	979,611	(385,416)
Charges for services	2,487,607	2,487,607	2,225,713	(261,894)
Miscellaneous	554,517	590,607	963,280	372,673
Recovered costs	2,372,758	2,372,758	2,427,287	54,529
Intergovernmental:				
Commonwealth	11,563,836	12,100,587	12,287,271	186,684
Federal	128,571	5,593,661	5,000,949	(592,712)
Total revenues	\$ 35,461,766	\$ 41,513,021	\$ 42,032,759	\$ 519,738
Expenditures:				
Current:				
General government administration	\$ 5,364,556	\$ 6,462,356	\$ 6,085,582	\$ 376,774
Judicial administration	3,267,101	3,283,421	3,008,329	275,092
Public safety	13,479,056	14,184,014	13,797,409	386,605
Public works	5,799,093	7,962,270	5,290,248	2,672,022
Health and welfare	1,489,168	1,769,168	2,313,818	(544,650)
Education	5,562,472	5,562,472	4,912,100	650,372
Parks, recreation, and cultural	911,449	1,536,449	980,290	556,159
Community development	3,069,437	3,428,437	4,865,164	(1,436,727)
Nondepartmental	-	-	114,908	(114,908)
Total expenditures	\$ 38,942,332	\$ 44,188,587	\$ 41,367,848	\$ 2,820,739
Excess (deficiency) of revenues over (under) expenditures	\$ (3,480,566)	\$ (2,675,566)	\$ 664,911	\$ 3,340,477
Other financing sources (uses):				
Transfers in	\$ 1,035,000	\$ 1,635,000	\$ 1,755,000	\$ 120,000
Transfers (out)	(100,000)	(905,000)	(921,768)	(16,768)
Total other financing sources (uses)	\$ 935,000	\$ 730,000	\$ 833,232	\$ 103,232
Changes in fund balances	\$ (2,545,566)	\$ (1,945,566)	\$ 1,498,143	\$ 3,443,709
Fund balances at beginning of year, as originally reported	2,545,566	1,945,566	9,001,132	7,055,566
Restatements	-	-	678,619	678,619
Fund balances at beginning of year, as restated	2,545,566	1,945,566	9,679,751	7,734,185
Fund balances at end of year	\$ -	\$ -	\$ 11,177,894	\$ 11,177,894

Schedule of Employer's Proportionate Share of the Net Pension Liability
VRS Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Employer's Proportion of the Net Pension Liability (NPL) (2)	Employer's Proportionate Share of the NPL (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - City Retirement Plan					
2023	94.31%	\$ 20,175,009	\$ 15,560,251	129.66%	81.80%
2022	93.15%	20,363,484	14,339,008	142.01%	81.08%
2021	93.33%	16,628,757	13,189,627	126.07%	84.51%
2020	92.86%	28,687,616	13,201,219	217.31%	72.02%
2019	93.00%	23,520,960	12,536,671	187.62%	76.36%
2018	92.39%	18,646,917	12,201,190	152.83%	79.88%
2017	91.95%	18,955,341	12,117,472	156.43%	79.02%
2016	93.61%	22,696,623	13,409,915	169.25%	74.76%
2015	93.37%	19,919,054	13,216,981	150.71%	77.41%
2014	93.42%	18,187,446	12,797,381	142.12%	78.66%
Component Unit School Board (professional)					
2023	0.1264%	\$ 12,776,518	\$ 12,551,770	101.79%	82.45%
2022	0.1285%	12,236,825	11,942,248	102.47%	82.61%
2021	0.1323%	10,269,025	11,665,019	88.03%	85.46%
2020	0.1330%	19,357,903	11,629,331	166.46%	71.47%
2019	0.1436%	18,899,892	12,065,156	156.65%	73.51%
2018	0.1444%	16,979,000	11,697,771	145.15%	74.81%
2017	0.1473%	18,117,000	11,642,954	155.60%	72.92%
2016	0.1522%	21,328,000	11,653,559	183.02%	68.28%
2015	0.1667%	20,984,000	11,644,367	180.21%	70.68%
2014	0.1646%	19,896,000	12,040,187	165.25%	70.88%

CITY OF MARTINSVILLE, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 54,184	\$ 35,466	\$ 34,400	\$ 40,331
Interest	276,665	268,409	266,430	271,048
Changes of assumptions	-	-	150,760	-
Differences between expected and actual experience	(38,273)	150,953	(49,151)	29,332
Benefit payments, including refunds of employee contributions	(349,318)	(353,156)	(464,015)	(354,242)
Net change in total pension liability	\$ (56,742)	\$ 101,672	\$ (61,576)	\$ (13,531)
Total pension liability - beginning	4,219,218	4,117,546	4,179,122	4,192,653
Total pension liability - ending (a)	\$ 4,162,476	\$ 4,219,218	\$ 4,117,546	\$ 4,179,122
Plan fiduciary net position				
Contributions - employer	\$ 193,300	\$ 132,602	\$ 105,041	\$ 94,136
Contributions - employee	24,604	21,844	17,563	18,988
Net investment income	158,539	776	627,500	49,077
Benefit payments, including refunds of employee contributions	(349,318)	(353,156)	(464,015)	(354,242)
Administrative expense	(1,660)	(1,760)	(1,855)	(1,856)
Other	63	60	56	(55)
Net change in plan fiduciary net position	\$ 25,528	\$ (199,634)	\$ 284,290	\$ (193,952)
Plan fiduciary net position - beginning	2,534,355	2,733,989	2,449,699	2,643,651
Plan fiduciary net position - ending (b)	\$ 2,559,883	\$ 2,534,355	\$ 2,733,989	\$ 2,449,699
School Division's net pension liability - ending (a) - (b)	\$ 1,602,593	\$ 1,684,863	\$ 1,383,557	\$ 1,729,423
Plan fiduciary net position as a percentage of the total pension liability	61.50%	60.07%	66.40%	58.62%
Covered payroll	\$ 535,232	\$ 479,965	\$ 380,908	\$ 413,317
School Division's net pension liability as a percentage of covered payroll	299.42%	351.04%	363.23%	418.43%

Exhibit 13

2019	2018	2017	2016	2015	2014
\$ 47,066	\$ 45,512	\$ 41,329	\$ 45,589	\$ 54,322	\$ 56,141
275,813	271,267	279,172	282,746	283,560	284,255
91,229	-	11,088	-	-	-
3,332	86,439	(100,879)	(43,743)	(5,140)	-
(329,941)	(346,627)	(340,625)	(330,699)	(358,029)	(342,606)
\$ 87,499	\$ 56,591	\$ (109,915)	\$ (46,107)	\$ (25,287)	\$ (2,210)
4,105,154	4,048,563	4,158,478	4,204,585	4,229,872	4,232,082
<u>\$ 4,192,653</u>	<u>\$ 4,105,154</u>	<u>\$ 4,048,563</u>	<u>\$ 4,158,478</u>	<u>\$ 4,204,585</u>	<u>\$ 4,229,872</u>
\$ 111,669	\$ 128,396	\$ 127,356	\$ 113,958	\$ 110,982	\$ 119,537
22,489	21,938	21,782	20,903	21,192	25,188
169,498	192,350	301,389	42,268	123,775	399,239
(329,941)	(346,627)	(340,625)	(330,699)	(358,029)	(342,606)
(1,856)	(1,789)	(1,891)	(1,784)	(1,895)	(2,295)
(106)	(166)	(262)	(19)	(23)	21
\$ (28,247)	\$ (5,898)	\$ 107,749	\$ (155,373)	\$ (103,998)	\$ 199,084
2,671,898	2,677,796	2,570,047	2,725,420	2,829,418	2,630,334
<u>\$ 2,643,651</u>	<u>\$ 2,671,898</u>	<u>\$ 2,677,796</u>	<u>\$ 2,570,047</u>	<u>\$ 2,725,420</u>	<u>\$ 2,829,418</u>
\$ 1,549,002	\$ 1,433,256	\$ 1,370,767	\$ 1,588,431	\$ 1,479,165	\$ 1,400,454
63.05%	65.09%	66.14%	61.80%	64.82%	66.89%
\$ 488,976	\$ 476,016	\$ 470,771	\$ 442,484	\$ 426,964	\$ 503,742
316.78%	301.09%	291.17%	358.98%	346.44%	278.01%

This page intentionally left blank

Schedule of Employer Contributions

VRS Pension Plans

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2024	\$ 3,176,471	\$ 3,176,471	\$ -	\$ 16,528,294	19.22%
2023	2,972,810	2,972,810	-	15,560,251	19.11%
2022	2,588,254	2,588,254	-	14,339,008	18.05%
2021	2,438,761	2,438,761	-	13,189,627	18.49%
2020	2,133,317	2,133,317	-	13,201,219	16.16%
2019	2,025,957	2,025,957	-	12,536,671	16.16%
2018	1,969,272	1,969,272	-	12,201,190	16.14%
2017	1,955,760	1,955,760	-	12,117,472	16.14%
2016	2,368,834	2,368,834	-	13,409,915	18.87%
2015	2,290,963	2,290,963	-	13,216,981	18.87%
Component Unit School Board (nonprofessional)					
2024	\$ 222,391	\$ 222,391	\$ -	\$ 617,159	36.03%
2023	193,594	193,594	-	535,232	36.17%
2022	132,602	132,602	-	479,965	27.63%
2021	108,026	108,026	-	380,908	28.36%
2020	94,367	94,367	-	413,317	22.83%
2019	111,670	111,670	-	488,976	22.84%
2018	128,395	128,395	-	476,016	26.97%
2017	130,309	130,309	-	470,771	27.68%
2016	115,179	115,179	-	442,484	26.03%
2015	111,139	111,139	-	426,964	26.03%
Component Unit School Board (professional)					
2024	\$ 2,194,637	\$ 2,194,637	\$ -	\$ 13,929,054	15.76%
2023	1,995,492	1,995,492	-	12,551,770	15.90%
2022	1,909,414	1,909,414	-	11,942,248	15.99%
2021	1,871,335	1,871,335	-	11,665,019	16.04%
2020	1,767,607	1,767,607	-	11,629,331	15.20%
2019	1,839,146	1,839,146	-	12,065,156	15.24%
2018	1,867,973	1,867,973	-	11,697,771	15.97%
2017	1,706,857	1,706,857	-	11,642,954	14.66%
2016	1,632,707	1,632,707	-	11,653,559	14.01%
2015	1,682,744	1,682,744	-	11,644,367	14.45%

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

Notes to Required Supplementary Information
VRS Pension Plans
For the Year Ended June 30, 2024

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

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

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

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

Component Unit School Board - Professional 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
Discount Rate	No change

Schedule of the City of Martinsville, Virginia's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
Primary Government:					
2023	0.06606%	\$ 792,215	\$ 15,559,800	5.09%	69.30%
2022	0.06608%	795,599	14,373,330	5.54%	67.21%
2021	0.06564%	764,770	13,562,526	5.64%	67.45%
2020	0.06571%	1,095,346	13,507,364	8.11%	52.64%
2019	0.06584%	1,063,675	12,813,125	8.30%	52.00%
2018	0.06556%	996,180	12,417,162	8.02%	51.22%
2017	0.06690%	1,006,978	12,340,571	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2023	0.00227%	\$ 27,224	\$ 535,232	5.09%	69.30%
2022	0.00220%	26,611	479,965	5.54%	67.21%
2021	0.00190%	21,539	380,908	5.65%	67.45%
2020	0.00201%	33,543	413,317	8.12%	52.64%
2019	0.00250%	40,682	488,976	8.32%	52.00%
2018	0.00256%	39,000	487,266	8.00%	51.22%
2017	0.00255%	38,000	470,771	8.07%	48.86%
Component Unit School Board (professional):					
2023	0.05331%	\$ 639,354	\$ 12,556,520	5.09%	69.30%
2022	0.05500%	661,771	11,955,720	5.54%	67.21%
2021	0.05650%	658,279	11,673,818	5.64%	67.45%
2020	0.05666%	945,562	11,661,219	8.11%	52.64%
2019	0.06131%	997,677	12,019,507	8.30%	52.00%
2018	0.06141%	933,000	11,676,842	7.99%	51.22%
2017	0.06306%	948,000	11,631,723	8.15%	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.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2024	\$ 90,250	\$ 90,250	\$ -	\$ 16,712,719	0.54%
2023	84,024	84,024	-	15,559,800	0.54%
2022	77,616	77,616	-	14,373,330	0.54%
2021	73,238	73,238	-	13,562,526	0.54%
2020	70,239	70,239	-	13,507,364	0.52%
2019	67,127	67,127	-	12,813,125	0.52%
2018	64,569	64,569	-	12,417,162	0.52%
2017	64,171	64,171	-	12,340,571	0.52%
2016	59,337	59,337	-	12,361,953	0.48%
2015	58,581	58,581	-	12,204,419	0.48%
Component Unit School Board (nonprofessional)					
2024	\$ 3,345	\$ 3,345	\$ -	\$ 619,409	0.54%
2023	2,890	2,890	-	535,232	0.54%
2022	2,592	2,592	-	479,965	0.54%
2021	2,057	2,057	-	380,908	0.54%
2020	2,149	2,149	-	413,317	0.52%
2019	2,543	2,543	-	488,976	0.52%
2018	2,553	2,553	-	487,266	0.52%
2017	2,448	2,448	-	470,771	0.52%
2016	2,140	2,140	-	445,817	0.48%
2015	2,125	2,125	-	442,703	0.48%
Component Unit School Board (professional)					
2024	\$ 95,695	\$ 95,695	\$ -	\$ 17,721,236	0.54%
2023	67,805	67,805	-	12,556,520	0.54%
2022	64,561	64,561	-	11,955,720	0.54%
2021	63,039	63,039	-	11,673,818	0.54%
2020	60,638	60,638	-	11,661,219	0.52%
2019	62,501	62,501	-	12,019,507	0.52%
2018	61,187	61,187	-	11,676,842	0.52%
2017	60,485	60,485	-	11,631,723	0.52%
2016	55,718	55,718	-	11,607,840	0.48%
2015	59,769	59,769	-	12,451,790	0.48%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

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

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

Teachers

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
Discount Rate	No change

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

Schedule of Changes in the City of Martinsville, Virginia School Board's
 Net OPEB Liability and Related Ratios
 Nonprofessional Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020 through June 30, 2023

	2023	2022	2021	2020
Total HIC OPEB Liability				
Service cost	\$ 659	\$ 1,641	\$ 1,519	\$ -
Interest	7,659	6,031	5,422	-
Changes in benefit terms	-	-	-	80,326
Differences between expected and actual experience	(78,195)	(1,686)	-	-
Changes of assumptions	-	22,188	2,075	-
Benefit payments	(2,880)	(3,272)	-	-
Net change in total HIC OPEB liability	\$ (72,757)	\$ 24,902	\$ 9,016	\$ 80,326
Total HIC OPEB Liability - beginning	114,244	89,342	80,326	-
Total HIC OPEB Liability - ending (a)	\$ 41,487	\$ 114,244	\$ 89,342	\$ 80,326
Plan fiduciary net position				
Contributions - employer	\$ 12,257	\$ 7,728	\$ 6,132	\$ -
Net investment income	1,121	(102)	892	-
Benefit payments	(2,880)	(3,272)	-	-
Administrator charges	(34)	(22)	(27)	-
Other	(1)	-	-	-
Net change in plan fiduciary net position	\$ 10,463	\$ 4,332	\$ 6,997	\$ -
Plan fiduciary net position - beginning	11,329	6,997	-	-
Plan fiduciary net position - ending (b)	\$ 21,792	\$ 11,329	\$ 6,997	\$ -
School's net HIC OPEB liability - ending (a) - (b)	\$ 19,695	\$ 102,915	\$ 82,345	\$ 80,326
Plan fiduciary net position as a percentage of the total HIC OPEB liability	52.53%	9.92%	7.83%	0.00%
Covered payroll	\$ 535,232	\$ 479,965	\$ 380,908	\$ N/A
School's net HIC OPEB liability as a percentage of covered payroll	3.68%	21.44%	21.62%	N/A

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Nonprofessional Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2024

Date	Contributions in					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2024	\$ 14,133	\$ 14,133	\$ -	\$ 617,159	2.29%	
2023	12,257	12,257	-	535,232	2.29%	
2022	7,727	7,727	-	479,965	1.61%	
2021	6,133	6,133	-	380,908	1.61%	

Schedule is intended to show information for 10 years. Information prior to the 2021 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Nonprofessional Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2024

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

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

Non-Largest Ten Locality Employers - General Employees

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

Schedule of the City of Martinsville, Virginia School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

Date	Employer's Proportion of the Net HIC OPEB Liability	Employer's Proportionate Share of the Net HIC OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
2023	0.12590%	\$ 1,524,932	\$ 12,551,770	12.1491%	17.90%
2022	0.12813%	1,600,403	11,942,248	13.4012%	15.08%
2021	0.13190%	1,693,028	11,665,019	14.5137%	13.15%
2020	0.13265%	1,730,441	11,629,331	14.8800%	9.95%
2019	0.14320%	1,874,627	12,011,142	15.6074%	8.97%
2018	0.14438%	1,833,000	11,676,842	15.6977%	8.08%
2017	0.14714%	1,867,000	11,612,639	16.0773%	7.04%

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.

Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	\$ 168,542	\$ 168,542	\$ -	\$ 13,929,054	1.21%
2023	151,876	151,876	-	12,551,770	1.21%
2022	144,501	144,501	-	11,942,248	1.21%
2021	141,147	141,147	-	11,665,019	1.21%
2020	139,552	139,552	-	11,629,331	1.20%
2019	144,134	144,134	-	12,011,142	1.20%
2018	143,625	143,625	-	11,676,842	1.23%
2017	128,900	128,900	-	11,612,639	1.11%
2016	123,000	123,000	-	11,603,738	1.06%
2015	131,395	131,395	-	12,395,708	1.06%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2024

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

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

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
Discount Rate	No change

CITY OF MARTINSVILLE, VIRGINIA

Schedule of Changes in Total OPEB Liability and Related Ratios City and School OPEB Plan For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022
Primary Government:			
Total OPEB liability			
Service cost	\$ 33,000	\$ 51,000	\$ 44,000
Interest	114,000	65,000	85,000
Differences between expected and actual experience	(178,000)	396,000	41,000
Changes of assumptions	25,000	(418,000)	-
Benefit payments, including refunds of employee contributions	(342,000)	(372,000)	(394,000)
Other changes	-	-	100,000
Net change in total OPEB liability	\$ (348,000)	\$ (278,000)	\$ (124,000)
Total OPEB liability - beginning	3,230,000	3,508,000	3,632,000
Total OPEB liability - ending	\$ 2,882,000	\$ 3,230,000	\$ 3,508,000
 Covered-employee payroll	 \$ 4,322,000	 \$ 4,322,000	 \$ 4,166,000
 City's total OPEB liability (asset) as a percentage of covered-employee payroll	 66.68%	 74.73%	 84.21%
 Component Unit School Board:			
Total OPEB liability			
Service cost	\$ 6,000	\$ 18,000	\$ 16,000
Interest	10,000	10,000	12,000
Differences between expected and actual experience	(8,000)	(198,000)	3,000
Changes of assumptions	1,000	(19,000)	14,000
Benefit payments, including refunds of employee contributions	(42,000)	(44,000)	(35,000)
Net change in total OPEB liability	\$ (33,000)	\$ (233,000)	\$ 10,000
Total OPEB liability - beginning	274,000	507,000	497,000
Total OPEB liability - ending	\$ 241,000	\$ 274,000	\$ 507,000
 Covered-employee payroll	 \$ 1,959,000	 \$ 1,959,000	 \$ 2,564,000
 School's total OPEB liability (asset) as a percentage of covered-employee payroll	 12.30%	 13.99%	 19.77%

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

Exhibit 25

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 51,000	\$ 46,000	\$ 69,000	\$ 67,000
105,000	125,000	114,000	118,000
207,000	(14,000)	264,000	-
-	97,000	230,000	-
(331,000)	(397,000)	(375,000)	(241,000)
135,000	-	-	-
<u>\$ 167,000</u>	<u>\$ (143,000)</u>	<u>\$ 302,000</u>	<u>\$ (56,000)</u>
3,465,000	3,608,000	3,306,000	3,362,000
<u><u>\$ 3,632,000</u></u>	<u><u>\$ 3,465,000</u></u>	<u><u>\$ 3,608,000</u></u>	<u><u>\$ 3,306,000</u></u>
\$ 4,166,000	\$ 5,601,000	\$ 5,601,000	\$ 7,427,000
87.18%	61.86%	64.42%	44.51%
\$ 19,000	\$ 19,000	\$ 23,000	\$ 22,000
21,000	24,000	25,000	26,000
(197,000)	19,000	38,000	-
17,000	18,000	(11,000)	-
(56,000)	(88,000)	(108,000)	(48,000)
<u>\$ (196,000)</u>	<u>\$ (8,000)</u>	<u>\$ (33,000)</u>	<u>\$ -</u>
693,000	701,000	734,000	734,000
<u><u>\$ 497,000</u></u>	<u><u>\$ 693,000</u></u>	<u><u>\$ 701,000</u></u>	<u><u>\$ 734,000</u></u>
\$ 2,564,000	\$ 4,072,000	\$ 4,072,000	\$ 4,764,000
19.38%	17.02%	17.22%	15.41%

Notes to Required Supplementary Information - City and School's OPEB
For the Year Ended June 30, 2024

Valuation Date: 7/1/2022
Measurement Date: 7/1/2023

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	3.86%
Salary Scale	2.50%
Healthcare Trend Rate	6.50% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%.
Mortality Rates	RP 2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Other Supplementary Information

This page intentionally left blank

Combining and Individual Fund Financial Statements and Schedules

This page intentionally left blank

Meals Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Final Budget Positive (Negative)</u>
Revenues:				
Other local taxes	\$ 2,700,000	\$ 2,700,000	\$ 3,005,116	\$ 305,116
Intergovernmental:				
Federal	<u>372,721</u>	<u>372,721</u>	<u>373,820</u>	<u>1,099</u>
Total revenues	<u>\$ 3,072,721</u>	<u>\$ 3,072,721</u>	<u>\$ 3,378,936</u>	<u>\$ 306,215</u>
Expenditures:				
Current:				
General government administration	\$ 75,259	\$ 75,259	\$ 75,259	\$ -
Debt service:				
Principal retirement	780,079	780,079	780,079	-
Interest and other fiscal charges	<u>422,065</u>	<u>422,065</u>	<u>422,009</u>	<u>56</u>
Total expenditures	<u>\$ 1,277,403</u>	<u>\$ 1,277,403</u>	<u>\$ 1,277,347</u>	<u>\$ 56</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,795,318</u>	<u>\$ 1,795,318</u>	<u>\$ 2,101,589</u>	<u>\$ 306,271</u>
Other financing sources (uses):				
Transfers (out)	<u>\$ (1,795,318)</u>	<u>\$ (1,795,318)</u>	<u>\$ (1,795,318)</u>	<u>\$ -</u>
Changes in fund balances	\$ -	\$ -	\$ 306,271	\$ 306,271
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>1,658,290</u>	<u>1,658,290</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,964,561</u></u>	<u><u>\$ 1,964,561</u></u>

Nonmajor Governmental Funds
Combining Balance Sheet
At June 30, 2024

	Special Revenue Funds	Capital Projects Fund	
	City Grants Fund	Capital Reserve Fund	Total
ASSETS			
Cash and cash equivalents	\$ 14,592	\$ 1,224,277	\$ 1,238,869
Due from other governments	<u>205,323</u>	<u>-</u>	<u>205,323</u>
Total assets	<u>\$ 219,915</u>	<u>\$ 1,224,277</u>	<u>\$ 1,444,192</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 70,430	\$ 4,389	\$ 74,819
Reconciled overdraft	<u>149,485</u>	<u>-</u>	<u>149,485</u>
Total liabilities	<u>\$ 219,915</u>	<u>\$ 4,389</u>	<u>\$ 224,304</u>
FUND BALANCES			
Assigned:			
Capital reserve fund	\$ -	\$ 1,219,888	\$ 1,219,888
Total fund balances	<u>\$ -</u>	<u>\$ 1,219,888</u>	<u>\$ 1,219,888</u>
Total liabilities and fund balances	<u>\$ 219,915</u>	<u>\$ 1,224,277</u>	<u>\$ 1,444,192</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Fund	Capital Projects Fund	
	City Grants Fund	Capital Reserve Fund	Total
Revenues:			
Revenue from use of money and property	\$ 1,185	\$ -	\$ 1,185
Intergovernmental:			
Federal	630,456	-	630,456
Total revenues	\$ 631,641	\$ -	\$ 631,641
Expenditures:			
General government administration	\$ -	\$ 923,137	\$ 923,137
Public safety	-	387,073	387,073
Public works	-	456,558	456,558
Parks, recreation, and cultural	-	14,000	14,000
Community development	772,469	-	772,469
Debt service:			
Principal retirement	-	341,437	341,437
Interest and fiscal charges	-	19,941	19,941
Total expenditures	\$ 772,469	\$ 2,142,146	\$ 2,914,615
Excess (deficiency) of revenues over (under) expenditures	\$ (140,828)	\$ (2,142,146)	\$ (2,282,974)
Other financing sources:			
Transfers in	\$ 16,768	\$ 1,495,318	\$ 1,512,086
Total other financing sources	\$ 16,768	\$ 1,495,318	\$ 1,512,086
Changes in fund balances	\$ (124,060)	\$ (646,828)	\$ (770,888)
Fund balances at beginning of year	124,060	1,866,716	1,990,776
Fund balances at end of year	\$ -	\$ 1,219,888	\$ 1,219,888

CITY OF MARTINSVILLE, VIRGINIA

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual

For the Year Ended June 30, 2024

	Special Revenue Funds			
	City Grants Fund			
	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ 2,700	\$ 2,700	\$ 1,185	\$ (1,515)
Intergovernmental:				
Federal	-	-	630,456	630,456
Total revenues	\$ 2,700	\$ 2,700	\$ 631,641	\$ 628,941
Expenditures:				
General government administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Community development	172	172	772,469	(772,297)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	\$ 172	\$ 172	\$ 772,469	\$ (772,297)
Excess (deficiency) of revenues over (under) expenditures	\$ 2,528	\$ 2,528	\$ (140,828)	\$ (143,356)
Other financing sources (uses):				
Transfers in	-	-	16,768	16,768
Changes in fund balances	\$ 2,528	\$ 2,528	\$ (124,060)	\$ (126,588)
Fund balances at beginning of year	(2,528)	(2,528)	124,060	126,588
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 30

Capital Projects Fund			
Capital Reserve Fund			
Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ 179,907	\$ 857,321	\$ 923,137	\$ (65,816)
629,115	629,115	387,073	242,042
340,916	340,916	456,558	(115,642)
34,000	34,000	14,000	20,000
-	-	-	-
341,437	341,437	341,437	-
19,943	19,943	19,941	2
\$ 1,545,318	\$ 2,222,732	\$ 2,142,146	\$ 80,586
\$ (1,545,318)	\$ (2,222,732)	\$ (2,142,146)	\$ 80,586
1,545,318	1,545,318	1,495,318	(50,000)
\$ -	\$ (677,414)	\$ (646,828)	\$ 30,586
-	677,414	1,866,716	1,189,302
\$ -	\$ -	\$ 1,219,888	\$ 1,219,888

This page intentionally left blank

Combining Statement of Fiduciary Net Position -
Custodial Funds
At June 30, 2024

	Insurance Trust Fund	Inmate Trust Fund	Police Academy Fund	Blue Ridge Regional Library Fund	Dan River ASAP Fund	Total
ASSETS						
Cash and cash equivalents	\$ 269,091	\$ 25,468	\$ 417,344	\$ 300,253	\$ 67,879	\$ 1,080,035
Total assets	<u>\$ 269,091</u>	<u>\$ 25,468</u>	<u>\$ 417,344</u>	<u>\$ 300,253</u>	<u>\$ 67,879</u>	<u>\$ 1,080,035</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 35,103	\$ 49,027	\$ 2,955	\$ 87,085
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,103</u>	<u>\$ 49,027</u>	<u>\$ 2,955</u>	<u>\$ 87,085</u>
NET POSITION						
Restricted for:						
Retiree benefits	\$ 269,091	\$ -	\$ -	\$ -	\$ -	\$ 269,091
Inmates	-	25,468	-	-	-	25,468
Piedmont Regional Criminal Justice Training Academy	-	-	382,241	-	-	382,241
Blue Ridge Regional Library	-	-	-	251,226	-	251,226
Dan River ASAP	-	-	-	-	64,924	64,924
Total net position	<u>\$ 269,091</u>	<u>\$ 25,468</u>	<u>\$ 382,241</u>	<u>\$ 251,226</u>	<u>\$ 64,924</u>	<u>\$ 992,950</u>
Total liabilities and net position	<u>\$ 269,091</u>	<u>\$ 25,468</u>	<u>\$ 417,344</u>	<u>\$ 300,253</u>	<u>\$ 67,879</u>	<u>\$ 1,080,035</u>

CITY OF MARTINSVILLE VIRGINIA

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

For the Year Ended June 30, 2024

	<u>Insurance Trust Fund</u>	<u>Inmate Trust Fund</u>	<u>Police Academy Fund</u>
ADDITIONS			
Retiree and City contributions	\$ 5,583,614	\$ -	\$ -
Interest income	324	-	-
Collections for inmates	-	283,030	-
Collections for Piedmont Regional Criminal Justice Training Academy	-	-	624,456
Collections for Southern Virginia Recreation Facility Authority	-	-	-
Collections for Blue Ridge Regional Library	-	-	-
Collections for Dan River ASAP	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>\$ 5,583,938</u>	<u>\$ 283,030</u>	<u>\$ 624,456</u>
DEDUCTIONS			
Retiree benefits	\$ 5,898,889	\$ -	\$ -
Disbursements for inmates	-	276,846	-
Disbursements for Piedmont Regional Criminal Justice Training Academy	-	-	626,778
Disbursements for Southern Virginia Recreation Facility Authority	-	-	-
Disbursements for Blue Ridge Regional Library	-	-	-
Disbursements for Dan River ASAP	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>\$ 5,898,889</u>	<u>\$ 276,846</u>	<u>\$ 626,778</u>
Net increase (decrease) in fiduciary net position	<u>\$ (314,951)</u>	<u>\$ 6,184</u>	<u>\$ (2,322)</u>
Net position, beginning of year	<u>\$ 584,042</u>	<u>\$ 19,284</u>	<u>\$ 384,563</u>
Net position, end of year	<u><u>\$ 269,091</u></u>	<u><u>\$ 25,468</u></u>	<u><u>\$ 382,241</u></u>

Exhibit 32

Southern Virginia Recreation Facility Authority Fund	Blue Ridge Regional Library Fund	Dan River ASAP Fund	Total
\$ -	\$ -	\$ -	\$ 5,583,614
-	4,285	638	5,247
-	-	-	283,030
-	-	-	624,456
172,967	-	-	172,967
-	1,988,811	-	1,988,811
-	-	226,531	226,531
<u>\$ 172,967</u>	<u>\$ 1,993,096</u>	<u>\$ 227,169</u>	<u>\$ 8,884,656</u>
\$ -	\$ -	-	\$ 5,898,889
-	-	-	276,846
-	-	-	626,778
196,523	-	-	196,523
-	1,980,460	-	1,980,460
-	-	199,084	199,084
<u>\$ 196,523</u>	<u>\$ 1,980,460</u>	<u>\$ 199,084</u>	<u>\$ 9,178,580</u>
<u>\$ (23,556)</u>	<u>\$ 12,636</u>	<u>\$ 28,085</u>	<u>(293,924)</u>
<u>\$ 23,556</u>	<u>\$ 238,590</u>	<u>\$ 36,839</u>	<u>\$ 1,286,874</u>
<u><u>\$ -</u></u>	<u><u>\$ 251,226</u></u>	<u><u>\$ 64,924</u></u>	<u><u>\$ 992,950</u></u>

This page intentionally left blank

Combining Balance Sheet
Discretely Presented Component Unit -- School Board
At June 30, 2024

	School Operating Fund	School Cafeteria Fund	School Grants Fund	School Activity Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 669,824	\$ 1,977,350	\$ 403,651	\$ 197,254	\$ 3,248,079
Accounts receivable	2,279	-	-	-	2,279
Due from other governments	1,206,538	47,464	1,064,816	-	2,318,818
Total assets	<u>\$ 1,878,641</u>	<u>\$ 2,024,814</u>	<u>\$ 1,468,467</u>	<u>\$ 197,254</u>	<u>\$ 5,569,176</u>
LIABILITIES					
Accounts payable	\$ 728,138	\$ 51,251	\$ 65,413	\$ -	\$ 844,802
Accrued liabilities	1,150,503	42,660	92,829	-	1,285,992
Total liabilities	<u>\$ 1,878,641</u>	<u>\$ 93,911</u>	<u>\$ 158,242</u>	<u>\$ -</u>	<u>\$ 2,130,794</u>
FUND BALANCES					
Committed:					
School food program	\$ -	\$ 1,930,903	\$ -	\$ -	\$ 1,930,903
Education	-	-	1,310,225	197,254	1,507,479
Total fund balances	<u>\$ -</u>	<u>\$ 1,930,903</u>	<u>\$ 1,310,225</u>	<u>\$ 197,254</u>	<u>\$ 3,438,382</u>
Total liabilities and fund balances	<u>\$ 1,878,641</u>	<u>\$ 2,024,814</u>	<u>\$ 1,468,467</u>	<u>\$ 197,254</u>	<u>\$ 5,569,176</u>

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

Total Fund balances, above \$ 3,438,382

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. 15,265,612

Items related to the measurement of the net pension, group life insurance OPEB, and health insurance OPEB liabilities are considered deferred outflows and will be amortized and recognized as expenses in future periods.

Deferred outflows related to:

Pension items	\$ 4,095,574	
OPEB items	402,645	4,498,219

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. All liabilities--both current and long-term--are reported in the statement of net position.

Details supporting this adjustment are as follows:

Net pension liability	(14,379,111)
Net OPEB liability - group life insurance	(666,578)
Net OPEB liability - health insurance credit	(1,544,627)
Total Pay-as-you-Go OPEB liability	(241,000)

Items related to the measurement of the net pension, group life insurance OPEB, and health insurance OPEB liabilities are considered deferred inflows and will be amortized and recognized as expenses in future periods.

Deferred inflows related to:

Pension items	\$ (2,192,393)	
OPEB items	(459,441)	(2,651,834)

Net position of General Government Activities \$ 3,719,063

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2024

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Grants Fund</u>	<u>School Activity Fund</u>	<u>Total</u>
Revenues:					
Revenue from use of money and property	\$ 10,717	\$ 37,653	\$ -	\$ -	\$ 48,370
Charges for services	-	158,837	-	-	158,837
Miscellaneous	65,678	-	-	369,155	434,833
Recovered costs	438,931	-	-	-	438,931
Intergovernmental:					
Local government	4,892,265	-	-	-	4,892,265
Commonwealth	19,714,781	41,775	1,259,922	-	21,016,478
Federal	4,099,019	1,883,972	2,937,825	-	8,920,816
Total revenues	<u>\$ 29,221,391</u>	<u>\$ 2,122,237</u>	<u>\$ 4,197,747</u>	<u>\$ 369,155</u>	<u>\$ 35,910,530</u>
Expenditures:					
Current:					
Education	<u>\$ 29,238,638</u>	<u>\$ 2,404,396</u>	<u>\$ 2,710,144</u>	<u>\$ 381,200</u>	<u>\$ 34,734,378</u>
Total expenditures	<u>\$ 29,238,638</u>	<u>\$ 2,404,396</u>	<u>\$ 2,710,144</u>	<u>\$ 381,200</u>	<u>\$ 34,734,378</u>
Other financing sources (uses):					
Insurance recoveries	<u>\$ 17,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,247</u>
Total other financing sources (uses)	<u>\$ 17,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,247</u>
Changes in fund balances	\$ -	\$ (282,159)	\$ 1,487,603	\$ (12,045)	\$ 1,193,399
Fund balances at beginning of year	-	2,213,062	(177,378)	209,299	2,244,983
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,930,903</u>	<u>\$ 1,310,225</u>	<u>\$ 197,254</u>	<u>\$ 3,438,382</u>

Discretely Presented Component Unit - School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2024

Net changes in fund balances - total governmental funds \$ 1,193,399

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 expense. This is the amount by which depreciation exceeded capital outlays in the current period computed as follows:

Capital outlays	\$ 1,219,185	
Depreciation expense	<u>(751,543)</u>	467,642

Transfer of joint tenancy assets from Primary Government to Component Unit School Board 782,870

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:

Change in deferred inflows related to:

Pension items	\$ 1,404,645	
OPEB items	<u>126,816</u>	1,531,461

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. The following is a summary of items supporting this adjustment:

Change in deferred outflows related to:

Pension items	\$ 752,523	
OPEB items	(2,654)	
Change in net pension liability	(457,423)	
Change in net OPEB liability - group life insurance	21,804	
Change in net OPEB liability - health insurance credit	158,691	
Change in total Pay-as-you-Go OPEB liability	<u>33,000</u>	<u>505,941</u>

Changes in net position of governmental activities \$ 4,481,313

CITY OF MARTINSVILLE, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2024

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Revenue from use of money and property	\$ -	\$ -	\$ 10,717	\$ 10,717	\$ 50,000	\$ 50,000	\$ 37,653	\$ (12,347)
Charges for services	-	-	-	-	195,000	195,000	158,837	(36,163)
Miscellaneous	-	55,000	65,678	10,678	-	-	-	-
Recovered costs	285,000	285,000	438,931	153,931	-	-	-	-
Intergovernmental:								
Local government	5,542,637	5,542,637	4,892,265	(650,372)	-	-	-	-
Commonwealth	19,365,404	19,717,536	19,714,781	(2,755)	40,641	40,641	41,775	1,134
Federal	37,300	5,621,987	4,099,019	(1,522,968)	1,415,000	1,415,000	1,883,972	468,972
Total revenues	\$ 25,230,341	\$ 31,222,160	\$ 29,221,391	\$ (2,000,769)	\$ 1,700,641	\$ 1,700,641	\$ 2,122,237	\$ 421,596
Expenditures:								
Current:								
Education	\$ 25,230,341	\$ 31,693,606	\$ 29,238,638	\$ 2,454,968	\$ 2,069,368	\$ 2,069,368	\$ 2,404,396	\$ (335,028)
Total expenditures	\$ 25,230,341	\$ 31,693,606	\$ 29,238,638	\$ 2,454,968	\$ 2,069,368	\$ 2,069,368	\$ 2,404,396	\$ (335,028)
Excess (deficiency) of revenues over expenditures	\$ -	\$ (471,446)	\$ (17,247)	\$ 454,199	\$ (368,727)	\$ (368,727)	\$ (282,159)	\$ 86,568
Other financing sources (uses):								
Insurance recoveries	\$ -	\$ -	\$ 17,247	\$ 17,247	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ 17,247	\$ 17,247	\$ -	\$ -	\$ -	\$ -
Changes in fund balances	\$ -	\$ (471,446)	\$ -	\$ 471,446	\$ (368,727)	\$ (368,727)	\$ (282,159)	\$ 86,568
Fund balances at beginning of year	-	471,446	-	(471,446)	368,727	368,727	2,213,062	1,844,335
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,930,903	\$ 1,930,903

School Grants Fund				School Activity Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	369,155	369,155
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,259,922	1,259,922	-	-	-	-	-
-	2,484,388	2,937,825	453,437	-	-	-	-
\$ -	\$ 3,744,310	\$ 4,197,747	\$ 453,437	\$ -	\$ -	\$ 369,155	\$ 369,155
\$ -	\$ 3,766,750	\$ 2,710,144	\$ 1,056,606	\$ -	\$ -	\$ 381,200	\$ (381,200)
\$ -	\$ 3,766,750	\$ 2,710,144	\$ 1,056,606	\$ -	\$ -	\$ 381,200	\$ (381,200)
\$ -	\$ (22,440)	\$ 1,487,603	\$ 1,510,043	\$ -	\$ -	\$ (12,045)	\$ (12,045)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (22,440)	\$ 1,487,603	\$ 1,510,043	\$ -	\$ -	\$ (12,045)	\$ (12,045)
-	22,440	(177,378)	(199,818)	-	-	209,299	209,299
\$ -	\$ -	\$ 1,310,225	\$ 1,310,225	\$ -	\$ -	\$ 197,254	\$ 197,254

This page intentionally left blank

Supporting Schedules

This page intentionally left blank

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,645,000	\$ 7,645,000	\$ 7,758,041	\$ 113,041
Personal property taxes	1,388,900	1,388,900	1,680,511	291,611
Business equipment	1,000,000	1,000,000	1,065,158	65,158
Machinery and tools taxes	135,000	135,000	152,980	17,980
Penalties	135,000	135,000	180,511	45,511
Interest and costs	150,000	150,000	195,642	45,642
Total general property taxes	\$ 10,453,900	\$ 10,453,900	\$ 11,032,843	\$ 578,943
Other local taxes:				
Local sales and use taxes	\$ 2,601,500	\$ 2,601,500	\$ 2,714,108	\$ 112,608
Consumers' utility taxes	576,800	576,800	642,213	65,413
Business license tax	2,100,000	2,100,000	2,222,227	122,227
Franchise license taxes	20,000	20,000	20,000	-
Motor vehicle licenses	340,000	340,000	330,978	(9,022)
Bank franchise tax	440,000	440,000	546,030	106,030
Taxes on recordation and wills	70,000	70,000	181,758	111,758
Grantor tax	32,000	32,000	28,129	(3,871)
Cigarette tax	155,000	155,000	159,242	4,242
Rental tax	50	50	14	(36)
E911 tax	-	-	4,809	4,809
Transient room tax	40,000	40,000	93,624	53,624
Total other local taxes	\$ 6,375,350	\$ 6,375,350	\$ 6,943,132	\$ 567,782
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 3,500	\$ 3,500	\$ 3,065	\$ (435)
Other permits and licenses	69,200	69,200	85,583	16,383
Total permits, privilege fees and regulatory licenses	\$ 72,700	\$ 72,700	\$ 88,648	\$ 15,948
Fines and Forfeitures:				
Court fines and forfeitures	\$ 80,000	\$ 81,298	\$ 76,980	\$ (4,318)
Other fines and forfeitures	7,500	19,526	7,045	(12,481)
Total fines and forfeitures	\$ 87,500	\$ 100,824	\$ 84,025	\$ (16,799)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 500,020	\$ 500,020	\$ 410,246	\$ (89,774)
Revenue from use of property	865,007	865,007	569,365	(295,642)
Total revenue from use of money and property	\$ 1,365,027	\$ 1,365,027	\$ 979,611	\$ (385,416)
Charges for services:				
Sheriff fees	\$ 3,624	\$ 3,624	\$ 3,625	\$ 1
Courthouse maintenance fees	6,000	6,000	5,161	(839)
Court appointed attorney fees	6,000	6,000	2,599	(3,401)
Court house security fees	22,000	22,000	26,030	4,030
Ambulance Fees	782,400	782,400	499,006	(283,394)
Document reproduction fee	1,700	1,700	1,664	(36)
Remote access fee	15,000	15,000	1,803	(13,197)
Commonwealth attorney fees	4,000	4,000	4,039	39
Other public safety fees	7,200	7,200	4,544	(2,656)
Prison farm labor / street maintenance	24,000	24,000	24,000	-
Telecom services	1,587,383	1,587,383	1,550,896	(36,487)
Other charges for services	28,300	28,300	102,346	74,046
Total charges for services	\$ 2,487,607	\$ 2,487,607	\$ 2,225,713	\$ (261,894)
Miscellaneous:				
Payment in lieu of tax	\$ 512,017	\$ 512,017	\$ 512,017	\$ -
Opioid settlement and related grants	-	-	243,410	243,410
Other miscellaneous revenue	42,500	78,590	207,853	129,263
Total miscellaneous	\$ 554,517	\$ 590,607	\$ 963,280	\$ 372,673
Recovered costs:				
WW Moore	\$ 50,000	\$ 50,000	\$ 92,123	\$ 42,123
SSI / LIDS	6,500	6,500	5,800	(700)
Circuit court and J&DR court	2,100	2,100	6,803	4,703
Meals tax administration	75,259	75,259	75,259	-
Street maintenance overhead	440,000	440,000	-	(440,000)
Demolition	5,000	5,000	10,722	5,722
Advance / recovered cost	150,000	150,000	366,985	216,985
Health department	5,000	5,000	6,529	1,529
Juror and witness	3,500	3,500	21,910	18,410
Sheriff	-	-	17,862	17,862
Medical co-pay reimbursement	6,000	6,000	2,811	(3,189)
Treasurer	20,000	20,000	31,487	11,487
Project lifesaver	1,000	1,000	104	(896)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Recovered costs: (Continued)				
Traffic reimbursement	\$ 500	\$ 500	\$ 1,223	\$ 723
Telecom recovered costs	60,000	60,000	231,354	171,354
Collection expense	78,614	78,614	78,614	-
Billing expense	376,618	376,618	376,618	-
Safety expense	41,614	41,614	41,614	-
Communication	10,824	10,824	10,824	-
Public safety	10,000	10,000	12,608	2,608
Inmate fees	55,000	55,000	53,375	(1,625)
Crisis intervention team	30,000	30,000	36,787	6,787
Central garage	111,318	111,318	111,318	-
Other central services	804,786	804,786	804,786	-
Social services	23,525	23,525	23,526	1
Program income	1,000	1,000	1,200	200
Senior citizens - transportation	1,000	1,000	1,445	445
Fiscal agent fees - regional library	3,600	3,600	3,600	-
Total recovered costs	\$ 2,372,758	\$ 2,372,758	\$ 2,427,287	\$ 54,529
Total revenue from local sources	\$ 23,769,359	\$ 23,818,773	\$ 24,744,539	\$ 925,766
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 8,000	\$ 8,000	\$ 8,686	\$ 686
PPTRA	626,428	626,428	626,428	-
Communications tax	625,000	625,000	598,633	(26,367)
Auto rental tax	8,000	8,000	47,562	39,562
Total noncategorical aid	\$ 1,267,428	\$ 1,267,428	\$ 1,281,309	\$ 13,881
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 602,142	\$ 602,142	\$ 613,548	\$ 11,406
Sheriff	2,542,770	2,542,770	2,600,238	57,468
Commissioner of the Revenue	144,442	144,442	155,508	11,066
Treasurer	124,972	124,972	136,026	11,054
Registrar/electoral board	71,000	71,000	80,813	9,813
Clerk of the circuit court	371,424	371,424	373,645	2,221
Total shared expenses	\$ 3,856,750	\$ 3,856,750	\$ 3,959,778	\$ 103,028

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Senior citizens	\$ -	\$ -	\$ 8,592	\$ 8,592
Confiscated assets	-	151,256	4,124	(147,132)
Victim witness	33,888	33,888	32,141	(1,747)
House Bill # 599 - police	1,072,231	1,072,231	1,082,302	10,071
EMS four for life	10,000	43,523	38,943	(4,580)
Fire grant	55,940	101,744	60,716	(41,028)
Street maintenance	4,442,599	4,748,767	4,495,402	(253,365)
Jail per diem	250,000	250,000	214,577	(35,423)
Children's services	575,000	575,000	921,203	346,203
Other categorical aid	-	-	188,184	188,184
Total other categorical aid	\$ 6,439,658	\$ 6,976,409	\$ 7,046,184	\$ 69,775
Total categorical aid	\$ 10,296,408	\$ 10,833,159	\$ 11,005,962	\$ 172,803
Total revenue from the Commonwealth	\$ 11,563,836	\$ 12,100,587	\$ 12,287,271	\$ 186,684
Revenue from the federal government:				
Categorical aid:				
Victim witness	\$ 79,071	\$ 79,071	\$ 67,492	\$ (11,579)
Confiscated assets	-	314,900	-	(314,900)
DMV grant - police	9,000	9,000	11,884	2,884
Senior citizens	20,000	20,000	34,074	14,074
Viper overtime grant	3,000	3,000	5,770	2,770
Bulletproof vest grant	-	-	15,848	15,848
Brownfields grant	-	-	569,332	569,332
FEMA	7,500	7,500	7,500	-
Coronavirus state and local fiscal recovery funds	-	5,150,190	3,989,697	(1,160,493)
Other categorical aid	10,000	10,000	299,352	289,352
Total categorical aid	\$ 128,571	\$ 5,593,661	\$ 5,000,949	\$ (592,712)
Total revenue from the Federal Government	\$ 128,571	\$ 5,593,661	\$ 5,000,949	\$ (592,712)
Total General Fund	\$ 35,461,766	\$ 41,513,021	\$ 42,032,759	\$ 519,738
Special Revenue Funds:				
City Grants Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 200	\$ 200	\$ -	\$ (200)
Revenue from use of property	2,500	2,500	1,185	(1,315)
Total revenue from use of money and property	\$ 2,700	\$ 2,700	\$ 1,185	\$ (1,515)
Total revenue from local sources	\$ 2,700	\$ 2,700	\$ 1,185	\$ (1,515)
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ -	\$ 630,456	\$ 630,456
Total revenue from the Federal Government	\$ -	\$ -	\$ 630,456	\$ 630,456
Total City Grants Fund	\$ 2,700	\$ 2,700	\$ 631,641	\$ 628,941

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Funds:				
Capital Reserve Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenue from local sources	\$ -	\$ -	\$ -	\$ -
Total Capital Reserve Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Meals Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Meals taxes	\$ 2,700,000	\$ 2,700,000	\$ 3,005,116	\$ 305,116
Total revenue from local sources	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 3,005,116</u>	<u>\$ 305,116</u>
Intergovernmental:				
Revenue from the Federal Government				
Categorical aid:				
QSCB tax credit	\$ 372,721	\$ 372,721	\$ 373,820	\$ 1,099
Total revenue from the Federal Government	<u>\$ 372,721</u>	<u>\$ 372,721</u>	<u>\$ 373,820</u>	<u>\$ 1,099</u>
Total Meals Tax Fund	<u>\$ 3,072,721</u>	<u>\$ 3,072,721</u>	<u>\$ 3,378,936</u>	<u>\$ 306,215</u>
Total Capital Projects Funds	<u>\$ 3,072,721</u>	<u>\$ 3,072,721</u>	<u>\$ 3,378,936</u>	<u>\$ 306,215</u>
Total Revenues -- Primary Government	<u>\$ 38,537,187</u>	<u>\$ 44,588,442</u>	<u>\$ 46,043,336</u>	<u>\$ 1,454,894</u>
Component Unit-School Board:				
Governmental Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 10,717	\$ 10,717
Miscellaneous revenue:				
Miscellaneous revenue	\$ -	\$ 55,000	\$ 65,678	\$ 10,678
Recovered costs:				
Recovered costs	\$ 285,000	\$ 285,000	\$ 438,931	\$ 153,931
Total revenue from local sources	<u>\$ 285,000</u>	<u>\$ 340,000</u>	<u>\$ 515,326</u>	<u>\$ 175,326</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from City of Martinsville, Virginia	\$ 5,542,637	\$ 5,542,637	\$ 4,892,265	\$ (650,372)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive Negative
Component Unit-School Board: (Continued)				
Governmental Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,804,438	\$ 2,804,438	\$ 2,658,574	\$ (145,864)
Basic school aid	6,347,956	6,347,956	6,771,945	423,989
Share of fringe benefits - FICA	421,894	421,894	419,785	(2,109)
Share of fringe benefits - VRS	984,420	984,420	979,498	(4,922)
English as a second language	183,455	183,455	143,213	(40,242)
Group life insurance benefits	30,229	30,229	30,078	(151)
Regional tuition special education	281,699	281,699	441,001	159,302
Early reading intervention	130,775	130,775	161,950	31,175
Vocational SOQ payments	69,659	69,659	69,310	(349)
Special education - basic	549,383	549,383	567,829	18,446
At risk students	2,111,949	2,111,949	1,110,243	(1,001,706)
Homebound education	-	-	2,959	2,959
Remedial education	140,795	140,795	172,133	31,338
Remediation SOQ payments	520,468	520,468	517,866	(2,602)
Reduced K-3	629,062	629,062	633,634	4,572
Preschool initiative	611,075	611,075	671,077	60,002
Textbooks	173,989	173,989	173,119	(870)
Technology	154,000	154,000	-	(154,000)
Other state funds	3,220,158	3,572,290	4,190,567	618,277
Total categorical aid	\$ 19,365,404	\$ 19,717,536	\$ 19,714,781	\$ (2,755)
Total revenue from the Commonwealth	\$ 19,365,404	\$ 19,717,536	\$ 19,714,781	\$ (2,755)
Revenue from the federal government:				
Categorical aid:				
Education stabilization fund	\$ -	\$ 5,573,258	\$ 4,028,162	\$ (1,545,096)
Other federal categorical aid	37,300	48,729	70,857	22,128
Total categorical aid	\$ 37,300	\$ 5,621,987	\$ 4,099,019	\$ (1,522,968)
Total revenue from the federal government	\$ 37,300	\$ 5,621,987	\$ 4,099,019	\$ (1,522,968)
Total School Operating Fund	\$ 25,230,341	\$ 31,222,160	\$ 29,221,391	\$ (2,000,769)

Governmental Funds and Discretely Presented Component Unit - School Board

Schedule of Revenues -- Budget and Actual

For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive Negative
Component Unit-School Board: (Continued)				
Governmental Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 37,653	\$ (12,347)
Charges for services:				
Cafeteria sales	\$ 195,000	\$ 195,000	\$ 158,837	\$ (36,163)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 40,641	\$ 40,641	\$ 41,775	\$ 1,134
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,415,000	\$ 1,415,000	\$ 1,883,972	\$ 468,972
Total School Cafeteria Fund	\$ 1,700,641	\$ 1,700,641	\$ 2,122,237	\$ 421,596
School Grants Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
All In VA Initiative	\$ -	\$ 1,259,922	\$ 1,259,922	\$ -
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ 1,249,632	\$ 1,779,585	\$ 529,953
Title II - teacher quality	-	160,920	167,126	6,206
Title III - language acquisition grant	-	15,925	12,012	(3,913)
Title IV - student support and academic enrichment	-	311,951	261,921	(50,030)
Title VI - rural education	-	56,368	58,949	2,581
Special education - flow through	-	598,800	570,967	(27,833)
Special education - preschool	-	8,064	5,094	(2,970)
Perkins vocational education	-	82,728	82,171	(557)
Total revenue from the federal government	\$ -	\$ 2,484,388	\$ 2,937,825	\$ 453,437
Total School Grants Fund	\$ -	\$ 3,744,310	\$ 4,197,747	\$ 453,437
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous revenue	\$ -	\$ -	\$ 369,155	\$ 369,155
Total revenue from local sources	\$ -	\$ -	\$ 369,155	\$ 369,155
Total School Activity Fund	\$ -	\$ -	\$ 369,155	\$ 369,155
Total Revenues--Component Unit - School Board	\$ 26,930,982	\$ 36,667,111	\$ 35,910,530	\$ (756,581)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2024

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
City council	\$ 62,559	\$ 62,559	\$ 70,661	\$ (8,102)
General and Financial Administration:				
Clerk of council	\$ 5,367	\$ 5,367	\$ 7,295	\$ (1,928)
City attorney	97,600	97,600	417,096	(319,496)
City manager's office	288,368	288,368	428,933	(140,565)
Assistant city manager	124,739	124,739	24	124,715
Human resources	265,990	265,990	280,639	(14,649)
Employment services	378,833	378,833	339,090	39,743
Communications	123,014	123,014	137,732	(14,718)
Commissioner of the Revenue	591,085	591,085	546,859	44,226
Assessor	1,535	1,535	1,120	415
Treasurer	441,224	441,224	431,887	9,337
Finance director	294,527	294,527	297,597	(3,070)
Accounting	212,035	212,035	195,969	16,066
Utility billing	440,387	440,387	422,413	17,974
Information services	554,408	554,408	635,196	(80,788)
Central garage	557,751	557,751	520,200	37,551
Purchasing	211,877	211,877	209,140	2,737
Risk management	330,690	330,690	13,242	317,448
ARPA expenditures	-	1,097,800	527,390	570,410
General expenses	109,973	109,973	294,686	(184,713)
Total general and financial administration	\$ 5,029,403	\$ 6,127,203	\$ 5,706,508	\$ 420,695
Board of Elections:				
Electoral board and officials	\$ 28,216	\$ 28,216	\$ 42,222	\$ (14,006)
Registrar	244,378	244,378	266,191	(21,813)
Total board of elections	\$ 272,594	\$ 272,594	\$ 308,413	\$ (35,819)
Total general government administration	\$ 5,364,556	\$ 6,462,356	\$ 6,085,582	\$ 376,774
Judicial Administration:				
Courts:				
Circuit court	\$ 184,587	\$ 184,587	\$ 189,083	\$ (4,496)
General district court	35,162	35,162	6,866	28,296
Juvenile and domestic relations court	4,655	4,655	2,683	1,972
Clerk of the circuit court	553,145	553,145	535,407	17,738
Sheriff - courts	1,419,325	1,425,415	1,358,868	66,547
Total Courts	\$ 2,196,874	\$ 2,202,964	\$ 2,092,907	\$ 110,057

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Commonwealth Attorney:				
Commonwealth attorney	\$ 944,859	\$ 955,089	\$ 799,113	\$ 155,976
Victim witness program	125,368	125,368	116,309	9,059
Total Commonwealth attorney	\$ 1,070,227	\$ 1,080,457	\$ 915,422	\$ 165,035
Total judicial administration	\$ 3,267,101	\$ 3,283,421	\$ 3,008,329	\$ 275,092
Public Safety:				
Law Enforcement and Traffic Control:				
Police department	\$ 4,880,535	\$ 5,506,166	\$ 5,072,409	\$ 433,757
Transportation safety commission	1,500	1,500	1,484	16
Total law enforcement and traffic control	\$ 4,882,035	\$ 5,507,666	\$ 5,073,893	\$ 433,773
Fire and Rescue Services:				
Fire services	\$ 2,769,249	\$ 2,815,053	\$ 2,658,983	\$ 156,070
Emergency medical services	446,917	480,440	442,352	38,088
Total fire and rescue services	\$ 3,216,166	\$ 3,295,493	\$ 3,101,335	\$ 194,158
Correction and Detention:				
Sheriff -corrections	\$ 4,191,541	\$ 4,191,541	\$ 4,141,983	\$ 49,558
Sheriff -jail annex	175,199	175,199	315,548	(140,349)
Probation office	355,205	355,205	375,953	(20,748)
Total correction and detention	\$ 4,721,945	\$ 4,721,945	\$ 4,833,484	\$ (111,539)
Inspections:				
Building and other	\$ 420,609	\$ 420,609	\$ 516,664	\$ (96,055)
Other Protection:				
Safety	\$ 238,301	\$ 238,301	\$ 272,033	\$ (33,732)
Total other protection	\$ 238,301	\$ 238,301	\$ 272,033	\$ (33,732)
Total public safety	\$ 13,479,056	\$ 14,184,014	\$ 13,797,409	\$ 386,605
Public Works:				
Maintenance of highways, streets, bridges and sidewalks:				
Director of public works	\$ 132,566	\$ 132,566	\$ 161,190	\$ (28,624)
Engineering	158,659	158,659	55,822	102,837
Street maintenance	2,978,485	3,284,653	1,575,574	1,709,079
Street marking and signs	293,752	293,752	220,755	72,997
Traffic signals	640,259	640,259	489,646	150,613

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public Works: (Continued)				
Maintenance of highways, streets, bridges and sidewalks: (Continued)				
Street cleaning	\$ 501,605	\$ 501,605	\$ 475,413	\$ 26,192
ARPA expenditures	-	1,857,009	1,190,575	666,434
Street construction	292,838	292,838	318,508	(25,670)
Total maintenance of highways, streets, bridges and sidewalks	\$ 4,998,164	\$ 7,161,341	\$ 4,487,483	\$ 2,673,858
Maintenance of buildings and grounds:				
Uptown maintenance	\$ 72,250	\$ 72,250	\$ 66,054	\$ 6,196
City hall maintenance	494,344	494,344	552,269	(57,925)
Warehouse / garage complex	126,103	126,103	121,087	5,016
WPBDC building	61,142	61,142	47,447	13,695
Chief Tassel / Med School / BB&T	47,090	47,090	15,908	31,182
Total maintenance of buildings and grounds	\$ 800,929	\$ 800,929	\$ 802,765	\$ (1,836)
Total public works	\$ 5,799,093	\$ 7,962,270	\$ 5,290,248	\$ 2,672,022
Health and Welfare				
Health:				
Contribution to local health department	\$ 132,907	\$ 132,907	\$ 132,907	\$ -
Opioid abatement	-	-	9,001	(9,001)
Total health	\$ 132,907	\$ 132,907	\$ 141,908	\$ (9,001)
Mental Health and Mental Retardation:				
Chapter X board	\$ 58,125	\$ 58,125	\$ 58,125	\$ -
Welfare/Social Services:				
Comprehensive services	\$ 700,000	\$ 700,000	\$ 1,331,076	\$ (631,076)
Regional social services board	598,136	598,136	502,709	95,427
ARPA expenditures	-	280,000	280,000	-
Total welfare/social services	\$ 1,298,136	\$ 1,578,136	\$ 2,113,785	\$ (535,649)
Total health and welfare	\$ 1,489,168	\$ 1,769,168	\$ 2,313,818	\$ (544,650)
Education:				
Contributions to community colleges	\$ 19,835	\$ 19,835	\$ 19,835	\$ -
Contributions to School Board Component Unit	5,542,637	5,542,637	4,892,265	650,372
Total education	\$ 5,562,472	\$ 5,562,472	\$ 4,912,100	\$ 650,372

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Parks & Recreation	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Park maintenance	287,838	312,838	370,217	(57,379)
Hooker field/Mustangs	85,585	85,585	81,982	3,603
Senior services	160,076	160,076	167,181	(7,105)
National Guard readiness center	19,500	19,500	2,460	17,040
ARPA expenditures	-	600,000	-	600,000
Total parks and recreation	\$ 602,999	\$ 1,227,999	\$ 671,840	\$ 556,159
Library:				
Regional library	\$ 308,450	\$ 308,450	\$ 308,450	\$ -
Total parks, recreation and cultural	\$ 911,449	\$ 1,536,449	\$ 980,290	\$ 556,159
Community Development:				
Planning and Community Development:				
Community Development	\$ 317,418	\$ 322,418	\$ 938,616	\$ (616,198)
Telecom system	1,817,382	1,817,382	1,828,429	(11,047)
Planning and zoning	6,762	6,762	3,580	3,182
ARPA expenditures	-	354,000	944,859	(590,859)
Contributions to local organizations	920,119	920,119	1,141,924	(221,805)
Total planning and community development	\$ 3,061,681	\$ 3,420,681	\$ 4,857,408	\$ (1,436,727)
Cooperative Extension Program:				
Horticulture and family resources	\$ 7,756	\$ 7,756	\$ 7,756	\$ -
Total community development	\$ 3,069,437	\$ 3,428,437	\$ 4,865,164	\$ (1,436,727)
Nondepartmental:				
Motor vehicle rental tax repayment	\$ -	\$ -	\$ 114,908	\$ (114,908)
Total nondepartmental	\$ -	\$ -	\$ 114,908	\$ (114,908)
Total General Fund	\$ 38,942,332	\$ 44,188,587	\$ 41,367,848	\$ 2,820,739
Special Revenue Fund:				
City Grants Fund:				
Community Development:				
Community development block grant	\$ 172	\$ 172	\$ 772,469	\$ (772,297)
Total City Grants Fund	\$ 172	\$ 172	\$ 772,469	\$ (772,297)
Total Special Revenue Fund	\$ 172	\$ 172	\$ 772,469	\$ (772,297)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Capital Projects Funds:				
Capital Reserve Fund:				
General Government Administration:				
Computer software - information services	\$ 75,000	\$ 75,000	\$ 54,342	\$ 20,658
Physical plant expansion - Finance	81,469	81,469	28,425	53,044
Physical plant expansion - Schools	-	677,414	840,370	(162,956)
Contingency	23,438	23,438	-	23,438
Total general government administration	\$ 179,907	\$ 857,321	\$ 923,137	\$ (65,816)
Public Safety:				
Police department - vehicles	\$ 90,000	\$ 90,000	\$ 89,249	\$ 751
EMS - vehicles	365,940	365,940	149,847	216,093
Other safety - vehicles	-	-	18,078	(18,078)
Major tools and equipment - Police	55,373	55,373	-	55,373
Major tools and equipment - Fire	81,950	81,950	81,297	653
Major tools and equipment - Sheriff / Jail	29,652	29,652	29,652	-
Physical plant expansion - Inspections	-	-	12,750	(12,750)
Physical plant expansion - Fire	6,200	6,200	6,200	-
Total public safety	\$ 629,115	\$ 629,115	\$ 387,073	\$ 242,042
Public Works:				
Public works - vehicles	\$ 220,866	\$ 220,866	\$ 359,365	\$ (138,499)
Major tools and equipment - public works	88,000	88,000	86,285	1,715
Physical plant expansion - WPBDC building	18,050	18,050	-	18,050
Physical plant expansion - warehouse complex	14,000	14,000	10,908	3,092
Total public works	\$ 340,916	\$ 340,916	\$ 456,558	\$ (115,642)
Parks, Recreation, and Cultural:				
Parks and recreation:				
Senior services - vehicles	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Major tools and equipment - park maintenance	14,000	14,000	14,000	-
Total parks, recreation and cultural	\$ 34,000	\$ 34,000	\$ 14,000	\$ 20,000
Debt service:				
Principal retirement	\$ 341,437	\$ 341,437	\$ 341,437	\$ -
Interest and other debt costs	19,943	19,943	19,941	2
Total debt service	\$ 361,380	\$ 361,380	\$ 361,378	\$ 2
Total Capital Reserve Fund	\$ 1,545,318	\$ 2,222,732	\$ 2,142,146	\$ 80,586

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Projects Funds: (Continued)				
Meals Tax Fund:				
General Government Administration:				
Meals tax administration	\$ 75,259	\$ 75,259	\$ 75,259	\$ -
Debt service:				
Principal retirement	\$ 780,079	\$ 780,079	\$ 780,079	\$ -
Interest and other debt costs	422,065	422,065	422,009	56
Total debt service	\$ 1,202,144	\$ 1,202,144	\$ 1,202,088	\$ 56
Total Meals Tax Fund	<u>\$ 1,277,403</u>	<u>\$ 1,277,403</u>	<u>\$ 1,277,347</u>	<u>\$ 56</u>
Total Capital Projects Funds	<u>\$ 2,822,721</u>	<u>\$ 3,500,135</u>	<u>\$ 3,419,493</u>	<u>\$ 80,642</u>
Total Expenditures - Primary Government	<u>\$ 41,765,225</u>	<u>\$ 47,688,894</u>	<u>\$ 45,559,810</u>	<u>\$ 2,129,084</u>
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 17,628,352	\$ 19,825,616	\$ 17,807,220	\$ 2,018,396
Administration, attendance and health	1,891,144	4,267,175	3,955,440	311,735
Pupil transportation	1,117,494	1,117,494	1,315,259	(197,765)
Operation and maintenance of school plant	3,149,843	4,345,826	4,118,888	226,938
Technology	1,443,508	2,137,495	2,041,831	95,664
Total operating costs	\$ 25,230,341	\$ 31,693,606	\$ 29,238,638	\$ 2,454,968
Total School Operating Fund	<u>\$ 25,230,341</u>	<u>\$ 31,693,606</u>	<u>\$ 29,238,638</u>	<u>\$ 2,454,968</u>
School Cafeteria Fund:				
Education:				
School food services	\$ 2,069,368	\$ 2,069,368	\$ 2,404,396	\$ (335,028)
School Grants Fund:				
Education:				
Instruction costs	\$ -	\$ 3,766,750	\$ 2,710,144	\$ 1,056,606
School Activity Fund:				
Education:				
Instruction costs	\$ -	\$ -	\$ 381,200	\$ (381,200)
Total Expenditures - Component Unit - School Board	<u>\$ 27,299,709</u>	<u>\$ 37,529,724</u>	<u>\$ 34,734,378</u>	<u>\$ 2,795,346</u>

Pledged Revenue Coverage - Water and Sewer Revenue Bonds
For the Years Ended June 30, 2018 through June 30, 2024

Fiscal Year	Gross Revenue (1)		Less Operating Expenses (2)		Net Revenues Available For Debt Service		Debt Service		Coverage
							Principal	Interest	
2024	\$	9,272,611	\$	7,197,806	\$	2,074,805	\$ 731,225	\$ 11,657	279%
2023		8,535,973		5,832,980		2,702,993	730,742	12,140	364%
2022		8,192,898		5,549,516		2,643,382	682,359	6,250	384%
2021		8,387,678		6,032,903		2,354,775	634,336	-	371%
2020		8,268,755		5,554,602		2,714,153	634,336	-	428%
2019		7,874,781		5,344,145		2,530,636	495,740	-	510%
2018		7,794,909		4,815,388		2,979,521	178,571	-	1669%

(1) Operating revenue and interest from the Water and Sewer Funds.

(2) Net of depreciation expense. Includes interest expense (not an operating expense).

Schedule is intended to show information for 10 years. The City did not have revenue bond obligations prior to fiscal year 2018.

<u>Section</u>	<u>Description / Table Name</u>	<u>Table Number</u>
----------------	---------------------------------	---------------------

Financial Trends

These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.

Net Position by Component	1
Changes in Net Position	2
Level of Unrestricted Net Position	3
Governmental Activities Tax Revenues by Source--(Accrual Basis of Accounting)	4
Fund Balances of Governmental Funds	5
Fund Balance Summary	6
Changes in Fund Balances of Governmental Funds	7
Level of Unassigned Fund Balance	8
Governmental Activities Tax Revenues by Source (Modified Accrual Basis of Accounting)	9
Utility Analysis of Unrestricted Net Position	10

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Local Sales Tax Growth	11
Assessed Value of Taxable Property and Tax Rates	12
Property Tax Levies and Collections	13

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

Ratios of Outstanding Debt by Type	14
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	15
Computation of Direct and Overlapping Bonded Debt	16
Expenditures Per Capita Ratios	17

Demographic and Economic Statistics

This table offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Demographic and Economic Statistics	18
-------------------------------------	----

Operating Information

This table offers contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees by Function--Last Ten Fiscal Years	19
Operating Indicators by Function--Last Ten Fiscal Years	20
Capital Asset Statistics by Function--Last Ten Fiscal Years	21

This page intentionally left blank

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 8,309,912	\$ 10,250,210	\$ 10,624,972	\$ 10,317,087	\$ 10,741,090	\$ 9,567,363	\$ 9,375,841	\$ 9,218,432	\$ 10,651,069	\$ 10,731,433
Restricted	-	-	-	-	-	-	-	-	466,366	4,347,708
Unrestricted	(4,717,533)	(5,823,340)	(7,197,367)	(9,652,267)	(9,136,286)	(8,626,444)	(8,510,553)	(8,128,912)	(4,117,312)	(3,738,413)
Total governmental activities net position	<u>\$ 3,592,379</u>	<u>\$ 4,426,870</u>	<u>\$ 3,427,605</u>	<u>\$ 664,820</u>	<u>\$ 1,604,804</u>	<u>\$ 940,919</u>	<u>\$ 865,288</u>	<u>\$ 1,089,520</u>	<u>\$ 7,000,123</u>	<u>\$ 11,340,728</u>
Business-type activities:										
Net investment in capital assets	\$ 18,933,157	\$ 20,792,962	\$ 20,155,003	\$ 21,620,820	\$ 24,696,125	\$ 25,296,901	\$ 26,753,935	\$ 26,842,796	\$ 29,124,441	\$ 33,356,327
Unrestricted	6,106,918	4,335,678	9,186,299	6,855,519	6,529,974	7,979,888	8,228,683	6,170,627	5,996,428	7,673,220
Total business-type activities net position	<u>\$ 25,040,075</u>	<u>\$ 25,128,640</u>	<u>\$ 29,341,302</u>	<u>\$ 28,476,339</u>	<u>\$ 31,226,099</u>	<u>\$ 33,276,789</u>	<u>\$ 34,982,618</u>	<u>\$ 33,013,423</u>	<u>\$ 35,120,869</u>	<u>\$ 41,029,547</u>
Primary government										
Net investment in capital assets	\$ 27,243,069	\$ 31,043,172	\$ 30,779,975	\$ 31,937,907	\$ 35,437,215	\$ 34,864,264	\$ 36,129,776	\$ 36,061,228	\$ 39,775,510	\$ 44,087,760
Restricted	-	-	-	-	-	-	-	-	466,366	4,347,708
Unrestricted (deficit)	1,389,385	(1,487,662)	1,988,932	(2,796,748)	(2,606,312)	(646,556)	(281,870)	(1,958,285)	1,879,116	3,934,807
Total primary government	<u>\$ 28,632,454</u>	<u>\$ 29,555,510</u>	<u>\$ 32,768,907</u>	<u>\$ 29,141,159</u>	<u>\$ 32,830,903</u>	<u>\$ 34,217,708</u>	<u>\$ 35,847,906</u>	<u>\$ 34,102,943</u>	<u>\$ 42,120,992</u>	<u>\$ 52,370,275</u>

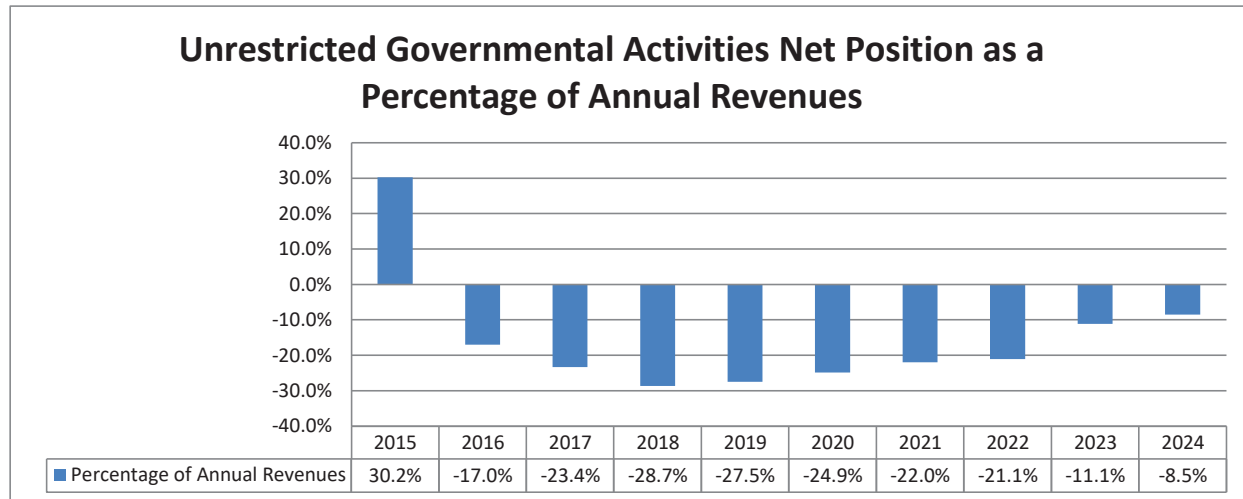
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government administration	\$ 3,800,766	\$ 4,612,205	\$ 3,245,979	\$ 3,201,860	\$ 3,431,098	\$ 4,618,016	\$ 4,682,408	\$ 6,235,576	\$ 4,356,550	\$ 4,828,694
Judicial administration	2,096,773	2,250,373	2,322,293	2,314,974	2,262,276	2,641,457	2,762,578	2,767,408	2,706,080	2,853,488
Public safety	9,176,453	9,837,593	9,805,711	9,902,833	9,801,973	11,826,946	12,944,151	12,894,682	13,073,788	13,555,439
Public works	3,456,455	4,246,016	3,659,946	4,926,615	3,545,037	4,354,892	5,353,609	3,942,681	4,698,354	4,319,615
Health and welfare	674,858	770,780	859,053	960,166	1,114,250	1,227,588	1,469,097	1,625,251	1,795,566	2,195,904
Education	7,794,188	7,091,099	7,401,665	7,305,996	7,296,370	6,282,794	5,381,040	6,220,948	6,020,324	6,661,732
Parks, recreation, and cultural	930,080	941,835	923,286	883,520	855,335	955,956	935,267	990,529	855,227	991,330
Community development	4,958,922	3,373,272	3,381,324	3,231,968	3,073,604	3,282,279	5,332,000	3,478,652	4,208,581	4,806,583
Interest and other fiscal charges	616,888	216,619	184,109	153,162	126,708	133,477	103,981	89,952	75,373	62,094
Total governmental activities expenses	\$ 33,505,383	\$ 33,339,792	\$ 31,783,366	\$ 32,881,094	\$ 31,506,651	\$ 35,323,405	\$ 38,964,131	\$ 38,245,679	\$ 37,789,843	\$ 40,274,879
Business-type activities:										
Electric	\$ 15,552,584	\$ 16,266,023	\$ 16,860,239	\$ 18,842,419	\$ 18,277,367	\$ 17,444,975	\$ 17,591,291	\$ 20,597,013	\$ 19,557,213	\$ 20,533,010
Water	1,576,999	1,817,456	1,979,099	1,998,279	2,199,820	2,359,706	2,647,895	2,559,635	2,566,198	3,453,752
Sewer	3,063,555	3,104,212	3,273,987	3,352,971	4,011,522	4,202,694	4,469,997	4,141,061	4,516,026	4,761,252
Refuse collection / landfill	1,454,477	1,586,815	1,765,041	1,792,739	1,956,974	1,959,383	1,883,910	1,997,015	2,005,597	2,047,037
Total business-type activities expenses	\$ 21,647,615	\$ 22,774,506	\$ 23,884,366	\$ 25,986,408	\$ 26,445,683	\$ 25,966,758	\$ 26,593,093	\$ 29,294,724	\$ 28,645,034	\$ 30,795,051
Total primary government expenses	\$ 55,152,998	\$ 56,114,298	\$ 55,667,732	\$ 58,867,502	\$ 57,952,334	\$ 61,290,163	\$ 65,557,224	\$ 67,540,403	\$ 66,434,877	\$ 71,069,930
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	\$ 71,257	\$ 58,315	\$ 54,221	\$ 54,132	\$ 52,714	\$ 25,092	\$ 24,179	\$ 52,987	\$ 55,049	\$ 17,721
Judicial administration	220,001	170,680	199,722	216,855	209,082	139,760	140,128	132,617	148,516	151,854
Public safety	556,608	533,667	557,825	570,985	638,338	773,151	673,967	754,526	850,784	654,063
Public works	367,457	1,239,954	1,327,920	1,483,813	1,572,827	1,656,197	1,558,169	1,629,025	1,636,214	1,574,748
Parks, recreation, and cultural	13,847	10,735	12,162	12,589	3,825	2,241	-	-	-	-
Operating grants and contributions:										
General government administration	230,355	228,325	218,070	230,181	233,651	277,684	505,481	1,400,975	948,759	372,352
Judicial administration	766,853	789,944	793,561	808,053	828,856	841,540	847,081	891,637	894,408	987,193
Public safety	3,192,089	3,366,678	3,600,720	3,446,573	3,415,292	3,497,408	4,780,825	4,140,591	6,295,010	8,434,731
Public works	3,139,103	3,220,499	3,267,296	3,628,653	3,400,619	3,494,529	3,844,187	3,825,406	4,401,127	4,495,402
Health and welfare	107,481	171,032	201,601	241,134	373,462	385,528	639,624	764,404	1,656,429	1,101,156
Parks, recreation, and cultural	27,393	31,257	43,729	34,468	32,786	30,259	63,054	87,932	43,771	42,666
Community development	1,840,583	884,321	474,766	184,155	43,759	125,876	686,735	64,518	2,281,340	634,538
Capital grants and contributions	1,099,371	2,641	199,426	327,400	755,137	1,199,002	2,221,585	179,625	1,694,727	569,332
Total governmental activities program revenues	\$ 11,632,398	\$ 10,708,048	\$ 10,951,019	\$ 11,238,991	\$ 11,560,348	\$ 12,448,267	\$ 15,985,015	\$ 13,924,243	\$ 20,906,134	\$ 19,035,756

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services:										
Electric	\$ 17,630,862	\$ 17,770,846	\$ 18,680,678	\$ 18,787,334	\$ 19,245,478	\$ 19,251,609	\$ 19,232,456	\$ 19,242,484	\$ 19,678,564	\$ 21,262,767
Water	3,301,837	3,284,234	3,602,775	3,497,724	3,537,366	3,565,780	3,487,960	3,555,725	3,680,789	3,791,718
Sewer	3,929,737	4,226,823	4,255,883	4,269,547	4,314,029	4,675,337	4,675,061	4,362,696	4,601,211	5,248,710
Refuse collection / landfill	2,199,089	2,232,517	2,280,710	2,237,742	2,244,328	2,434,359	1,713,245	1,739,784	1,950,053	1,884,582
Capital grants and contributions	-	-	-	-	1,000,000	-	522,011	57,989	-	4,381,297
Total business-type activities program revenues	\$ 27,061,525	\$ 27,514,420	\$ 28,820,046	\$ 28,792,347	\$ 30,341,201	\$ 29,927,085	\$ 29,630,733	\$ 28,958,678	\$ 29,910,617	\$ 36,569,074
Total primary government program revenues	\$ 37,769,573	\$ 38,465,439	\$ 39,771,065	\$ 40,031,338	\$ 41,901,549	\$ 42,375,352	\$ 45,615,748	\$ 42,882,921	\$ 50,816,751	\$ 55,604,830
Net (expense) / revenue										
Governmental activities	\$ (22,631,744)	\$ (20,832,347)	\$ (20,832,347)	\$ (21,642,103)	\$ (19,946,303)	\$ (22,875,138)	\$ (22,979,116)	\$ (24,321,436)	\$ (16,883,709)	\$ (21,239,123)
Business-type activities	4,287,019	3,630,054	4,935,680	2,805,939	3,895,518	3,960,327	3,037,640	(336,046)	1,265,583	5,774,023
Total primary government net expense	\$ (18,344,725)	\$ (17,202,293)	\$ (15,896,667)	\$ (18,836,164)	\$ (16,050,785)	\$ (18,914,811)	\$ (19,941,476)	\$ (24,657,482)	\$ (15,618,126)	\$ (15,465,100)
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	\$ 8,984,049	\$ 8,949,568	\$ 9,072,495	\$ 8,964,713	\$ 9,728,127	\$ 9,591,164	\$ 9,448,108	\$ 9,681,294	\$ 10,432,820	\$ 11,553,269
Local sales and use taxes	1,921,102	2,033,632	2,046,701	1,968,475	2,039,498	2,075,778	2,346,936	2,765,851	2,495,785	2,714,108
Consumer utility taxes	678,862	654,989	640,608	656,804	606,852	566,901	568,104	585,152	2,231,478	642,213
Business license taxes	1,607,168	1,715,637	1,770,305	1,984,863	1,957,688	1,908,324	1,943,342	2,157,701	2,754,823	2,222,227
Meals tax	1,665,418	1,717,249	1,738,415	1,804,893	1,909,213	1,960,507	2,163,683	2,340,491	575,551	3,005,116
Other local taxes	895,763	884,145	925,346	961,884	1,041,265	929,801	1,071,966	1,170,046	1,121,170	1,364,584
Grants and contributions not restricted to specific programs	1,629,988	1,622,427	1,605,957	1,577,765	1,526,595	1,883,750	1,436,736	1,403,996	1,387,358	1,281,309
Unrestricted revenues from use of money and property	649,438	958,834	1,024,325	1,225,674	1,326,137	1,195,720	1,198,865	1,207,421	1,170,396	918,251
Miscellaneous	243,521	249,786	258,851	349,751	361,768	551,813	544,762	1,092,028	624,931	1,328,651
Transfers	3,946,547	4,679,968	750,079	2,891,539	1,169,144	1,547,495	2,000,000	2,141,688	-	550,000
Total governmental activities	\$ 22,221,856	\$ 23,466,235	\$ 19,833,082	\$ 22,386,361	\$ 21,666,287	\$ 22,211,253	\$ 22,722,502	\$ 24,545,668	\$ 22,794,312	\$ 25,579,728
Business-type activities:										
Transfers	\$ (3,946,547)	\$ (4,679,968)	\$ (750,079)	\$ (2,891,539)	\$ (1,169,144)	\$ (1,547,495)	\$ (2,000,000)	\$ (2,141,688)	\$ -	\$ (550,000)
Unrestricted revenues from use of money and property	23,386	28,619	27,061	27,638	23,386	27,638	25,512	25,512	23,386	27,638
Miscellaneous	-	-	-	15,195	-	-	642,677	483,027	818,477	657,017
Loss on asset disposal	-	-	-	-	-	(389,780)	-	-	-	-
Total business-type activities	\$ (3,923,161)	\$ (4,651,349)	\$ (723,018)	\$ (2,848,706)	\$ (1,145,758)	\$ (1,909,637)	\$ (1,331,811)	\$ (1,633,149)	\$ 841,863	\$ 134,655
Total primary government	\$ 18,298,695	\$ 18,814,886	\$ 19,110,064	\$ 19,537,655	\$ 20,520,529	\$ 20,301,616	\$ 21,390,691	\$ 22,912,519	\$ 23,636,175	\$ 25,714,383
Change in Net Position										
Governmental activities	\$ (409,888)	\$ 2,633,888	\$ (999,265)	\$ 744,258	\$ 1,719,984	\$ (663,885)	\$ (256,614)	\$ 224,232	\$ 5,910,603	\$ 4,340,605
Business-type activities	363,858	(1,021,295)	4,212,662	(42,767)	2,749,760	2,050,690	1,705,829	(1,969,195)	2,107,446	5,908,678
Total primary government	\$ (46,030)	\$ 1,612,593	\$ 3,213,397	\$ 701,491	\$ 4,469,744	\$ 1,386,805	\$ 1,449,215	\$ (1,744,963)	\$ 8,018,049	\$ 10,249,283

Level of Unrestricted Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)



Unrestricted net position represents the resources that are neither invested in capital assets or whose use is constrained to a particular purpose. This net position can be used for any purpose, though it is not necessarily liquid.

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Meals Taxes	Other Local Taxes	Total
2024	\$ 11,553,269	\$ 2,714,108	\$ 642,213	\$ 2,222,227	\$ 3,005,116	\$ 1,364,584	\$ 21,501,517
2023	10,432,820	2,495,785	575,551	2,231,478	2,754,823	1,121,170	19,611,627
2022	9,681,294	2,765,851	585,152	2,157,701	2,340,491	1,170,046	18,700,535
2021	9,448,108	2,346,936	568,104	1,943,342	2,163,683	1,071,966	17,542,139
2020	9,591,164	2,075,778	566,901	1,908,324	1,960,507	929,801	17,032,475
2019	9,728,127	2,039,498	606,852	1,957,688	1,909,213	1,041,265	17,282,643
2018	8,964,713	1,968,475	656,804	1,984,863	1,804,893	961,884	16,341,632
2017	9,072,495	2,046,701	640,608	1,770,305	1,738,415	925,346	16,193,870
2016	8,949,568	2,033,632	654,989	1,715,637	1,717,249	884,145	15,955,220
2015	8,984,049	1,921,102	678,862	1,607,168	1,665,418	895,763	15,752,362

CITY OF MARTINSVILLE, VIRGINIA

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified accrual basis of accounting)

	2015	2016	2017	2018	2019
General fund					
Nonspendable	\$ 759,894	\$ 1,123,501	\$ 1,205,350	\$ 1,202,606	\$ 1,198,249
Restricted	-	-	-	-	-
Committed	2,267,064	1,218,099	1,820,414	851,339	712,456
Assigned	25,000	25,000	-	-	-
Unassigned	<u>4,122,660</u>	<u>4,401,718</u>	<u>3,031,355</u>	<u>4,660,378</u>	<u>4,331,449</u>
Total general fund	<u>\$ 7,174,618</u>	<u>\$ 6,768,318</u>	<u>\$ 6,057,119</u>	<u>\$ 6,714,323</u>	<u>\$ 6,242,154</u>
All other governmental funds					
Special revenue funds	\$ 53,123	\$ -	\$ -	\$ -	\$ -
Assigned, reported in:					
Capital projects funds	1,523,314	1,424,363	798,619	1,165,244	534,861
Special revenue funds	-	3,381	109,148	50,595	70,345
Unassigned, reported in:					
Special revenue funds (deficit)	<u>(53,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,523,406</u>	<u>\$ 1,427,744</u>	<u>\$ 907,767</u>	<u>\$ 1,215,839</u>	<u>\$ 605,206</u>
Total governmental funds	<u>\$ 8,698,024</u>	<u>\$ 8,196,062</u>	<u>\$ 6,964,886</u>	<u>\$ 7,930,162</u>	<u>\$ 6,847,360</u>

Table 5

This page intentionally left blank

Fund Balance Summary
Year Ended June 30, 2024
(Modified accrual basis of accounting)

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest level action to remove or change the constraints;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

	General Fund	Capital Reserve Fund	Meals Tax Fund	Total
Nonspendable:				
Inventory	\$ 1,337,764	\$ -	\$ -	\$ 1,337,764
Restricted for:				
Opioid settlement	439,182	-	-	439,182
State highway maintenance	2,810,182	-	-	2,810,182
Asset forfeiture	266,607	-	-	266,607
Committed to:				
General Gov't Administration	369,409	-	-	369,409
Judicial Administration	9,071	-	-	9,071
Public Safety	682,510	-	-	682,510
Public Works	7,301	-	-	7,301
Assigned to:				
Capital reserve fund	-	1,219,888	-	1,219,888
Meals tax fund	-	-	1,964,561	1,964,561
Unassigned	5,255,868	-	-	5,255,868
Total fund balance	<u>\$ 11,177,894</u>	<u>\$ 1,219,888</u>	<u>\$ 1,964,561</u>	<u>\$ 14,362,343</u>

CITY OF MARTINSVILLE, VIRGINIA

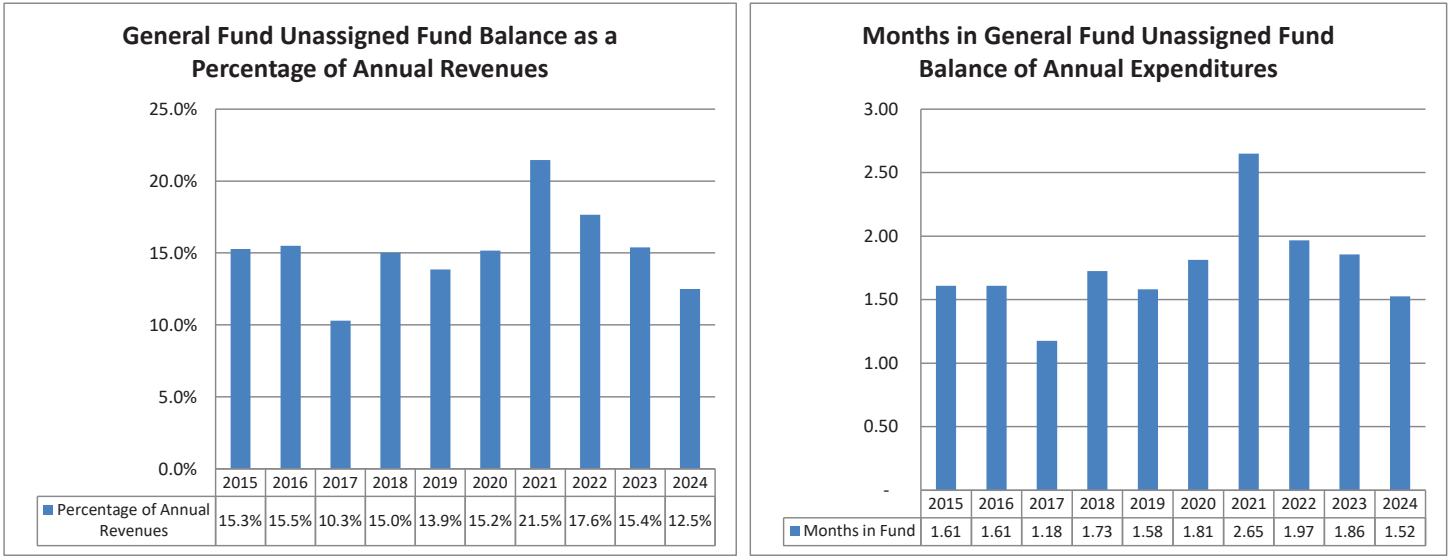
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2015	2016	2017	2018
Revenues:				
General property taxes	\$ 9,083,158	\$ 8,745,402	\$ 8,877,122	\$ 9,180,279
Other local taxes	6,768,313	7,005,652	7,121,375	7,376,919
Permits, privilege fees and regulatory licenses	94,162	100,068	93,979	56,503
Fines and forfeitures	174,262	109,396	140,171	170,759
Revenue from use of money and property	649,438	958,834	1,144,249	1,225,674
Charges for services	960,746	1,803,887	1,917,701	2,111,112
Miscellaneous	243,521	249,786	258,852	349,751
Recovered costs	1,490,324	1,735,766	2,108,095	2,173,575
Intergovernmental:				
Commonwealth	9,827,014	9,746,076	9,231,666	9,825,527
Federal	2,206,202	939,421	1,541,438	1,022,020
Total revenues	\$ 31,497,140	\$ 31,394,288	\$ 32,434,648	\$ 33,492,119
Expenditures:				
General government administration	\$ 4,633,537	\$ 6,277,216	\$ 4,042,520	\$ 4,019,965
Judicial administration	2,144,310	2,319,579	2,293,175	2,332,335
Public safety	9,712,097	10,320,222	10,131,848	9,992,439
Public works	4,403,469	4,639,584	4,775,364	5,997,499
Health and welfare	725,947	812,079	874,554	993,510
Education	6,587,543	5,957,670	6,267,041	6,170,116
Parks, recreation, and cultural	1,185,463	927,402	861,036	837,001
Community development	4,932,864	3,447,169	3,293,876	3,199,403
Nondepartmental	-	-	-	-
Debt service:				
Principal retirement	1,243,918	1,271,763	1,305,581	1,338,158
Interest and other fiscal charges	631,509	603,532	570,908	537,956
Total expenditures	\$ 36,200,657	\$ 36,576,216	\$ 34,415,903	\$ 35,418,382
Excess (deficiency) of revenues over expenditures	\$ (4,703,517)	\$ (5,181,928)	\$ (1,981,255)	\$ (1,926,263)
Other financing sources (uses):				
Capital lease proceeds	\$ -	\$ -	\$ -	\$ -
Insurance recoveries	-	-	-	-
Transfers in	4,440,920	5,191,579	1,845,097	3,479,752
Transfers (out)	(494,373)	(511,611)	(1,095,018)	(588,213)
Total other financing sources (uses)	\$ 3,946,547	\$ 4,679,968	\$ 750,079	\$ 2,891,539
Net changes in fund balances	\$ (756,970)	\$ (501,960)	\$ (1,231,176)	\$ 965,276
Debt service as a percentage of noncapital expenditures	5.32%	5.27%	5.61%	5.43%

Table 7

	2019	2020	2021	2022	2023	2024
\$	9,136,565	\$ 9,335,603	\$ 9,762,106	\$ 9,941,727	\$ 9,862,327	\$ 11,032,843
	7,554,516	7,441,311	8,094,031	9,019,241	9,178,807	9,948,248
	93,318	109,659	82,265	93,850	65,904	88,648
	139,591	99,924	92,397	86,287	92,088	84,025
	1,332,679	1,206,581	1,198,865	1,207,421	1,170,396	980,796
	2,243,877	2,386,857	2,221,781	2,389,019	2,532,571	2,225,713
	361,768	551,813	544,762	533,807	716,786	963,280
	2,108,652	2,312,618	2,312,178	1,980,275	2,365,961	2,427,287
	10,014,169	10,510,007	11,563,521	10,355,671	12,750,724	12,287,271
	966,733	1,598,952	3,834,510	2,776,133	7,224,926	6,005,225
\$	<u>33,951,868</u>	<u>35,553,325</u>	<u>39,706,416</u>	<u>38,383,431</u>	<u>45,960,490</u>	<u>46,043,336</u>
\$	4,585,789	\$ 5,190,992	\$ 5,221,495	\$ 7,238,190	\$ 6,617,454	\$ 7,083,978
	2,401,821	2,513,322	2,572,521	2,810,364	2,823,022	3,008,329
	11,170,618	11,375,251	12,261,058	13,116,930	13,602,920	14,184,482
	4,951,335	5,472,305	5,928,325	4,817,861	5,918,156	5,746,806
	1,229,160	1,186,193	1,381,590	1,659,407	1,901,735	2,313,818
	6,164,347	5,157,042	4,109,180	4,959,911	4,256,525	4,912,100
	852,802	855,004	851,159	1,017,070	917,257	994,290
	3,240,807	3,064,544	4,920,270	3,486,559	5,868,989	5,637,633
	-	-	-	-	-	114,908
	1,265,724	1,290,239	1,389,689	1,419,207	1,111,203	1,121,516
	512,608	505,045	496,826	467,267	454,789	441,950
\$	<u>36,375,011</u>	<u>36,609,937</u>	<u>39,132,113</u>	<u>40,992,766</u>	<u>43,472,050</u>	<u>45,559,810</u>
\$	<u>(2,423,143)</u>	<u>(1,056,612)</u>	<u>574,303</u>	<u>(2,609,335)</u>	<u>2,488,440</u>	<u>483,526</u>
\$	-	\$ 1,214,500	\$ -	\$ -	\$ -	\$ -
	171,197	-	-	-	-	-
	1,935,368	2,639,171	2,852,648	3,439,242	1,450,799	3,267,086
	(766,224)	(1,091,676)	(852,648)	(1,297,554)	(1,450,799)	(2,717,086)
\$	<u>1,340,341</u>	<u>2,761,995</u>	<u>2,000,000</u>	<u>2,141,688</u>	<u>-</u>	<u>550,000</u>
\$	<u>(1,082,802)</u>	<u>1,705,383</u>	<u>2,574,303</u>	<u>(467,647)</u>	<u>2,488,440</u>	<u>1,033,526</u>
	<u>5.11%</u>	<u>5.18%</u>	<u>5.03%</u>	<u>4.80%</u>	<u>3.76%</u>	<u>3.43%</u>

Level of Unassigned Fund Balance
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



The level of unassigned fund balance is an indication of the amount of unexpended, unencumbered and available resources the government has at a point in time to carryover into the next fiscal year to fund budgetary emergencies, shortfalls, or other unexpected needs.

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Business License Taxes	Meals Taxes	Communications Taxes	Other Local Taxes	Total
2024	\$ 11,032,843	\$ 2,714,108	\$ 642,213	\$ 2,222,227	\$ 3,005,116	598,633	\$ 1,364,584	\$ 21,579,724
2023	9,862,327	2,495,785	575,551	2,231,478	2,754,823	631,884	1,121,170	19,673,018
2022	9,941,727	2,765,851	585,152	2,157,701	2,340,491	648,446	1,170,046	19,609,414
2021	9,762,106	2,346,936	568,104	1,943,342	2,163,683	681,836	1,071,966	18,537,973
2020	9,335,603	2,075,778	566,901	1,908,324	1,960,507	750,186	929,801	17,527,100
2019	9,136,565	2,039,498	606,852	1,957,688	1,909,213	778,932	1,041,265	17,470,013
2018	9,180,279	1,968,475	656,804	1,984,863	1,804,893	833,760	961,884	17,390,958
2017	8,877,122	2,046,701	640,608	1,770,305	1,738,415	859,331	925,346	16,857,828
2016	8,745,402	2,033,632	654,989	1,715,637	1,717,249	880,952	884,145	16,632,006
2015	9,083,158	1,921,102	678,862	1,607,168	1,665,418	911,387	895,763	16,762,858

Utility Analysis of Unrestricted Net Position
At June 30, 2024

	Electric Fund	Water Fund	Sewer Fund	Refuse Collection/ Landfill Fund	Total
Net Position at June 30, 2024	\$ 18,638,728	\$ 10,722,512	\$ 10,612,256	\$ 1,056,051	\$ 41,029,547
Less capital assets	(17,843,622)	(10,578,526)	(24,627,048)	(1,909,120)	(54,958,316)
Add current portion of long-term obligations	348,650	337,737	641,134	47,529	1,375,050
Add noncurrent portion of long-term obligations	4,406,769	4,371,170	14,989,626	3,393,805	27,161,370
Add capital related payables	-	-	881,782	-	881,782
Less compensated absences	(106,498)	(83,631)	(67,989)	(25,286)	(283,404)
Less net pension liability	(1,565,911)	(802,209)	(1,375,520)	(451,377)	(4,195,017)
Less net group life insurance OPEB liability	(41,943)	(28,783)	(51,155)	(15,427)	(137,308)
Less net Pay-as-you-Go OPEB liability	(223,067)	(119,603)	(198,570)	(64,269)	(605,509)
Less landfill closure and post-closure costs	-	-	-	(2,594,975)	(2,594,975)
Unrestricted Net Position at June 30, 2024	\$ <u>3,613,106</u>	\$ <u>3,818,667</u>	\$ <u>804,516</u>	\$ <u>(563,069)</u>	\$ <u>7,673,220</u>

Local Sales Tax Growth
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



Local sales tax growth is a measure of the state of the local economy by comparing revenue collected in the prior year to the current year.

For the year ended June 30, 2024, the City experienced an increase in sales tax collections of approximately \$218,323 or 9.30%.

CITY OF MARTINSVILLE, VIRGINIA

Assessed Value of Taxable Property and Tax Rates Last Ten Fiscal Years

Fiscal Year(1)	Real Estate	Personal Property	Machinery and Tools	Public Service Real Estate	Public Service Pers Prop	Total
2024	\$ 784,860,900	\$ 150,012,855	\$ 9,243,527	\$ 34,200,288	\$ 413,107	\$ 978,730,677
2023	651,746,786	138,411,104	7,986,149	22,212,329	283,985	820,640,353
2022	649,822,186	106,101,631	7,249,876	28,548,649	367,533	792,089,875
2021	639,698,900	119,086,342	6,727,040	25,767,607	388,462	791,668,351
2020	638,496,000	114,103,654	6,678,102	25,997,604	485,196	785,760,556
2019	631,445,800	111,703,797	6,702,953	24,296,670	571,227	774,720,447
2018	630,238,700	108,990,284	6,764,153	21,839,490	585,532	768,418,159
2017	639,432,100	104,500,889	5,684,864	22,387,747	565,832	772,571,432
2016	637,317,000	96,930,746	8,947,408	24,215,061	475,737	767,885,952
2015	640,608,600	93,920,412	9,236,280	23,076,423	294,246	767,135,961

(1) 100% fair market value.

Source: Commissioner of the Revenue

Table 12

Tax Rates				
Real Estate	Personal Property	Machinery and Tools	Public Service R/E	Public Service P/P
\$ 0.99000	\$ 2.30	\$ 1.85	\$ 0.99000	\$ 2.30
1.03975	2.30	1.85	1.03975	2.30
1.03975	2.30	1.85	1.03975	2.30
1.0621	2.30	1.85	1.0621	2.30
1.0621	2.30	1.85	1.0621	2.30
1.0621	2.30	1.85	1.0621	2.30
1.0621	2.30	1.85	1.0621	2.30
1.0621	2.30	1.85	1.0621	2.30
1.0621	2.30	1.85	1.0621	2.30
1.0621	2.30	1.85	1.0621	2.30

This page intentionally left blank

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1), (3) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2024	\$ 11,821,283	\$ 9,812,104	83.00%	\$ 1,471,015	\$ 11,283,119	95.45%	\$ 2,946,777	24.93%
2023	10,418,148	8,859,886	85.04%	641,384	9,501,270	91.20%	2,265,020	21.74%
2022	9,695,951	9,053,769	93.38%	567,984	9,621,753	99.23%	1,931,199	19.92%
2021	9,984,210	8,701,968	87.16%	696,297	9,398,265	94.13%	1,888,557	18.92%
2020	9,864,021	8,316,022	84.31%	746,057	9,062,079	91.87%	2,241,958	22.73%
2019	9,713,056	8,301,079	85.46%	602,847	8,903,926	91.67%	2,241,958	23.08%
2018	9,615,111	8,846,029	92.00%	587,029	9,433,058	98.11%	1,274,200	13.25%
2017	9,596,296	8,834,417	92.06%	513,318	9,347,735	97.41%	1,381,163	14.39%
2016	9,465,270	8,763,769	92.59%	392,885	9,156,654	96.74%	1,314,580	13.89%
2015	9,424,583	8,873,795	94.16%	547,335	9,421,130	99.96%	1,084,664	11.51%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Note: Current Tax Collections includes PPTRA funds.

CITY OF MARTINSVILLE, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	State Literary Loans	VP SA Bonds	Capital Financing Activities
2024	\$ 292,400	\$ -	\$ 5,165,567	\$ 254,446
2023	384,700	-	5,945,646	503,583
2022	474,500	-	6,723,111	747,521
2021	561,900	-	7,816,070	986,369
2020	647,000	375,000	8,517,528	1,214,500
2019	1,033,800	750,000	9,045,967	-
2018	1,412,400	1,125,000	9,558,091	-
2017	1,786,800	1,500,000	10,051,894	94,955
2016	2,153,100	2,125,000	10,272,721	188,409
2015	2,509,400	2,750,000	10,471,207	280,386

Table 14

Business-type Activities				Net Bonded Debt per Capita	
General Obligation Bonds	Revenue Bonds	Capital Financing Activities	Total Primary Government		
\$ 290,000	\$ 16,196,208	\$ 4,234,000	\$ 26,432,621	\$	1,586
334,000	16,927,433	4,756,000	28,851,362		1,719
377,000	17,658,175	5,271,000	31,251,307		1,871
418,000	17,366,870	5,775,000	32,924,209		2,084
557,000	16,474,870	6,220,000	34,005,898		2,117
712,000	16,805,680	6,636,000	34,983,447		2,112
863,000	12,810,146	7,044,000	32,812,637		1,885
1,011,000	7,066,376	7,425,000	28,936,025		1,630
1,155,000	3,242,399	7,425,000	26,561,629		1,947
1,444,900	-	-	17,455,893		1,288

This page intentionally left blank

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2024	13,834 \$	978,730,677 \$	21,944,175	2.24% \$	1,586
2023	13,725	820,640,353	23,591,779	2.87%	1,719
2022	13,485	792,089,875	25,232,786	3.19%	1,871
2021	12,554	791,668,351	26,162,840	3.30%	2,084
2020	12,554	785,760,556	26,571,398	3.38%	2,117
2019	13,422	774,720,447	28,347,447	3.66%	2,112
2018	13,670	768,418,159	25,768,637	3.35%	1,885
2017	13,142	772,571,432	21,416,070	2.77%	1,630
2016	13,544	767,885,952	18,948,220	2.47%	1,389
2015	13,552	767,135,961	17,175,507	2.24%	1,267

Sources:

(1) Estimates - United States Census Bureau

(2) From Table 12

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and revenue bonds.
Excludes leases and compensated absences.

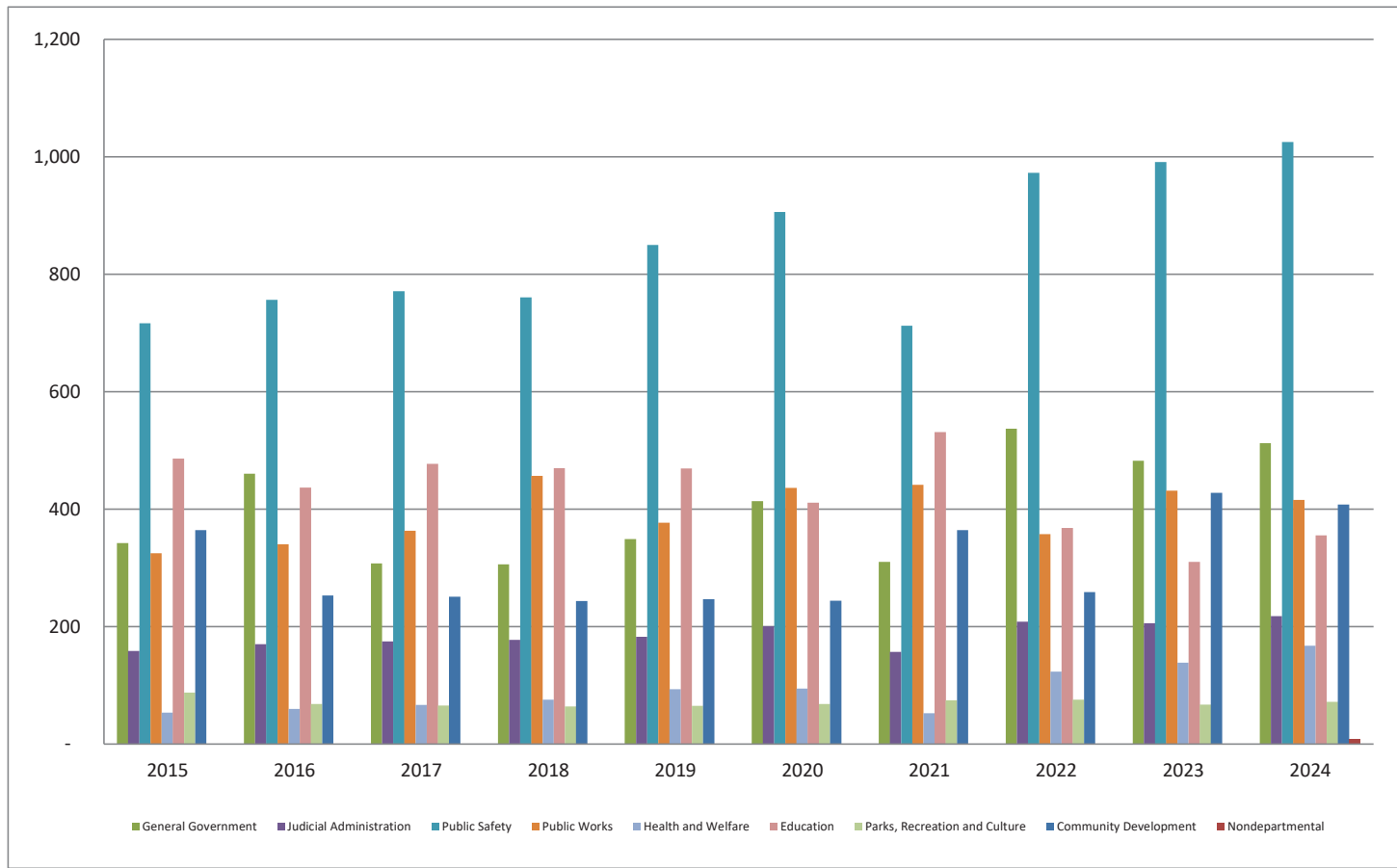
Computation of Direct and Overlapping Bonded Debt
At June 30, 2024

Direct:(1)

City of Martinsville	\$	21,944,175	100%	\$	21,944,175
----------------------	----	------------	------	----	------------

The City of Martinsville has no overlapping debt.

Expenditures Per Capita Ratios
Last Ten Fiscal Years



Note:
Information included is governmental expenditures - Table 7
Population - Table 18

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	City Per Capita Income (2)	School Enrollment (3)	Unemploy- ment Rate (4)	Personal Income In Thousands (5)
2024	13,834 \$	50,015	1,807	4.60% \$	n/a
2023	13,725	47,455	1,810	4.60%	3,174,180
2022	13,485	46,758	1,881	4.90%	3,019,634
2021	13,485	43,380	1,876	8.30%	2,905,682
2020	12,554	22,669	1,820	14.30%	2,718,356
2019	13,422	32,892	1,830	4.60%	2,558,838
2018	13,670	33,545	1,893	5.10%	2,449,831
2017	13,142	37,827	2,019	7.30%	2,434,875
2016	13,544	36,598	2,056	7.00%	2,368,764
2015	13,552	35,976	2,300	9.58%	2,291,342

n/a - not available at publication

Sources:

- (1) The Weldon Cooper Center for Public Service
- (2) Bureau of Economic Analysis - data for "Henry + Martinsville, VA Micropolitan SA"
- (3) School Board Office
- (4) Virginia Employment Commission
- (5) Bureau of Economic Analysis - data for "Henry + Martinsville, VA Micropolitan SA"

Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	26	22	21	20	20	21	21	21	22	28
Public safety										
Police department	50	56	50	51	51	51	51	47	42	47
Fire department	29	27	27	27	26	26	26	28	28	39
Public works										
General maintenance	40	38	35	37	37	37	37	38	37	36
Refuse Collection	3	3	5	5	5	6	6	7	9	7
Engineering	3	3	3	1	2	2	2	2	1	2
Culture and recreation										
Parks and recreation	7	6	5	6	5	5	5	5	4	8
Community development										
Planning	4	2	3	3	1	2	2	2	2	2
Totals	162	157	149	150	147	150	150	150	145	169

Source: Individual city departments

CITY OF MARTINSVILLE, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

		2015	2016	2017	2018
Police Protection	Number of stations	1	1	1	1
	Number of police personnel and officers	51	53	50	51
	Number of law violations:				
	Physical arrests	1,559	1,394	1,694	2,932
	Traffic violations	3,314	1,772	2,877	3,314
Fire Protection	Number of stations	2	2	2	2
	Number of fire personnel and officers	46	42	41	42
	Number of calls answered	3,093	3,041	3,024	3,053
	Number of inspections conducted	790	530	659	768
Streets	Streets (miles)	100	100	100	100
	Streetlights	2,721	2,871	2,695	3,069
Recreation & Culture	Number of parks and recreation facilities	13	13	13	13
	Number of libraries	1	1	1	1
	Number of community centers	1	1	1	1
Water	Service Connections	7,300	7,300	7,250	7,250
	Miles of water mains	120	120	120	120
	Number of fire hydrants	555	555	555	555
	Daily average consumption in gallons	1.8 MGD	1.8 MGD	1.8 MGD	1.8 MGD
	Maximum daily capacity of plant in gallons	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD
Sewer	Service Connections	6,800	6,800	6,800	6,800
	Miles of sanitary sewers	140	140	140	140
	Miles of storm sewers	1	1	1	1
	Number of treatment plants	1	1	1	1
	Daily average treatment in gallons	4.5 MGD	4.5 MGD	4.5 MGD	4.5 MGD
	Maximum daily capacity of plant in gallons	8.0 MGD	8.0 MGD	8.0 MGD	8.0 MGD
Electric Distribution Systems	Miles of service	100	100	100	100
	Number of distribution systems	1	1	1	1
Facilities and services not included in the primary government					
	Number of elementary schools	3	3	3	3
	Number of middle schools	2	2	2	2
	Number of secondary schools	1	1	1	1
Facilities and services not included in the reporting entity					
	Hospitals:				
	Number of hospitals	1	1	1	1
	Number of patient beds	220	220	220	220

Source: Individual city departments

Table 20

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
51	51	51	47	42	47
1,994	1,645	1,383	1,234	1,393	1,187
2,786	2,663	2,539	2,324	2,112	2,476
2	2	2	2	2	2
40	43	41	42	37	39
3,602	2,965	3,504	4,214	4,458	4,410
914	826	838	1,342	1,136	1,166
100	100	100	100	100	100
3,069	3,069	3,072	3,072	3,072	3,093
13	13	13	13	13	13
1	1	1	1	1	1
1	1	1	1	1	1
7,250	7,069	7,069	8,098	7,074	7,097
120	120	120	120	120	120
555	555	555	555	555	555
1.78 MGD	1.95 MGD	1.65 MGD	1.70 MGD	1.35MGD	2.05MGD
7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD
6,800	6,535	6,631	7,494	6,541	6,556
140	140	140	140	140	140
1	1	1	1	1	1
1	1	1	1	1	1
5.8 MGD	5.4 MGD	5.5 MGD	4.49 MGD	4.71MGD	4.78MGD
8.0 MGD	8.0 MGD	8.0 MGD	8.0 MGD	8.0 MGD	8.0 MGD
100	100	100	100	100	100
1	1	1	1	1	1
3	3	3	3	3	3
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
220	220	220	220	220	220

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government										
Administration buildings	6	6	6	6	6	6	6	6	6	6
Vehicles	4	4	3	3	4	2	2	4	2	4
Public safety										
Police department:										
Patrol units	23	22	26	27	29	27	30	26	24	20
Other vehicles*	13	16	15	17	18	19	16	17	19	20
Sheriffs department:										
Patrol units	12	13	13	13	16	15	15	16	15	15
Other vehicles*	10	10	12	12	12	10	10	10	11	12
Fire department:										
Vehicles	12	12	14	14	16	14	14	15	15	15
Building inspections:										
Vehicles	1	1	1	1	1	2	2	2	3	2
Animal control:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	60	59	59	60	57	60	62	66	66	58
Refuse:										
Vehicles	10	10	9	10	12	14	13	13	13	14
Sites	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	13	12	12	12	12	11	11	10	12	13
Playing Fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	3	3	3	3	3	3	3	3	3	3
Community development										
Planning:										
Vehicles	1	1	1	1	1	2	2	2	3	2
Component Unit - School Board										
Education:										
Schools	5	5	5	5	5	5	5	5	5	5
School buses	30	30	31	33	32	31	31	33	32	35
Other vehicles	23	29	25	26	29	27	23	25	27	27

Source: Individual city departments

*Police: includes Admin, CID & K-9

Sheriff: includes Admin, Annex & M/C's



**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
City Council
City of Martinsville, 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, each major fund, and the aggregate remaining fund information of the City of Martinsville, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Martinsville, Virginia's basic financial statements, and have issued our report thereon dated April 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Martinsville, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Martinsville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Martinsville, 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 City's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City of Martinsville, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Martinsville, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Martinsville, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no such opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
April 24, 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
City Council
City of Martinsville, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Martinsville, 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 City of Martinsville, Virginia's major federal programs for the year ended June 30, 2024. City of Martinsville, 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, City of Martinsville, Virginia complied, in all material respects, with compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Martinsville, 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 City of Martinsville, 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 City of Martinsville, 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 City of Martinsville, 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 City of Martinsville, 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 City of Martinsville, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Martinsville, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Martinsville, 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 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.

Report on Internal Control over Compliance (Continued)

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

Charlottesville, Virginia
April 24, 2025

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures	Provided to Subrecipients
PRIMARY GOVERNMENT:					
<u>DEPARTMENT OF TRANSPORTATION:</u>					
<u>Pass through payments:</u>					
Highway Safety Cluster:					
Virginia Department of Motor Vehicles:					
State and Community Highway Safety	20.600	BPT-2024-54034	\$ 10,404		
National Priority Safety Programs	20.616	FM6OT-2023-53029	1,480		
Total Highway Safety Cluster				11,884	-
Total Department of Transportation				\$ 11,884	\$ -
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>					
<u>Pass through payments:</u>					
Virginia Department of Social Services:					
Temporary Assistance for Needy Families (TANF)	93.558	Unknown	\$ 179,953	\$ 179,953	
Social Services Block Grant	93.667	Unknown	13,802		-
Total Department of Health and Human Services			\$ 193,755	\$ 179,953	
<u>DEPARTMENT OF HOMELAND SECURITY:</u>					
<u>Pass through payments:</u>					
Virginia Department of Emergency Management:					
Hazard Mitigation Grant	97.039	114801	\$ 49,623	\$ -	
Emergency Management Performance Grants	97.042	120478, 122439	7,500		-
Homeland Security Grant Program	97.067	120478	49,983		-
Total Department of Homeland Security			\$ 107,106	\$ -	
<u>DEPARTMENT OF COMMERCE:</u>					
<u>Direct payments:</u>					
Economic Development Cluster:					
Economic Adjustment Assistance	11.307	N/A	\$ 2,424,182	\$ -	
Total Department of Commerce			\$ 2,424,182	\$ -	
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>					
<u>Direct payments:</u>					
Brownfields Multipurpose, Assessment , Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	\$ 569,332	\$ -	
Total Environmental Protection Agency			\$ 569,332	\$ -	
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
<u>Pass through payments:</u>					
Virginia Department of Housing and Community Development:					
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	120928	\$ 630,456	\$ -	
<u>DEPARTMENT OF LABOR:</u>					
<u>Pass through payments:</u>					
Virginia Department for Aging and Rehabilitative Services:					
Senior Community Service Employment Program	17.235	Unknown	\$ 34,074	\$ -	
<u>DEPARTMENT OF JUSTICE:</u>					
<u>Direct payments:</u>					
Bullet Proof Vest Partnership Program	16.607	N/A	\$ 15,848	\$ -	
Equitable Sharing Program	16.922	N/A	89,496		-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	20,423		-
<u>Pass through payments:</u>					
Virginia Department of Criminal Justice Services:					
Crime Victim Assistance	16.575	116418, 118457	67,492		-
Total Department of Justice			\$ 193,259	\$ -	
<u>DEPARTMENT OF THE TREASURY:</u>					
<u>Pass through payments:</u>					
Virginia Department of Accounts:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	\$ 3,747,825	\$ -	
Virginia Department of Criminal Justice Services:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	122373	142,267		-
Virginia Department of Environmental Quality:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	17505	1,957,115	5,847,207	-
Total Department of the Treasury			\$ 5,847,207	\$ -	

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
For the Year Ended June 30, 2024 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures	Provided to Subrecipients
COMPONENT UNIT-SCHOOL BOARD:					
DEPARTMENT OF AGRICULTURE:					
<u>Pass through payments:</u>					
Child Nutrition Cluster:					
Virginia Department of Agriculture and Consumer Services:					
Food Distribution - National School Lunch Program	10.555	Unknown	\$ 81,610		
Virginia Department of Education:					
National School Lunch Program	10.555	APE41106 & APE40254	1,091,773	\$ 1,173,383	
School Breakfast Program	10.553	APE41110 & APE40253		484,733	
Summer Food Service Program for Children	10.559	APE60302 & APE60303		110,144	
Fresh Fruit and Vegetable Program	10.582	APE40252		64,993	
Total Child Nutrition Cluster				\$ 1,833,253	\$ -
Virginia Department of Education:					
Child and Adult Care Food Program	10.558	APE70027		50,719	-
Total Department of Agriculture				\$ 1,883,972	\$ -
DEPARTMENT OF EDUCATION:					
<u>Direct payments:</u>					
Adult Education - National Leadership Activities	84.191	N/A		\$ 57,175	\$ -
<u>Pass through payments:</u>					
Virginia Department of Education:					
Title I Grants to Local Educational Agencies	84.010	APE42901		1,779,585	-
Special Education Cluster (IDEA):					
Special Education - Grants to States	84.027	APE43071	\$ 570,965		
Special Education - Preschool Grants	84.173	APE62521	5,094		
Total Special Education Cluster				576,059	-
Career and Technical Education - Basic Grants to States	84.048	APE61095		82,171	-
Rural Education	84.358			58,949	-
English Language Acquisition State Grants	84.365	APE43405		12,012	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	APE61480		167,127	-
Student Support and Academic Enrichment Program	84.424	APE60281		261,921	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	APE501931		4,041,845	-
Total Department of Education				\$ 7,036,844	\$ -
Total Expenditures of Federal Awards				\$ 18,932,071	\$ 179,953

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MARTINSVILLE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Martinsville, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the reporting requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Martinsville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Martinsville, 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.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 5,000,949
Special Revenue Funds:	
City Grants Fund	630,456
Meals Tax Fund	373,820
Sewer Fund	4,381,297

Total primary government	\$ 10,386,522
--------------------------	---------------

Component Unit School Board:

School Operating Fund	\$ 4,099,019
School Grants Fund	2,937,825
School Cafeteria Fund	1,883,972

Total component unit school board	\$ 8,920,816
-----------------------------------	--------------

Reconcile federal revenues to expenditures:

Less: Joint Law Enforcement Operation Funds (JLEO formerly ALN 16.111)	(1,447)
Less: Federal tax credit subsidy on QSCB bond	(373,820)

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 18,932,071
--	---------------

Note 5 - De Minimis Cost Rate

The City did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balance

The City has no loans or loan guarantees which are subject to reporting requirements for the current year.

This page intentionally left blank

CITY OF MARTINSVILLE, VIRGINIA

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2024

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?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' 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:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance
14.228	Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii
21.027	Coronavirus State and Local Fiscal Recovery Fund
84.010	Title I Grants to Local Educational Agencies

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

Section II – Financial Statement Findings

2024-001 – Material Audit Adjustments

Criteria:	City management is responsible for developing and maintaining an effective system of internal controls over financial closing and reporting that provides reasonable assurance for the reliability of the reported financial information. Identification of material adjustments to the financial statements that were not detected by the City’s internal controls in a timely manner indicates that a deficiency in internal control may exist.
Condition:	The financial statements did not include necessary adjustments to ensure such statements were materially correct in accordance with Generally Accepted Accounting Principles (U.S. GAAP).
Cause:	The City did not have adequate internal controls in place to timely detect and correct errors in the financial reporting process.
Effect:	There is a reasonable possibility that a misstatement of the City’s financial statements will not be prevented or detected and corrected in a timely manner by the City’s internal controls over financial reporting.
Recommendation:	The City should evaluate the internal controls in place over the financial year-end closing and reporting process and review proposed audit adjustments to ensure that the financial statements are materially correct in accordance with U.S. GAAP.

Management’s Response:

The Finance Department lost half of its staff within a 3-month window from July 2024 through September 2024 including both the Finance Director and the Deputy Finance Director as well as the Payroll Specialist. This is normally when year-end adjustments would be made by experienced staff.

2024-002 – Timely Request of Reimbursement for Expenditures Incurred

Criteria:	Reimbursement requests for expenditures incurred under all grant funded programs should be filed in a timely manner and, at the very least, within 60 days of the same year the expenditures are incurred.
Condition:	The City requested reimbursement in late November 2024 for expenditures related to the Community Development Block Grant (CDBG) Pine Hall Housing Rehabilitation Project that were incurred as far back as January 2024.
Cause:	The Department responsible for overseeing the CDBG program did not have adequate controls in place to ensure that reimbursement requests were being filed in a timely manner.
Effect:	There is more than a remote likelihood that a misstatement of the City’s financial statements will not be prevented, or detected and corrected in a timely manner.
Recommendation:	The City should evaluate the controls in place over the CDBG program to ensure that expenditures are being captured in the proper fiscal year and that reimbursement requests are being filed in a timely manner.

Management’s Response:

The Community Development Department lost key personnel during the year as well and unfortunately without experienced staff in place items were overlooked and reimbursements were not timely requested.

CITY OF MARTINSVILLE, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2024

Section III – Federal Award Findings and Questioned Costs

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

Section IV – Prior Year Findings

There are no prior year findings.



STAFF REPORT

TO: City Council

FROM: Greg Maggard, Managing Director of Public Works, Mandy Muse, Water Resources Director

SUBJECT: YOYO's Film -- Presentation of Local Film Being Produced (Filming July 28th - August 12th)

STAFF/ DEPARTMENT RESPONSIBLE: Public Works

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

WHAT

This is a feature length film that will be submitted to festivals around the world and will eventually be streaming. There will definitely be a screening of the final film at the Richmond International Film Festival. We'd love to do a screening right here in town when the time is right!

The logline for the film:

Liberal sisters Dinah and Abigail return to their childhood homestead in rural Virginia after a long estrangement to pay their respects to their (supposedly) dying conservative father - and get bamboozled into running the survivalist camp for kids that their parents founded after the sisters flew the coop.

WHEN

Pre-Production is already in full swing!

More cast and crew will arrive beginning July 22nd

Principal Photography will run from July 29th through August 12th

WHERE

Filming Locations Include:

Michal's home: 123 Oak Rd, Collinsville, VA 24078

Patrick & Henry Community College

Rita and Michael Hodge's home and property

Scott Vernon's property: The Sustainable Homestead in Ridgeway

Cast and Crew will be staying in:

- Air BnB's

- VRBO's

- Cabins at Fairy Stone Park

POLICY EXPLANATION:

Not Applicable.

FISCAL IMPACT/FUNDING SOURCE:

None.

Available Budget: Not Applicable.

Purchase Amount: Not Applicable.

ACTION REQUESTED/ALTERNATIVES

None.

ATTACHMENTS:

None



Martinsville Fire & EMS

July 22, 2025— City Council Update

Departmental Divisions

- Fire and EMS Divisions

- Administrative Personnel – 3
- Operational Shifts – 24
 - FF/ALS – 14
 - FF/BLS – 6
 - Recruit Firefighters – 3
 - Medical Leave - 1
- Part-Time Firefighters - 5

- Fire Marshal's Office

- Fire Marshal - 1
- Part-Time Fire Marshals – 2

- Non-Emergency Transport Division

- EMT's – 4
- Part-Time EMT's - 2

- Emergency Management and Safety Division

- Emergency Management Coordinator – 1
- Training and Safety Officer – 1

- Community Health Worker

- CHW Paramedic - 1

Daily Staffing

E-1 – 2-3 Personnel
M-1/L-1 – 2 Personnel
M-3/E-3 – 2 Personnel



2025 Statistics

• Emergency Responses

- Fire Responses – 228
- EMS Responses – 1,719
- Non-Emergency Transports – 544
- Community Health Referrals - 83
- Total Responses – 2,574

• Installations

- Smoke Detectors – 328
- Child Safety Seats – 15

• Public Education

- On-Site – 15
- Off-Site – 941

• Fire Safety

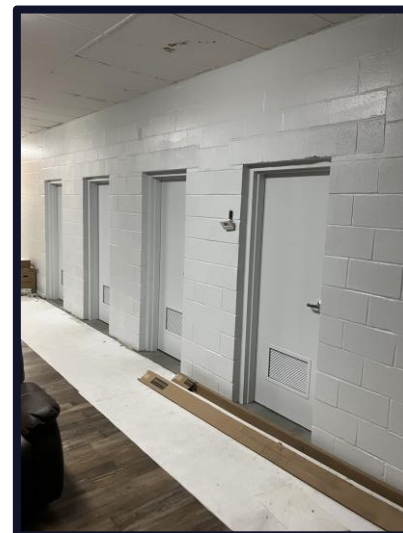
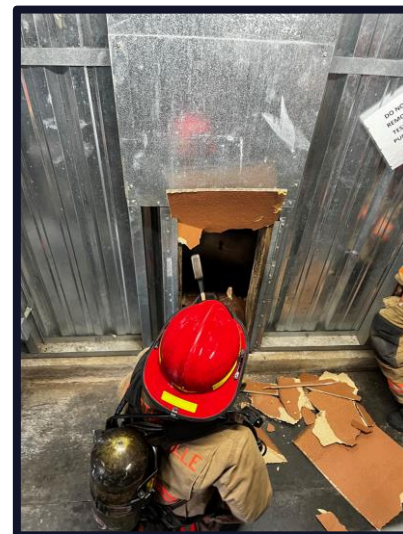
- Fire Inspections – 173
- Fire Investigations - 4

• Training Hours – 2,040



Major Projects

- Training Academy
 - Two recruits have completed their training and have been assigned to a shift
 - Three are still attending the academy
- Company One Renovations
- Internal Pharmacy and Drug Box Program
- Community Health Worker started receiving referrals from SOVA Health
- Expanded Non-Emergency Transport
- Nationwide Homes Flood Mitigation Project
- Martinsville Middle School Generator Project



City of Martinsville

Community Events

- Smoke Detector Canvassing
- Fire Extinguisher Classes
- PHS Autism Awareness Event
- Eastman Distracted Driving Event
- Martinsville Henry County Property Management Association Meeting
- Patrick Henry Elementary
 - Read Across America Week
 - Egg Drop
- Fast Track 2025
- Juneteenth Festival 2025



Personnel Achievements

- Lieutenant Logan Peters – Promoted to Captain
- Firefighter/Paramedic Landon Hill – Promoted to Lieutenant
- Firefighter/Paramedic Eric Dillon – Promoted to Lieutenant
- Firefighter/EMT Mathew Fox – Earned his EMT–Advanced
- Firefighter/EMT Kreg O’Hara – Earned his Paramedic
- Firefighter/Paramedic Joshua Meggs – Earned his Critical Care Paramedic
- Firefighter/Paramedic Joey Smallwood – Earned his Critical Care Paramedic
- Assistant Chief Dwayne Robertson – Earned his Bachelor’s Degree in Fire Administration
- Assistant Emergency Management Coordinator Micah Lackey earned the following:
 - EMS Education Coordinator
 - Firefighter I/II Train the Trainer
 - Hazardous Materials Operations Train the Trainer
- Michael Barrett – Earned his EMT-Basic – Completed Academy Training
- Nicholas Barrett – Earned his EMT-Basic – Completed Academy Training
- Devontae Jordan – Earned his EMT-Basic – Currently in the Fire Academy

Budget – Fiscal Year 2025



Revenues

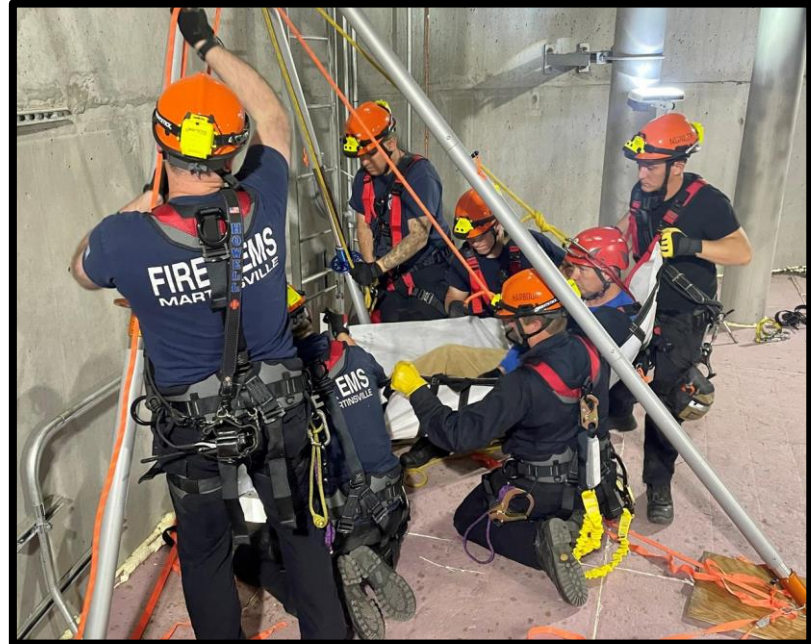
Revenues			
Transport Type	FY 2025 Budgeted	FYTD	Notes
Emergency Transport	\$ 575,000.00	\$ 701,275.00	Per EMS-MC
Non-Emergency Transport	\$ 185,000.00	\$ 230,633.00	Per EMS-MC
Total	\$ 760,000.00	\$ 931,908.00	

Expenses

Expenses				
Division Name	FY 2025 Budgeted	FYTD	Remaining	Notes
Fire	\$ 3,017,326.00	\$ 2,839,136.00	\$ 178,190.00	
EMS	\$ 301,750.00	\$ 259,876.00	\$ 41,874.00	
Non-Emergency Transport	\$ 173,076.00	\$ 201,295.00	\$ (28,219.00)	Expansion Year
Emergency Management	\$ 251,021.00	\$ 229,462.00	\$ 21,559.00	
Total	\$ 3,743,173.00	\$ 3,529,769.00	\$ 213,404.00	
Percentage Used		94%		

Final Notes

- Legal Status
 - Pharmacy Benefit Managers Lawsuit
 - No other involvement
- Interdepartmental Dependence
 - We work with every other City department
- Key Points
 - Personnel work hard every day to serve the City of Martinsville



City of Martinsville

Questions?



A CITY WITHOUT LIMITS



City of Martinsville

**A RESOLUTION APPROPRIATING FUNDS IN THE CITY OF MARTINSVILLE,
VIRGINIA FISCAL YEAR 2025-2026 BUDGET**

WHEREAS, on May 20, 2025 the City Council (the “Council”) of the City of Martinsville, Virginia (the “City”) adopted the City’s fiscal year 2025-2026 budget resolution; and,

WHEREAS, the Council desires to appropriate the following funds in the City’s fiscal year 2025-2026 budget.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:

1. Appropriating \$192,320 in the City’s General Fund Capital Project fund-16 for the Registrar’s voting equipment purchase.
2. Moving \$375,000 from General fund balance per City Council action for the Commonwealth Water line project.
3. Moving \$375,000 from Water & Sewer fund balance per City Council action for the Commonwealth Water line project.
4. This Resolution shall take effect immediately.

The members of Council voted as follows on the foregoing Resolution:

Ayes

Nays

Absent

Abstentions

Adopted this ___ day of July, 2025.

Attest:

Deputy Clerk of Council, City of Martinsville



STAFF REPORT

TO: City Council

FROM: Kris Bridges, Building Official

SUBJECT: Hold Public Hearing for Request for Rezone and Council Discussion

STAFF/ DEPARTMENT RESPONSIBLE: Community Development

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

A public hearing for a rezone request at 1901 Patrick Henry Avenue following the public hearing with the Planning Commission on June 18, 2025, where they recommended approval by a vote of 5-0. A rezone request requires review by the city Planning Commission and review and approval by City Council.

The applicant, First Presbyterian Church currently owns approximately 10,000 square feet of unused classroom space. They are interested in leasing out the space to tenants for the use of professional offices, healthcare, and personal care facilities to generate income. The property is currently zoned R-N, Neighborhood Residential, which does not allow for professional offices, healthcare, or personal care facilities. The applicants are requesting to rezone the property to R-T, Residential Transitional, which is more flexible and will allow for the proposed uses. All tenants will be reviewed and approved by the church. No facilities involving drug or alcohol treatment or other uses inconsistent with church programs or a child day care will be considered.

The R-T, Residential Transitional District is intended to serve as a transition between less intensively developed residential zoning districts and more intensively developed areas of the city, including commercial zoning districts. The district recognizes that certain appropriately located residential and non-residential uses may be compatible. If properly designed, managed, and maintained, they can offer a creative opportunity to enhance older, substantially developed neighborhoods with a workable and attractive mix of uses.

POLICY EXPLANATION:

Pursuant to the authority granted under § 15.2-2286 of the Code of Virginia and in accordance with the City of Martinsville Zoning Ordinance, the proposed rezoning will be discussed under and in compliance with public notice and hearing requirements outlined in § 15.2-2204 and § 15.2-2285 of the Code of Virginia.

FISCAL IMPACT/FUNDING SOURCE:

Not Applicable.

Available Budget: Not Applicable.

Purchase Amount: Not Applicable.

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Rezone Request and Adopt Ordinance
2. City Council Do Not Approve Rezone Request and Do Not Adopt Ordinance
3. Other Action as Determined Necessary by City Council

ATTACHMENTS:

1.	CC Meeting Materials_Patrick Henry Ave_072225_Hannah Powell
2.	2025-5 Ordinance for Rezoning

MEETINGS: July 22, 2025

TITLE: Public Hearing - Request for Rezone - 1901 Patrick Henry Avenue

STAFF RESPONSIBLE Kris Bridges, Interim Managing Director of Community Development

BACKGROUND/HISTORY

First Presbyterian Church is requesting to rezone property located at 1901 Patrick Henry Avenue from R-N, Neighborhood Residential, to R-T, Residential Transitional. The purpose of the rezone is to allow for professional office space on the property by-right, while still maintaining the primary residential element of the area. Due to lower membership in recent years, the church is looking for options to subsidize its income. They currently have a lot of empty space available and are interested in renting out the empty spaces for professional offices. Any potential renters will be thoroughly vetted by the church and they will not allow any renters that are not appropriate for a church environment or for the elementary school across the street.

The City of Martinsville Planning Commission held a public hearing on June 18, 2025 to consider this request. The Planning Commission recommended approval of the request by a vote of 5-0 (1 absent).

POLICY EXPLANATION

The R-T, Residential Transitional District is intended to serve as a transition between less intensively developed residential zoning districts and more intensively developed areas of the city, including commercial zoning districts. The district recognizes that certain appropriately located residential and non-residential uses may be compatible. If properly designed, managed, and maintained, they can offer a creative opportunity to enhance older, substantially developed neighborhoods with a workable and attractive mix of uses.

Properties zoned for the R-T, Neighborhood Transitional District are primarily located at the edges of the uptown business district, and in areas where established residential neighborhoods interface with major streets and entrance corridors.

FISCAL IMPACT/FUNDING SOURCE

NA

AVAILABLE BUDGET

NA

PURCHASE AMOUNT

NA

ACTION REQUESTED/ALTERNATIVES:

1. City Council Approve ____X____
2. Do not Approve _____
3. Other Action as directed by City Council

ATTACHMENTS:

- Planning Commission Staff Report
- Rezone Application
- Aerial Map
- Property Card



Date: June 4, 2025

To: Martinsville Planning Commission

CC: Kris Bridges, Zoning Administrator

From: Hannah L. Powell, Community Development Specialist

RE: Application for Rezoning – First Presbyterian Church

SUBJECT:

REQUEST for REZONE- Application of First Presbyterian Church, Applicant and Owner, requesting to rezone property located at 1901 Patrick Henry Avenue from R-N, Neighborhood Residential, to R-T, Residential Transitional. The rezoning of property is a request that requires review by the Martinsville Planning Commission and review and approval of Martinsville City Council.

BACKGROUND:

The applicant, First Presbyterian Church currently owns approximately 10,000 square feet of unused classroom space. They are interested in leasing out the space to tenants for the use of professional offices, healthcare, and personal care facilities to generate income.

The property is currently zoned R-N, Neighborhood Residential, which does not allow for professional offices, healthcare, or personal care facilities. The applicants are requesting to rezone the property to R-T, Residential Transitional, which is more flexible and will allow for the proposed uses. All tenants will be reviewed and approved by the church. No facilities involving drug or alcohol treatment or other uses inconsistent with church programs or a child day care will be considered.

RESIDENTIAL TRANSITIONAL (R-T) DISTRICT PURPOSE AND INTENT:

The R-T, Transitional Residential District (replacing the formerly P-1, P-2 or RP-1 Districts) is intended to serve as a transition between less intensively developed residential zoning districts and more intensively developed areas of the city, including commercial zoning districts. The district recognizes that certain appropriately located residential and non-residential uses may be compatible. If properly designed,

managed, and maintained, they can offer a creative opportunity to enhance older, substantially developed neighborhoods with a workable and attractive mix of uses.

Properties zoned for the R-T, Neighborhood Transitional District are primarily located at the edges of the uptown business district, and in areas where established residential neighborhoods interface with major streets and entrance corridors.

The R-T District allows certain residential uses in combination with non-residential uses including personal service uses, health care uses, and professional office uses that can complement established residential neighborhoods and serve neighborhood residents in a convenient and attractive way. Large scale retail uses are not permitted in the district, but neighborhood restaurants and coffee shops are encouraged. Individual projects are limited to a floor area ratio (FAR) equal to 0.25 with individual non-residential establishments limited to five thousand (5,000) square feet gross floor area.

The intent of the district is also to encourage attractive redevelopment and revitalization of the existing uses, allow for creative infill development, preserve existing natural features and vegetation, promote high quality site planning and architectural design, facilitate the efficient layout and orientation of utilities and community infrastructure.

STAFF RECOMMENDATION:

Adjoining property owners were notified of this rezone request. As of the date of this report, staff has not received any comments or concerns from adjoining property owners.

Staff recommends approval of the rezoning request, finding that the request will promote the health, safety, and general welfare of the public and assist in the implementation of the City's adopted Comprehensive Plan for the orderly future development of the City.

NEXT STEPS:

Planning Commission will hold a public hearing to consider the Right of Way Abandonment request and make a recommendation to City Council. The Planning Commission will either recommend approval, denial, or to delay action. Once the Planning Commission makes a recommendation of approval or denial, a public hearing will be held before City Council for their final decision of approval or denial of the request.

SUGGESTED MOTIONS:

(APPROVE) I make a motion to recommend *APPROVAL* of the rezoning request, finding that the request as presented on June 18, 2025 will promote the health, safety, and general welfare of the public and assist in the implementation of the City's adopted Comprehensive Plan for the orderly future development of the City.

OR

(DENY) I make a motion to recommend *DENIAL* of the rezoning request, finding that the request as presented on June 18, 2025 will *NOT* promote the health, safety, and general welfare of the public and assist in the implementation of the City's adopted Comprehensive Plan for the orderly future development of the City.

OR

(DELAY ACTION) I make a motion to delay action on this request until the Planning Commission can be provided with more information to effectively make a recommendation.

Attachments:

Rezoning Application

Vicinity Map

GIS Property Card

CITY OF MARTINSVILLE, VIRGINIA

Application for Rezoning**Part I** (to be completed by applicant and submitted with non-refundable fee of \$200.00) Please type or print in ink the following information:Applicant's Name: First Presbyterian Church Telephone: 276-632-3431Applicant's Address: 1901 Patrick Henry Ave, Martinsville, VA 24112

Owner's Name (if different from Applicant): _____ Telephone: _____

Owner's Address: _____

Location of Property: 1901 Patrick Henry Ave, Martinsville, VA 24112Tax Map and Lot Number: Section 45 (03)00 01A Block 45 (03)00 01B Lots(s) 35 (03) 00 C-5BExisting Land Use: churchProposed Land Use: church; lease unused space for professional offices, health care and personal care facilitiesExisting Zoning: R-N Proposed Zoning: R-TStatement in Support of proposed Rezoning: Applicant has approximately 10,000 sq.ft. of unused classroom space.

Applicant maintains the space and plans to lease it to tenants to generate income for its support. Applicant has interest from five local tenants for half the space and will be seeking other tenants. Tenants must be approved by the church and not use facilities for drug- alcohol treatmentl or other uses inconsistent with church programs or child day-care.

List below the name and complete address (with zip code) of the owners of all property located adjacent to or directly across a street from the property for which the change in zoning classification is being requested:

Name: _____

Address: _____

Tax Map ID: Section _____ Block _____ Lot(s) _____ Zoning _____

Name: _____

Address: _____

Tax Map ID: Section _____ Block _____ Lot(s) _____ Zoning _____

Name: _____

Address: _____

Tax Map ID: Section _____ Block _____ Lot(s) _____ Zoning _____

Application for Rezoning
(Page 2)

I hereby apply for a rezoning for the property described herein subject to all City and State laws, ordinances and regulations. I hereby grant appropriate City officials the right to enter upon the above described property during normal business hours to conduct any inspection necessary. I hereby certify, under penalties of perjury, that the above information is true and correct.



Signature of Applicant/Agent

Owner's consent if different from applicant :



Signature of Owner(s)
CLERK OF SESSION

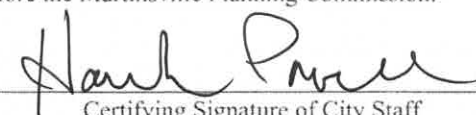
Part 2 (to be completed by City)

Date Completed Application and Fee Received: 5/15/25

Date of Planning Commission Hearing: 6/18/25 Dates of Advertisements: 5/31/25 + 6/7/25

Date of City Council Hearing: 7/22/25 Dates of Advertisements: 7/5/25 + 7/12/25

I certify that, on 6/30/25, each of the property owners adjacent to and across the street from the property affected by this request were sent by first class mail a notification of the public hearing before the Martinsville Planning Commission.



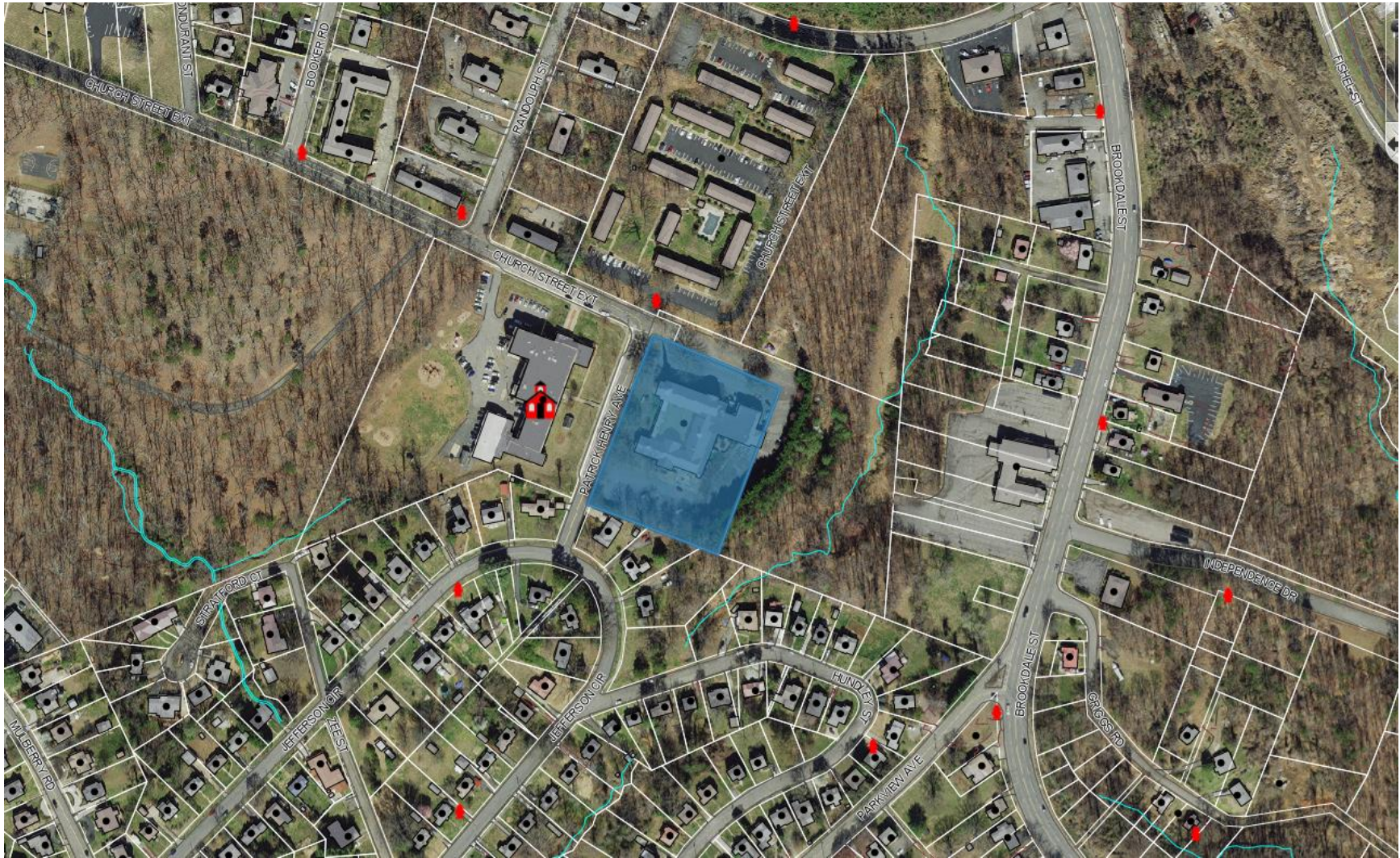
Certifying Signature of City Staff

Attest by Deputy Clerk of Circuit Court

Recommendation by Planning Commission: Approval by a vote of 5-0
(Jonathan Martin absent)

Action by Martinsville City Council: Date _____ Approved ☐ Denied ☐

1901 PATRICK HENRY AVENUE
AERIAL MAP



CURRENT OWNER				RECORD OF OWNERSHIP				DEED BOOK		SALE DATE		Q/U		SALE PRICE		VC		
FIRST PRESBYTERIAN CHURCH				FIRST PRESBYTERIAN CHURCH				000/000		01-01-2016		U		0		0		
C/O SARAH ALTIZER 1901 PATRICK HENRY AVE MARTINSVILLE VA 24112																		
ASSESSMENT EFFECTIVE 7/1/2023				LEGAL DESCRIPTION				PREVIOUS ASSESSMENTS EFFECTIVE JULY 1st OF ASSESSMENT YEAR										
Description	Code	Appraised	Assessed	CHURCH				Year	Code	Assessed	Year	Code	Assessed	Year	Code	Assessed		
Building	800	1239900	1,239,900					2022	800	1239900	2021	800	1239900	2020	800	1409000		
Land	800	73200	73,200	BLDG DESCRIPTION					800	73200		800	73200		800	21300		
Total		1,313,100	1,313,100	CHURCH				Total	1313100			Total	1313100			Total	1430300	
SUPPLEMENTAL DATA				BUILDING SUB-AREA SUMMARY SECTION								COST / MARKET VALUATION						
# Of Parcels	2	Year Built	1957	SUB	Description	LIVING	GROSS	EFF AREA	Unit C	Undeprec Val	Base Rate						50.00	
Plat Ref	MB 10-64	Classification	26:Religious Chur	1ST	1st Floor	31,312	31,312	31,312	32.23	1,009,186	Rcn						1,009,186	
Land Acres	6.096	Zoning	R-N								Net Other Adj						0	
Land SF	265,542	Prop Use	22:Church								AYB						1957	
Assoc. Parcel		District	CHUR:Churches								Effective Year Built						1974	
											Condition						A	
											Remodel Rating							
											Year Remodeled						1996	
											Eyb Dpr						42	
											Functional Obsol							
											Economic Obsol							
											Cost Trend Factor						1	
											Adjustment							
											Percent							
											Percent Good						58	
											RCNLD						1,239,900	
											% Good Ovr							
											% Good Ovr Comment							
											Misc Imp Ovr							
											Misc Imp Ovr Comment							
											Cost to Cure Ovr							
											Cost to Cure Ovr Comm.							
CONSTRUCTION DETAIL																		
Element	Cd	Description																
Style	22	Church																
Model	94	Commercial																
Grade	C	AVERAGE																
Stories	1.00																	
Foundation Typ	00	TYPICAL																
Exterior Wall 1	11	BRICK																
Roof Cover	00	TYPICAL																
Interior Wall 1	00	TYPICAL																
Interior Floor 1	00	TYPICAL																
Exterior Cond	00	Typical																
Central Heat	00	No																
Central AC	01	Yes																
Bedrooms	0																	
Total Rooms	0																	
Full Baths	0																	
Half Baths	0																	
Chimneys	0																	
Fireplaces	0																	
Sketch Factor																		
Basement Type	00	NONE																
Living Area	31312																	
PROPERTY FACTORS																		
PUB WATE	UG UTILITI	TOPO	SIDEWALK															
Y	N	N	Y															
PUB SEWE	CURB & GU	SOIL																
Y	Y	N																
SEPTIC	VIEW	LOCATION																
N	Y	N																

1ST

(31,312 sf)



**ORDINANCE TO AMEND THE ZONING DISTRICT MAP
OF THE CITY OF MARTINSVILLE, VIRGINIA
TO REZONE PARCEL 45 (03)00 01A, 45 (03)00 01B, AND 350 (03) 00 C-5B
FROM THE "R-N, NEIGHBORHOOD RESIDENTIAL"
TO THE "R-T RESIDENTIAL TRANSITIONAL"**

WHEREAS, the First Presbyterian Church (the "Applicant") owns certain real property located, lying and being in the City of Martinsville, Virginia, described as being Tax Map Numbers 45 (03)00 01A, 45 (03)00 01B, and 350 (03) 00 C-5B, containing 10,000 square ft., more or less and as shown on that portion of the Zoning District Map of the City of Martinsville, Virginia (the "Zoning Map") (the "Property"); and

WHEREAS, the Applicant has filed an application with the City, dated May 15, 2025, requesting that the Property be rezoned and reclassified from the from the R-N Neighborhood Residential District to the R-T Residential Transitional District, to allow for development or use underutilized office/classroom space, upon issuance of a conditional use permit (the "Request") as set forth and provided for in the Zoning Ordinance; and

WHEREAS, the Martinsville City Planning Commission, after giving proper notice as required by Virginia Code §§ 15.2-2204 and 15.2-2285, held a public hearing on June 18, 2025 to receive public comments on the Request; and

WHEREAS, on June 18, 2025, the Planning Commission voted to recommend approval of the Request to City Council; and

WHEREAS, on July 22, 2025, the City Council for the City of Martinsville held a public hearing to receive public comments on the Request; and

WHEREAS, the City Council, after considering the Request of the Owner, the recommendation made by the Planning Commission, the City's Comprehensive Plan, the comments presented during the public hearings, the reports and recommendations of City staff, and the purposes and factors contained in Virginia Code §§ 15.2-2283 and 15.2-2284, has determined that the Request should be approved; and

WHEREAS, the City Council has also determined that the public necessity, convenience, general welfare and good zoning practice of the City require and support the rezoning requested and affected by this Ordinance.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Martinsville, that the Request to rezone and reclassify the Property from the "R-N Neighborhood Residential District" to the "R-T Residential Transitional District" is approved; and

BE IT FURTHER ORDAINED, that the Zoning Map, adopted and made a part of the Zoning Ordinance of the City of Martinsville, Virginia, Appendix B of the Martinsville City

Code (the "Zoning Ordinance"), is hereby amended to rezone and reclassify the Property from the "R-N Neighborhood Residential District" to the "R-T Residential Transitional District" and

BE IT FURTHER ORDAINED, that the City's Zoning Administrator is directed to record and reference the foregoing amendment to the official Zoning Map of the City; and

BE IT FURTHER ORDAINED, that the Zoning Ordinance is hereby amended as necessary to accommodate the foregoing amendment to the Zoning Map, and the area rezoned shall hereinafter be subject to the conditions herein imposed and otherwise subject to the uses, restrictions and conditions applicable to "R-T Residential Transitional District" contained in the Zoning Ordinance and to all other laws and ordinances applicable to real estate generally in such zones or districts; and

BE IT FURTHER ORDAINED, that nothing contained herein affects, modifies, alters or repeals any restrictions, reservations, covenants or conditions imposed upon the Property by any deed, conveyance or other instrument in the chain of title thereto; and

BE IT FURTHER ORDAINED, that the purpose of this Ordinance is limited to the approval of the rezoning Request, and that nothing contained in this Ordinance shall be interpreted as the consent to or approval of any other matters or requirements relating to the Property; and

BE IT FURTHER ORDAINED, that the Applicant shall pay to the City all fees, costs, and expenses required by local ordinance, rule or policy in the processing, advertisement, and consideration of the Request; and

BE IT FURTHER ORDAINED, that failure of the Owner to pay all fees, costs, and expenses in accordance with the foregoing paragraph shall render this Ordinance null and void, and the Ordinance shall not be recorded; provided, however, that a notation on this Ordinance executed by the City Clerk that all such fees, costs, and expenses have been paid by the Owner shall conclusively establish that this Ordinance is effective and in all respects valid and binding; and

BE IT FURTHER ORDAINED, that this Ordinance shall be in full force and effect upon the date of its adoption, provided that all fees, costs, and expenses as outlined above have been paid, and the same shall be recorded in the Clerk's Office of the Circuit Court of the City of Martinsville, Virginia, at the expense of the Applicant.

That this Ordinance is authorized and enacted pursuant to the authority established and provided for pursuant to the provisions of Title 15.2 of the Code of Virginia, and the Zoning Ordinance of the City of Martinsville, Virginia.

ORDINANCE 2025-5

The members of Council voted as follows on the foregoing Ordinance:

Ayes

Nays

Absent

Abstentions

Approved upon first reading the ____ day of _____, 2025.

Adopted this ____ day of _____, 2025 (second reading).

Attest:

Deputy Clerk of Council, City of Martinsville

CERTIFICATE

I, _____, Clerk of the City Council of the City of Martinsville, Virginia (**the “City”**), hereby certify that attached hereto is a true and correct copy of an Ordinance adopted by the City Council of the City of Martinsville on the _____ day of _____, 2025.

Deputy Clerk, City Council
City of Martinsville, Virginia



STAFF REPORT

TO: City Council

FROM: Kris Bridges, Building Official

SUBJECT: Hold Public Hearing for Request for Street Abandonment and Council Discussion

STAFF/ DEPARTMENT RESPONSIBLE: Community Development

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Application of Broadway 400, LLC, requesting the city's abandonment of an approximate (150) foot right-of-way that is adjacent to property located at 1009 E. Church Street. The abandonment of streets, alleyways, or rights-of-way are a request that require review of the Martinsville Planning Commission and review and approval of Martinsville City Council.

There is currently a designated right-of-way located adjacent to and in front of property at 1009 E. Church Street. The applicant, Broadway 400 LLC, is requesting that the city abandon this right-of-way due to its lack of use over the years since it was dedicated. The applicant is also interested in purchasing the lot adjacent to the right-of-way, owned by the City of Martinsville, located at 1020 E. Church Street, if the right-of-way abandonment request is granted. The applicant feels that these actions will generate revenue for the city as well as open the way for future development in the area.

City Council is now conducting a public hearing for a right of way abandonment request following the public hearing held by Planning Commission last month (June 18, 2025). A right of way abandonment requires review by the city Planning Commission and review and approval of City Council.

POLICY EXPLANATION:

In Virginia, a city can legally abandon a public right-of-way, street or alleyway by passing an ordinance after holding a public hearing with proper notice. This process is outlined in state law, Virginia Code § 15.2-2006. Formal action is required for legal abandonment and once abandoned, the city gives up all rights to the land and ownership.

FISCAL IMPACT/FUNDING SOURCE:

N/A

Available Budget: N/A

Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Right of Way Abandonment Request
2. City Council Do Not Approve Right of Way Abandonment Request
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

1.	CC Legal Ad July 2025
2.	CC Meeting Materials ROW 072225 Hannah Powell

Notice of Public Hearing

Martinsville City Council will hold a public hearing on July 22, 2025, beginning at 7:00 p.m. in Council Chambers of the City of Martinsville Municipal Building located at 55 W. Church Street, Martinsville, VA, 24112, for those parties in interest to the following request(s):

- 1) **REQUEST for STREET ABANDONMENT**- Application of Broadway 400, LLC, requesting the city's abandonment of an approximate (150) foot right-of-way that is adjacent to property located at 1009 E. Church Street. The abandonment of streets, alleyways, or rights-of-way are a request that require review of the Martinsville Planning Commission and review and approval of Martinsville City Council.
- 2) **REQUEST for REZONE**- Application of First Presbyterian Church, Applicant and Owner, requesting to rezone property located at 1901 Patrick Henry Avenue from R-N, Neighborhood Residential, to R-T, Residential Transitional. The rezoning of property is a request that requires review by the Martinsville Planning Commission and review and approval of Martinsville City Council.

Questions or comments regarding this matter can be directed to Hannah Powell at hpowell@martinsvilleva.gov or (276) 403-5156.

Notice Submitted By:

Hannah L. Powell, CZA
Community Development Specialist

Henry County Enterprise Publication Dates:

Saturday, July 5, 2025

Saturday, July 12, 2025

MEETINGS: July 22, 2025

TITLE: Public Hearing - Request for Right of Way Abandonment- E. Church St.

STAFF RESPONSIBLE Kris Bridges, Interim Managing Director of Community Development

BACKGROUND/HISTORY

Broadway 400, LLC, is requesting the city's abandonment of an approximate (150) foot right-of-way that is adjacent to property located at 1009 E. Church Street. The applicant is interested in obtaining the right-of-way because it currently serves no purpose and is an insignificant amount of property. The applicant is also interested in possibly obtaining the property adjacent to the right-of-way (1020 Lot E. Church Street) that is city owned, and potentially open the area up for future development. The applicant has not been clear on their development plans for the future and currently has no plan of action for the property.

The abandonment of streets, alleyways, or rights-of-way are a request that require review by the Martinsville Planning Commission and review and approval of Martinsville City Council.

The City of Martinsville Planning Commission held a public hearing on June 18, 2025 to consider this request. The Planning Commission recommended approval of the request by a vote of 5-0 (1 absent).

POLICY EXPLANATION

In Virginia, a city can legally abandon a public right-of-way, street or alleyway by passing an ordinance after holding a public hearing with proper notice. This process is outlined in state law, Virginia Code § 15.2-2006. Formal action is required for legal abandonment and once abandoned, the city gives up all rights to the land and ownership.

FISCAL IMPACT/FUNDING SOURCE

NA

AVAILABLE BUDGET

NA

PURCHASE AMOUNT

NA

ACTION REQUESTED/ALTERNATIVES:

1. City Council Approve ____X____
2. Do not Approve _____
3. Other Action as directed by City Council

ATTACHMENTS:

- Planning Commission Staff Report
- Right of Way Abandonment Application
- Aerial Map
- Adjacent Property Card



Date: June 4, 2025

To: Martinsville Planning Commission

CC: Kris Bridges, Zoning Administrator

From: Hannah L. Powell, Community Development Specialist

RE: Application for Right of Way Abandonment – Sammy Wright (agent for applicant)

SUBJECT:

REQUEST for RIGHT OF WAY ABANDONMENT- Application of Broadway 400, LLC, requesting the city's abandonment of an approximate (150) foot right-of-way that is adjacent to property located at 1009 E. Church Street. The abandonment of streets, alleyways, or rights-of-way are a request that require review of the Martinsville Planning Commission and review and approval of Martinsville City Council.

BACKGROUND:

There is currently a designated right-of-way located adjacent to and in front of property at 1009 E. Church Street. The applicant, Broadway 400 LLC, is requesting that the city abandon this right-of-way due to its lack of use over the years since it was dedicated. The applicant is also interested in purchasing the lot adjacent to the right-of-way, owned by the City of Martinsville, located at 1020 E. Church Street, if the right-of-way abandonment request is granted. The applicant feels that these actions will generate revenue for the city as well as open the way for future development in the area.

STAFF RECOMMENDATION:

Staff has no recommendation to offer on this request due to a lack of information and a plan for the future of this area. Staff does recommend that a current survey be completed by the applicant if the right-of-way abandonment request is granted.

NEXT STEPS:

Planning Commission will hold a public hearing to consider the Right of Way Abandonment request and make a recommendation to City Council. The Planning Commission will either recommend approval,

denial, or to delay action. Once the Planning Commission makes a recommendation of approval or denial, a public hearing will be held before City Council the following month for their final decision of approval or denial of the request.

SUGGESTED MOTIONS:

(APPROVE) I make a motion to recommend *APPROVAL* of the right of way abandonment request, finding that the request as presented on June 18, 2025 will promote the health, safety, and general welfare of the public and assist in the implementation of the City's adopted Comprehensive Plan for the orderly future development of the City.

OR

(DENY) I make a motion to recommend *DENIAL* of the right of way abandonment request, finding that the request as presented on June 18, 2025 will *NOT* promote the health, safety, and general welfare of the public and assist in the implementation of the City's adopted Comprehensive Plan for the orderly future development of the City.

OR

(DELAY ACTION) I make a motion to delay action on this request until the Planning Commission can be provided with more information to effectively make a recommendation.

Attachments:

Right of Way Abandonment Application

Vicinity Map

GIS Property Card

CITY OF MARTINSVILLE, VIRGINIA

Application for Alleyway or Street Abandonment

Part I (to be completed by applicant and submitted with non-refundable fee of \$100.00) Please type or print in ink the following information:

Applicant's Name: BROADWAY 400 LLC Telephone: 276-656-1955
 Applicant's Address: 926-D EAST Church St. MARTINSVILLE, VA 24112
 Agent's Name & Address (if applicable) SAMMY G. WRIGHT 441 BAZONWOOD Rd. MARTINSVILLE VA

Location of Alleyway or Street:

Adjacent to And in Front of Lot 1009 E. Church St
And between that And Highway 58 (Church Street)

State why it is practical to abandon or close the alleyway or street space: This space is what
would be considered a slither of Property. This is
the remains of purchased Right of Way from years Ago
And Old Right of Way. This would generate Revenue for the
City of Martinsville And may Open the way for future Development

(to be completed by City staff)

Name and complete address of the owners of all property located adjacent to or directly across a street from the property for which the vacation is being requested:

Name: _____

Address: _____

Tax Map ID: _____ Section _____ Block _____ Lot(s) _____

Name: _____

Address: _____

Tax Map ID: _____ Section _____ Block _____ Lot(s) _____

Name: _____

Address: _____

Tax Map ID: _____ Section _____ Block _____ Lot(s) _____

Application for Alleyway or Street Abandonment

(Page 2)

I hereby apply for an abandonment for the property described herein subject to all City and State laws, ordinances and regulations. I hereby grant appropriate City officials the right to enter upon the above described property during normal business hours to conduct any inspection necessary. I hereby certify, under penalties of perjury, that the above information is true and correct.


Signature of Applicant/Agent

Owners's consent if different from applicant :

Signature of Owner(s)

.....

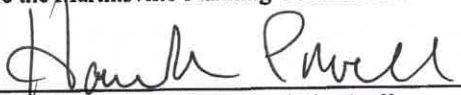
Part 2 (to be completed by City)

Date Completed Application and Fee Received: 5/15/25

Date of Planning Commission Hearing: 6/18/25 Dates of Advertisements: 5/31/25 + 6/7/25

Date of City Council Hearing: 7/22/25 Dates of Advertisements: 7/5/25 + 7/12/25

I certify that, on _____, each of the property owners adjacent to and across the street from the property affected by this request were sent by first class mail a notification of the public hearing before the Martinsville Planning Commission.


Certifying Signature of City Staff

Attest by Deputy Clerk of Circuit Court

.....

Recommendation by Planning Commission: Approval by a vote of 5-0
(Jonathan Martin absent)

Action by Martinsville City Council: Date _____ Approved ☐ Denied ☐

ROW ADJACENT TO 1009 E CHURCH STREET
AERIAL MAP





STAFF REPORT

TO: City Council

FROM:

SUBJECT: Discuss and Consider Setting a Special-Called Closed Session Meeting Date

STAFF/ DEPARTMENT RESPONSIBLE: City Management

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Closed Session Items To Be Discussed in Special Called Closed Session Meeting:

- 2.2-3711 A(7): Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; In regards to current and ongoing litigation matters. In Regards to Legal Briefings.
- 2.2-3711(A)1: Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; In Regards to Employment Contract.

POLICY EXPLANATION:

Martinsville City Charter § 5. Organization rules of the council.

The mayor, and any member of the council, or any two members of the council, or the city manager and any councilman, may call special meetings of the council, at any time after at least twelve hours' written or duly documented verbal notice, with the purpose of said meeting stated therein, with notice given to each member by electronic mail, text message, or telephone call; or such meeting may be held at any time without notice, provided all members of the council attend and vote unanimously on all matters acted upon. No business other than that mentioned in the notice shall be considered at such meetings.

FISCAL IMPACT/FUNDING SOURCE:

Not Applicable.

Available Budget: Not Applicable.

Purchase Amount: Not Applicable.

ACTION REQUESTED/ALTERNATIVES

1. City Council Set Special-Called Closed Session Meeting Date
2. City Council Do Not Set Special-Called Closed Session Meeting Date
3. Other Action as Desired by Council

ATTACHMENTS:

None



STAFF REPORT

TO: City Council

FROM: Peyton Nibblett, Deputy City Clerk

SUBJECT: Discuss and Consider Board Appointments

STAFF/ DEPARTMENT RESPONSIBLE: City Management

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Consider Appointments to the following Boards and Commissions:

- Discuss and Consider School Board Appointment
- Discuss and Consider Appointment to Planning Commission
- Discuss and Consider Reappointment to Board of Appeals

POLICY EXPLANATION:

Chapter 2, Section 5 of Martinsville City Charter: The council may appoint all such other boards and commissions as may be deemed proper, and prescribe the powers and duties thereof.

FISCAL IMPACT/FUNDING SOURCE:

N/A

Available Budget: N/A

Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Appointments
2. City Council Do Not Approve Appointments
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

None



STAFF REPORT

TO: City Council

FROM: Peyton Nibblett, Deputy City Clerk

SUBJECT: Discuss and Consider Drawn Together Project Hope Application for Project Hope Grant

STAFF/ DEPARTMENT RESPONSIBLE: Citizen Participation (External)

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Mr. Tony Davis, Owner of LunaMoth Tattoo, will present a proposed public art initiative titled Drawn Together, which aims to activate underutilized public spaces in Martinsville by installing interactive art walls that encourage youth and community participation through creative expression.

The project is intended to build civic pride, support youth engagement, and foster community connection. Mr. Davis is applying for grant funding through The Harvest Foundation's Project Hope 2025 and is seeking a letter of support to include in the application.

No City funding is requested—only general approval to use specific City-owned sites and collaborate on long-term sustainability. Final site-specific decisions would be subject to review by the Arts Committee, which meets after the grant deadline.

POLICY EXPLANATION:

Not Applicable.

FISCAL IMPACT/FUNDING SOURCE:

Not Applicable.

Available Budget: Not Applicable.

Purchase Amount: Not Applicable.

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Application and Authorize the Mayor to Sign Letter of Support
2. City Council Do Not Approve Application and Do Not Authorize Mayor to Sign Letter of Support

3. Other Action as Requested by City Council

ATTACHMENTS:

1.	Fiscal Sponsor Agreement FILLABLE
----	-----------------------------------

FISCAL SPONSORSHIP AGREEMENT

Between _____
(Legal Name of Non-Exempt Group – the Project)

and _____
(Legal Name of Tax-Exempt Nonprofit Fiscal Sponsor Organization – the Sponsor)

This Fiscal Sponsorship Agreement defines the roles and responsibilities of both the Non-Exempt Group (the Project) and the Fiscal Sponsor Organization (the Sponsor) named above. This Agreement shall be in effect from:

(Beginning Date) _____ through (Ending Date) _____

The Sponsor: The Sponsor is a tax-exempt nonprofit organization that qualifies as a political subdivision or as a nonprivate foundation (other than a supporting organization) under the Internal Revenue Code, as amended (the “Code”).

The Project: The Project is a non-exempt organization.

The Agreement: The Sponsor is willing to receive grants, contributions and gifts for the benefit and use of implementing the Project in furtherance of the Sponsor’s exempt purposes. The Project, with the administrative assistance of the Sponsor, desires to use these funds in order to implement the Project’s charitable purposes.

By entering into this Agreement, the parties agree to the following terms and conditions:

1. **Receipt of funds:** The Sponsor agrees to receive grants, contributions and gifts to be used for the Project, and to make those funds available to the Project for use solely in furtherance of the Sponsor’s charitable purposes and accordance with all applicable conditions and restrictions, including without limitation the (project title) _____ proposal which has been submitted to the Harvest Foundation on (date) _____. Notwithstanding the foregoing, the Sponsor reserves the right, in its sole discretion, to refuse to accept any grant, contribution or gift that it determines to be inconsistent with its charitable purposes or the terms of its tax-exempt status.
2. **Acknowledgment of charitable donations on behalf of the Project:** The Sponsor agrees that all grants, contributions and gifts which it accepts for the Project will be reported as contributions to the Sponsor as required by law, and further agrees to acknowledge receipt of any such grant, contribution or gift in writing and to furnish evidence of its status as a tax-exempt organization under the Code. The Sponsor agrees to notify the Project of any change in its tax-exempt status.
3. **Protection of tax-exempt status:** The Project agrees not to use funds received from the Sponsor in any way which would jeopardize the tax-exempt status of the Sponsor or violate any associated conditions or restrictions, including without limitation the terms of the Grant Agreement between the Sponsor and The Harvest Foundation. The Project agrees to comply with any written request by the Sponsor that the Project cease activities that might jeopardize the Sponsor’s tax status or violate associated conditions or restrictions. The Project further agrees that the Sponsor’s obligation to make funds available to the Project may be suspended in the event that the Project fails to comply with any such request. The Sponsor retains the right, if the Project breaches this Agreement, or if the Project jeopardizes the Sponsor’s legal or tax status or violates associated conditions or restrictions, to withhold, withdraw, or demand immediate return of grants, contributions or gifts.

FISCAL SPONSORSHIP AGREEMENT

4. **Use of funds:** On behalf of the Project and with the Project funds, the Sponsor will pay for the Project's direct expenses including but not limited to salary and benefits for Project staff, computers, travel and meeting expenses, provided that any funds attributable to grants received for particular purposes will be used only in accordance with the applicable conditions and restrictions.
5. **Financial procedures:** The Project must adhere strictly to all financial policies of the Sponsor.
6. **Financial accounting and reporting:** The Sponsor will maintain accurate and up-to-date books and financial records for the Project in accordance with generally accepted accounting principles. The Project's revenue and expenses shall be separately classed in the books of the Sponsor. The Sponsor will provide reports reflecting revenue and expenses related to the Project's grants, contributions, and gifts on a monthly basis and a cumulative year-end report.
7. **Termination:** Either party may terminate this Agreement by giving a 60-day written notice to the other party. Termination of the Agreement, however, will not affect the obligations of the Sponsor to provide receipts for grants, contributions and gifts received prior to termination and to apply such funds for their intended purposes. Termination likewise will not affect the obligation of the Project to comply with applicable financial procedures and reporting requirements and to abide by any associated conditions and restrictions.

This form must be signed by the Board Chair and CEO/Executive Director of both organizations entering into this Fiscal Sponsorship Agreement.

Fiscal Sponsor Organization

By:

Board Chairperson

Date

CEO/Executive Director

Date

Project Organization

By:

Board Chairperson

Date

CEO/Executive Director

Date



STAFF REPORT

TO: City Council

FROM: Greg Maggard, Managing Director of Public Works

SUBJECT: Discuss and Consider Tree Boards' Application for Project Hope Grant

STAFF/ DEPARTMENT RESPONSIBLE: Public Works

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

The Martinsville Tree Board is requesting City Council's permission to apply for the Project Hope grant through the Harvest Foundation and fiscal sponsorship. As a board of the City, Council approval is required before applying for external funding. The grant would support a Tree Giveaway, that would expand the city's tree canopy, particularly in underserved areas.

POLICY EXPLANATION:

Each grant application submitted by or on behalf of the City must support the City's strategic priorities, align with an established City priority, have matching funds available (if required by the grantor), and include a realistic plan for sustaining the project or program after the grant period ends. (Section VIII. Grant-Seeking Process, p. 10)

FISCAL IMPACT/FUNDING SOURCE:

Fiscal Sponsorship for the total length of the project. There will be no further fiscal impact on the city budget, and no match is required. Grant Request is \$10,000.

Available Budget: N/A

Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Request for Permission and Fiscal Sponsorship
2. City Council Do Not Approve Request for Permission and Fiscal Sponsorship
3. Other Action as Needed by City Council

ATTACHMENTS:

None



STAFF REPORT

TO: City Council

FROM: Peyton Nibblett, Deputy City Clerk

SUBJECT: Discuss and Consider Youth Advisory Committee's Application for Project Hope Grant

STAFF/ DEPARTMENT RESPONSIBLE: City Management

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

The City's Youth Advisory Committee (YAC) is seeking Council approval to apply for a Project Hope grant through the Harvest Foundation in the amount of \$15,000 to support a series of "Movie in the Park" events. These events are designed to provide free, family-friendly outdoor movie nights that foster youth leadership and strengthen community engagement. The YAC is asking for approval and fiscal sponsorship for the length of the project with an anticipated end date of 06/30/2026.

POLICY EXPLANATION:

Each grant application submitted by or on behalf of the City must support the City's strategic priorities, align with an established City priority, have matching funds available (if required by the grantor), and include a realistic plan for sustaining the project or program after the grant period ends. (Section VIII. Grant-Seeking Process, p. 10)

The City, as an entity, can only speak through the actions of the City Council. Accordingly, only the City Council can issue a resolution, delegate, or authorize the drafting of a letter stating that the City supports a particular grant application or grant project. (Section VIII. Requests for Letter of Support from External Agencies, p. 12)

FISCAL IMPACT/FUNDING SOURCE:

There is no fiscal impact to the City. If awarded, the \$15,000 Project Hope grant from the Harvest Foundation will fully fund the Movie in the Park series. No local match or additional City funds are required. Grant funds will be administered by City staff on behalf of the Youth Advisory Committee.

Available Budget: Funds will be made available upon award of the \$15,000 Project Hope grant from the Harvest Foundation. No City funds are currently budgeted or required for this project.

Purchase Amount: Up to \$15,000, to be received through the Project Hope grant, for

generators, film licensing, and the purchase of a screen, projector, and sound system to support the Movie in the Park series.

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Fiscal Sponsorship and Request for Application Permission
2. City Council Do Not Approve Fiscal Sponsorship and Request for Application Permission
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

None



STAFF REPORT

TO: City Council

FROM: Peyton Nibblett, Deputy City Clerk

SUBJECT: Discuss and Consider Sunsetting of Citizen Advisory Board and Emergency Housing and Community Support Commission

STAFF/ DEPARTMENT RESPONSIBLE: City Management

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

This recommendation follows a presentation made on June 24, 2025, by city staff in collaboration with College student, who conducted a comprehensive review of all City boards and commissions. The no-cost, Capstone Project aimed to improve transparency, enhance citizen participation, and increase operational efficiency.

As part of this initiative, the group proposed sunsetting the two Boards, with the possibility of consolidating the two bodies into a new **Community Needs, Support, and Advisory Committee**, which would consist of nine members, including four individuals with relevant subject-matter expertise.

City Council will consider whether to move forward with this recommendation, retain the current structure, or pursue alternative approaches to community engagement and support.

POLICY EXPLANATION:

Virginia Code § 15.2-1411: A governing body may appoint advisory boards, committees and commissions, and may define their powers and duties.

Martinsville City Charter, Section 2.01: Council has the authority to create or dissolve boards as part of its legislative function.

FISCAL IMPACT/FUNDING SOURCE:

N/A

Available Budget: N/A

Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES

1. City Council Consolidate the Two Bodies
2. City Council Do Not Consolidate the Two Bodies
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

None



STAFF REPORT

TO: City Council

FROM: Nancy Sherman

SUBJECT: Discuss and Consider Authorizing the Mayor to Sign MiNet Environmental Review Record

STAFF/ DEPARTMENT RESPONSIBLE: Information Technology and MiNet

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Environmental Review for Arc Grant (\$700,000)

The ARC grant application requires an environmental review to ensure that the proposed project complies with all applicable federal, state, and local environmental laws and regulations. This review assesses potential impacts on natural resources, historic sites, air and water quality, endangered species, and community health and safety.

Key points:

- The review is conducted to avoid or minimize environmental harm during project implementation.
- It involves coordination with relevant agencies such as the Virginia Department of Environmental Quality and the U.S. Environmental Protection Agency.
- Any required permits or mitigation measures will be identified and incorporated into the project plan.

This environmental review process is essential for ARC grant approval and ensures the project promotes sustainable development in the community.

POLICY EXPLANATION:

N/A

FISCAL IMPACT/FUNDING SOURCE:

This allows us to continue with ARC grant, adding \$700,000 to expand MiNet.

Available Budget: N/A

Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES

1. City Council Authorize the Mayor to sign Environmental Review Record
2. City Council Do Not Authorize the Mayor to sign Environmental Review Record
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

1.	MiNET ERR Statutory Checklist Final
2.	MiNet ERR Supporting Documentation

ENVIRONMENTAL REVIEW RECORD

GRANT NUMBER: ARC #VA-21990

PROJECT NAME: Martinsville, MiNet Expansion, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

PART 1

THIS PAGE INTENTIONALLY LEFT BLANK

Statutory Checklist for Compliance with 24 CFR §58.5 – NEPA Related Federal Laws and Authorities

(Must be completed for each individual addressed included under overall project description)

Use this worksheet for projects that are Categorically Excluded Subject to 24 CFR §58.5 listed at 24 CFR §58.35(a) and for projects that require an Environmental Assessment.

Project Name: Martinsville, MiNet Expansion, 2023

ERR FILE # ARC #VA-21990

Definitions: A: The project is in compliance.

B: The project requires an additional compliance step or action.

Statute, Authority, Executive Order Cited at 24 CFR §58.5	A	B	COMPLIANCE FINDING	SOURCE DOCUMENTATION
1. 58.5(a) Historic Properties [36 CFR 800]	X		DHR has indicated that this project is not required to comply with Section 106.	Attachment 1 - Letter from DHR
2. 58.5(b)(1) Floodplain Management [24 CFR 55, Executive Order 11988]	X		Not located in flood zone- No flood hazards identified.	Attachment 2 – EPA NEPA Assist Tool
3. 58.5(b)(2) Wetland Protection [24 CFR 55, Executive Order 11990]	X		Project is not located in or adjacent to designated wetland areas.	Attachment 3- EPA NEPA Assist Tool
4. 58.5(c) Coastal Zone Management [Coastal Zone Management Act sections 307(c) & (d)]	X		Project is not located in a Coastal Management Zone.	Attachment 4 -Map of Virginia Coastal Management Zones (Map attached)
5. 58.5(d) Sole Source Aquifers [40 CFR 149]	X		Project is not located in a Sole Source Aquifer.	Attachment 5 - EPA- Map of Sole Source Aquifer locations
6. 58.5(e) Endangered Species [50 CFR 402]	X		Project is likely to have “No Effect” on federally protected species and critical habitat	Attachment 6 – VaFWIS Search Report; USFWS Report
7. 58.5(f) Wild and Scenic Rivers [36 CFR 297]	X		No wild and scenic rivers located within project area.	Attachment 7 - National Wild & Scenic Rivers Map
8. 58.5(g) Air Quality [40 CFR parts 6, 51, 61, 93]	X		Project is not located in a non-attainment area.	Attachment 8 – See attached worksheet under “Air Quality” section
9. 58.5(h) Farmland Protection [7 CFR 658]	X		Project is located in an area zoned to urban and/or residential uses as mapped by the Census Bureau.	Attachment 9 – See attached worksheet under “Farmland Protection” section
10. 58.5(i)(1) Noise Control and Abatement [24 CFR 51B]	X		Project does not involve “a noise sensitive use such as a residential structure, school, hospital, nursing home, library, etc.”.	Attachment 10 – See attached worksheet under “Noise Control and Abatement” section
11. 58.5 (i) (1) Explosive and Flammable Operations [24 CFR 51C]	X		Project does not involve development, construction, rehabilitation, modernization or land use conversion of a property intended for residential, institutional, recreational, commercial, or industrial use	Attachment 11 –See attached worksheet under “Explosive and Flammable Operations” section

12. 58.5(i)(1) Airport Hazards (Runway Clear Zones and Clear Zones/Accident Potential Zones) [24 CFR 51D]	X		Project is not located near airport.	Attachment 12 – EPA NEPA Assist Tool
13. 58.5(i)(2)(i-iv) Contamination and Toxic Substances [24 CFR 58.5(i)(2)]	X		None – check worksheet	Attachment 13 – See attached worksheet under “Contamination and Toxic Substances”; VAEDQ Brownfields Tool
14. 58.5(j) Environmental Justice [Executive Order 12898]	X		This project is not “located in or designed to serve a predominantly minority and low-income population”.	Attachment 14 – See attached worksheet see “Environmental Justice”

DETERMINATION:

- ☒ **Box "A" has been checked for all authorities.** For Categorically Excluded actions pursuant to §58.35(a) [Does not apply to EA or EIS level of review which can never convert to Exempt], the project can convert to Exempt, per §58.34(a) (12), since the project does not require any compliance measures (e.g., consultation, mitigation, permit or approval) with respect to any law or authority cited at §58.5. The project is now made Exempt and **a contract may be issued by DHCD; OR**
- ☐ **Box "B" has been checked for one or more authority.** For Categorically Excluded actions pursuant to §58.35(a), the project cannot convert to Exempt since one or more authority requires compliance, including but not limited to consultation with or approval from an oversight agency, performance of a study or analysis, completion of remediation or mitigation measure, or obtaining of license or permit. **Complete pertinent compliance requirement(s), publish NOI/RROF, request release of funds (HUD- 7105.15), and wait for DHCD to issue a formal contract before committing funds; OR**
- ☐ This project is not a Categorically Excluded action pursuant to §58.35(a), or may result in a significant environmental impact to the environment, and requires preparation of an Environmental Assessment (EA). Prepare the EA according to 24 CFR Part 58 Subpart E.

MITIGATION MEASURES AND CONDITIONS FOR PROJECT APPROVAL: *(If Box B is checked, provide details regarding further consultation, mitigation, permit requirements or approvals required to be incorporated into public notices and project requirements such as contracts, grants, loan conditions, etc. as described in the Statutory Worksheet). Ensure required measures are included in 7015.15 Project Description Section.*

PREPARER:



Preparer's Signature

7/14/2025

Date

Rebekah Morgan

Preparer's Name (printed)

Community Development Director

Title (printed)

AUTHORIZED RESPONSIBLE ENTITY OFFICIAL:

Authorized Responsible Entity Signature

Date

L.C. Jones

Authorized Responsible Entity Name (printed)

Mayor

Title (printed)

Worksheet for Preparing 24 CFR §58.5 Statutory Checklist

[Optional Tool – Virginia Use Oriented]

§58.5(a) Historical Properties [36 CFR Part 800]

Historic Properties

Does the project include the type of activity that would have the potential to affect historic properties such as acquisition, demolition, disposition, ground disturbance, new construction or rehabilitation?

☒ Yes ☐ No

If Yes, continue.

If No, the project is not the type of activity that has the potential to affect historic properties. Compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Has the RE and State Historic Preservation Office (SHPO) have a Programmatic Agreement (PA) that does not require consultation for this type of activity?

☒ Yes ☐ No

If Yes, document compliance with the PA. Compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

If No, continue.

Is the project located within or directly adjacent to a historic district?

☐ Yes ☐ No

Is the structure or surrounding structures listed on or eligible for listing on the National Register of Historic Places (e.g. greater than 45 years old)?

☐ Yes ☐ No

Were any properties of historical, architectural, religious or cultural significance identified in the project's Area of Potential Effect (APE)?

☐ Yes ☐ No

If Yes to any of the questions above, continue.

If No to all of the questions above, the project will not affect historic properties. A concurrence from the SHPO that “no historic properties will be affected” is required. Compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Have you consulted through a “Finding of Effect” with the SHPO to determine whether the project will have “No Adverse Effect on Historic Properties?”

☐ Yes ☐ No

If Yes, continue.

If No, consultation with the SHPO through a “Finding of Effect” is required.

Does the SHPO concurrence letter received for this project require mitigation or have conditions (always does in an “Adverse Effect” or “No Adverse Effect” determination)?

☐ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Have the SHPO and RE agreed on required mitigation or conditions?

☐ Yes ☐ No

If Yes, include mitigation requirements and/or conditions from the SHPO in the mitigation section of the Statutory Checklist. Mark box “B” on the Statutory Checklist for this authority.

If No, continue with consultation until resolved.

Historic properties of religious and cultural significance to tribes and Native Hawaiian organizations

Does the project include the types of activities such as those listed below that have the potential to affect historic properties of religious and cultural significance to tribes?

- Ground disturbance (digging);
- New construction in undeveloped natural areas;
- Incongruent visual changes – impairment of the vista or view-shed from an observation point in the natural landscape;
- Incongruent audible changes – increase in noise levels above an acceptable standard in areas known for their quiet, contemplative experience;
- Incongruent atmospheric changes – introduction of lights that create sky-glow in an area with a dark night sky;
- Work on a building with significant tribal association;
- Transfer, lease or sale of a historic property of religious and cultural significance.

☐ Yes ☐ No

If Yes, continue.

If No, tribal consultation is not required.

Does HUD's Tribal Directory Assessment Tool or other appropriate reference indicate that tribes have an interest in the location where the project is sited? (<http://egis.hud.gov/tdat/Tribal.aspx>)

Department Of the Interior Bureau of Indian Affairs

(<http://www.bia.gov/WhoWeAre/BIA/OIS/TribalGovernmentServices/TribalDirectory/index.htm>)

Native American Consultation Database

(<http://www.cast.uark.edu/home/research/archaeology-and-historic-preservation/archaeological-informatics/native-american-consultation-database.html>)

☐ Yes ☐ No

If Yes, contact federally recognized tribe(s) and invite consultation. Continue.

If No, document the result in the ERR. Tribal consultation is not required.

Did the tribe(s) respond that they want to be a consulting party?

☐ Yes ☐ No

If Yes, continue.

If No, (no response within 30 days or responded that they do not wish to consult), document response or lack of response in ERR. Further consultation is not required.

After consulting with the tribe(s) and discussing the project, were any properties of religious or cultural significance to the tribe(s) identified in the project's APE?

☐ Yes ☐ No

If Yes, continue.

If No, notify tribe(s) and other consulting parties of your finding of "No Historic Properties Affected." Tribe(s) has 30 days to object to a finding.

After consulting with the tribe(s), will the project have an adverse effect on properties of religious or cultural significance to the tribe(s)?

☐ Yes ☐ No

If Yes, consult with tribe(s) and other consulting parties to resolve adverse effects, including considering alternatives and mitigation measures that would avoid or minimize adverse effects.

If No, notify tribe(s) and other consulting parties of your finding of "No Adverse Effects." Tribe(s) has 30 days to object to a finding.

Were any objections to a finding received from a consulting tribe?

☐ Yes ☐ No

If Yes, continue with consultation until resolved.

If No, consultation is complete.

Comments:

Cite and attach source documentation: (Correspondence with SHPO/THPO. How determination of “no potential to cause effects to historic properties” was made.)

Further Information Resources:

National Register of Historic Places:

<http://nrhp.focus.nps.gov/natreghome.do?searchtype=natreghome>

National Conference of State Historic Preservation Officers:

<http://ncshpo.org/>

Map of Currently Recognized THPO's:

<http://www.nathpo.org/map.html>

HUD Notice on Tribal Consultation:

<https://www.onecpd.info/resource/2448/notice-cpd-12-006-tribal-consultation-under-24-cfr-part-58/>

Historic Preservation HUD Guidance:

<https://www.onecpd.info/environmental-review/historic-preservation/>

Section 106 Agreements Database:

<https://www.onecpd.info/resource/3675/section-106-agreement-database/>

58.5(b) (1) Floodplain Management [24 CFR Part 55]

Does the project involved minor repairs or improvements on one to four family properties that do not meet the threshold for “substantial improvement” of §55.2(b)(8), i.e., the cost does not equal or exceed 50% of the market value of the structure before improvement or repair started, or before damage occurred?

☐ Yes ☒ No

Does the project involve the removal of material and architectural barriers that restrict the mobility of and accessibility to elderly and persons with disabilities?

☐ Yes ☒ No

If Yes to a or b, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

If No, continue.

Is the project located within (or have an impact on) a 100 year floodplain (Zone A) or Coastal High Hazard (Zone V) identified by FEMA maps?

☐ Yes ☒ No

Does the project involve a “critical action,” per §55.2(b) (2) (i), located within a 500 year floodplain (Zone B) identified by FEMA maps?

☐ Yes ☒ No

If Yes to (b) or (c), follow HUD’s Floodplain Management Regulations 8-Step/5-Step decision-making process of §55.20 to comply with 24 CFR Part 55. The 8-Step/5-Step decision-making process must show that there are no practicable alternatives to locating the project in the floodplain, and if there are no alternatives, define measures to mitigate impacts to floodplains and location of the project in the floodplain. Completion of the 8-Step decision-making process must be completed before the completion of an EA per §55.10(a). See Attachment 2 for an example of the 8-Step decision-making process. The 8-step decision-making process must be included in the ERR and summarized in Part 55 public notices, as well as Part 58 NOI/RROF and FONSI notices. Mark box “B” on the Statutory Checklist for this authority.

If No to (b) and (c), compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Does the project involve a critical action in a coastal high hazard area or a floodway?

☐ Yes ☐ No

If, Yes, HUD assistance may not be used for this project.

Does the project involve a non-critical action which is not a functionally dependent use that is located in a floodway?

☐ Yes ☐ No

If Yes, HUD assistance may not be used for this project

Does the project involve a non-critical action which is not a functionally dependent use, that is located in a coastal high hazard area?

☐ Yes ☐ No

If Yes, project is allowed **only** if it is designed for a location in a coastal high hazard area **and** is processed under Section 55.20. Design requirements must be noted in Statutory Checklist and 8-Step decision-making process.

Comments:

Cite and attach source documentation: (FEMA flood map used to make this finding with the project location marked on the map. Include the community name, map panel number and date of map. If applicable, attach §55.20 8-Step decision-making process analysis. If FEMA has not published the appropriate flood map, the RE must make a finding based on best available data.)

For more information see:

Floodplain Management HUD Guidance:

<https://www.onecpd.info/environmental-review/floodplain-management/>

Rev. 05/16/2014

Appendix 2.A: Environmental Review

12

FEMA Map Service Center:

<http://www.msc.fema.gov>

24 CFR, Part 55

[http://www.ecfr.gov/cgi-bin/text-](http://www.ecfr.gov/cgi-bin/text-idx?SID=97b46ed11126c00f1796973becbdcb15&node=24:1.1.1.1.32&rgn=div5)

[idx?SID=97b46ed11126c00f1796973becbdcb15&node=24:1.1.1.1.32&rgn=div5](http://www.ecfr.gov/cgi-bin/text-idx?SID=97b46ed11126c00f1796973becbdcb15&node=24:1.1.1.1.32&rgn=div5)

§58.5(b) (2) Wetlands Protection (E.O. 11990)

Does the project involve new construction, land use conversion, or substantial improvements as defined in 24CFR Part 55?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Is the project within or adjacent to or will it affect wetlands, marshes, wet meadows, mud flats or natural ponds per field observation and National Wetlands Inventory (NWI) maps issued by the US Fish & Wildlife Service (USFWS) or, if not available, National Soil Surveys by National Resources Conservation Service (NRCS)?

☐ Yes ☒ No

Are there drainage ways, streams, rivers, or coastlines on or near the site?

☒ Yes ☐ No

Are there ponds, marshes, bogs, swamps or other wetlands on or near the site?

☐ Yes ☒ No

Does the project involve new construction and/or filling located within a wetland designated on a USFWS National Wetlands Inventory map?

☐ Yes ☒ No

If Yes to any of b through e, comply with wetlands decision-making process of 24 CFR §55.20. (Use Part 55 reference below for wetland procedures) Continue.

If No to all of b through e, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Will the project require a permit from the Corps under Section 404 of the Clean Water Act and/or will USFWS require wetland mitigation?

☐ Yes ☒ No

If Yes, ensure this is noted in Part 55 and Part 58 public notices. Include all mitigation measures and permit requirements in the mitigation section of the Statutory Checklist. Compliance with this section is complete. Mark box “B” on the Statutory Checklist for this authority.

If No, compliance with this section is complete. Mark box “B” on the Statutory Checklist for this authority.

Comments:

Cite and attach source documentation: (NWI Map with project location noted in reference to wetlands. §55.20 8/5-Step decision-making process analysis for new construction and/or filling, and any permits received.)

For more information see:

Wetlands Protection HUD Guidance:

<https://www.onecpd.info/environmental-review/wetlands-protection/>

USFWS National Wetlands Inventory – Geospatial Wetlands Digital Data:

<http://www.FWS.gov/wetlands/data/index.html>

Recognizing wetlands:

http://www.usace.army.mil/Portals/2/docs/civilworks/regulatory/techbio/rw_bro.pdf

24CFR, Part 55

[http://www.ecfr.gov/cgi-bin/text-](http://www.ecfr.gov/cgi-bin/text-idx?SID=97b46ed11126c00f1796973becbdcbl5&node=24:1.1.1.1.32&rgn=div5)

[idx?SID=97b46ed11126c00f1796973becbdcbl5&node=24:1.1.1.1.32&rgn=div5](http://www.ecfr.gov/cgi-bin/text-idx?SID=97b46ed11126c00f1796973becbdcbl5&node=24:1.1.1.1.32&rgn=div5)

§58.5(c) Coastal Zone Management [Coastal Zone Management Act of 1972, Sections 307(c) & (d)]

Does the project involve new construction, land use conversion, or substantial improvements?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Is the project located within a Coastal Zone as defined in the Virginia Coastal Program (Virginia Coastal Zone Management (CZM) Plan)?

☐ Yes ☒ No

If Yes, the State CZM Agency must make a finding that the project is consistent with the approved State CZM Plan. Mark box “B” on the Statutory Checklist for this authority.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Comments:

Cite and attach source documentation: (Map showing project in relation to the nearest Coastal Zone Management area (If applicable, VCP’s consistency determination).

For additional information see:

Coastal Zone Management HUD Guidance:

<https://www.onecpd.info/environmental-review/coastal-zone-management/>

States and Territories Working with NOAA on Ocean and Coastal Zone Management:

<http://coastalmanagement.noaa.gov/mystate/welcome.html>

Virginia Coastal Program

<http://www.deq.virginia.gov/Programs/CoastalZoneManagement/DescriptionBoundary.aspx>

§58.5(d) Sole Source Aquifers [40 CFR Part 149]

Does the project involve new construction or land use conversion?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Is the project located within a U.S. Environmental Protection Agency (EPA)-designated sole source aquifer watershed area per EPA Ground Water Office?

☐ Yes ☒ No

If Yes, consult with the Water Management Division of EPA to design mitigation measures to avoid contaminating the aquifer and implement appropriate mitigation measures. Include mitigation measures in mitigation section of Statutory Checklist. Mark box “B” on the Statutory Checklist for this authority.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Comments:

Cite and attach source documentation: (Map showing project in relation to the nearest Sole Source Aquifer.)

For more information see:

Sole Source Aquifer HUD Guidance:

<https://www.onecpd.info/environmental-review/sole-source-aquifers/>

Virtual Aquifers - EPA Mid-Atlantic

<http://www.epa.gov/reg3wapd/presentations/ssa/index.htm><http://www.epa.gov/reg3wapd/presentations/ssa/index.htm>

§58.5(e) Endangered Species [50 CFR Part 402]

Does the project involve the type of activities that are likely to have “no effect on endangered species, such as:

- Demolition and construction or placement of a single family residence within a developed lot, and/or any loans or mortgages affiliated with such construction, demolition or placement provided they are not within 750 feet of

habitat for federally-listed species or 300 feet of mapped wetlands, wildlife refuges, fish hatcheries, wildlife management areas, or related significant fish and wildlife resources?

☐ Yes ☒ No

- Rehabilitation or renovation activities associated with existing structures (*e.g.*, houses, buildings), including additional structures attached to or associated with the primary structure, and/or any loans or mortgages affiliated with such rehabilitation or renovation?

☐ Yes ☒ No

- Acquisition of existing structures (*e.g.*, houses, buildings), including additional structures attached to or associated with the primary structure, and/or any loans or mortgages affiliated with such acquisition.

☐ Yes ☒ No

- Purchase and placement of playground equipment within existing parks?

☐ Yes ☒ No

- Resurfacing, repairing, or maintaining existing streets, sidewalks, curbs, trails, parking lots and/or any other existing paved surfaces where additional ground disturbance, outside of the existing surface is not necessary?

☐ Yes ☒ No

If Yes to any of the above, the project is likely to have “No Effect” on federally protected species and critical habitat. Informal consultation with the US Fish and Wildlife Service or the National Marine Fisheries Service (Services) is not necessary. The RE is required to make this finding and include a memorandum to the file supporting the finding (note that this finding should be made by the RE, and not by third party contractors and non-RE grant recipients). Compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

If No to all of the above, continue.

Has the US Fish and Wildlife Service or the National Marine Fisheries Services identified listed species or designated critical habitat in the county where the project is located?

☐ Yes ☒ No

If Yes, continue.

If No, the project is likely to have “No Effect” on federally protected species and critical habitat. Informal consultation with the Services is not necessary. The RE is required to make this finding and include a memorandum to the file supporting the finding (note that this finding should be made by the RE, and not by third party contractors). Compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Is the project located within 750 feet of habitat for federally-listed species or 300 feet of mapped wetlands, wildlife refuges, fish hatcheries, wildlife management areas, or related significant fish and wildlife resources?

☒ Yes ☐ No

If Yes, conduct special studies by a qualified professionals to determine whether the project may affect the species or habitat to support a “May Effect” finding.

If No, continue below

Does the project constitute a major construction activity (a major Federal action that modifies the physical environment and would normally require the preparation of an EIS)?

☐ Yes ☒ No

If Yes, formal consultation with the Services is required in accordance with procedural regulations contained in 50 CFR Part 402. Mark box “B” on the Statutory Checklist for this authority.

If No, continue.

If federally protected species or critical habitat have been identified within the project area, has a special study been conducted by a qualified professional to determine the effects of the project on each species and critical habitat?

☐ Yes ☒ No

If Yes, continue.

If No, a special study should be conducted to determine the effects of the project on federally protected species and critical habitat. Continue.

Has the RE made a determination based on professional findings that the project is “Not Likely to Adversely Affect” any federally protected (listed or proposed) threatened or endangered species (i.e., plants or animals, fish, or invertebrates), nor adversely modify critical habitats?

☐ Yes ☒ No

If Yes, Service’s concurrence with findings is required. Mark box “B” on the Statutory Checklist for this authority.

If No, continue.

Has the RE determined based on professional findings that the project “May Affect” federally protected (listed or proposed) threatened or endangered species (i.e., plants or animals, fish, or invertebrates), or adversely modify critical habitats?

☒ Yes ☐ No

If Yes, formal consultation is required with the Services, in accordance with procedural regulations contained in 50 CFR Part 402, which mandates formal

consultation in order to preserve the species. Mark box “B” on the Statutory Checklist for this authority.

If No, contact your FEO for assistance in determining impacts to federally protected species and critical habitat.

Comments:

Cite and attach source documentation: (Memorandum to the file by the RE supporting the finding of “No Effect.” Concurrence memo from one or both of the Services for a finding of “Not Likely to Adversely Affect.” Biological Opinion from one or both of the Services for a finding of “May Affect.”)

For additional information see: (The Endangered Species Act of 1973 (16 U.S.C. 1531 *et seq.* as amended: particularly Section 7 (b) and (c). 50 CFR 402).

ESA HUD Guidance:

<https://www.onecpd.info/environmental-review/endangered-species/>

USFWS ESA Species Search:

<http://www.FWS.gov/endangered/species/index.html>

NMFS ESA Species Search:

<http://www.nmfs.noaa.gov/pr/species/esa/>

USFWS Critical Habitat Maps:

<http://crithab.FWS.gov/>

NMFS Critical Habitat Maps:

<http://www.nmfs.noaa.gov/pr/species/criticalhabitat.htm>

Endangered Species Consultation Handbook:

http://www.nmfs.noaa.gov/pr/pdfs/laws/esa_section7_handbook.pdf

[USFWS Information, Planning, and Consultation](#)

<http://ecos.fws.gov/ipac/>

US FWS - VA Ecological Service – See Project Reviews in Virginia

http://www.fws.gov/northeast/virginiafield/EndSpec_FedAct.html

[Virginia Department of Game and Inland Fisheries](#)

<http://www.dgif.virginia.gov/environmental-programs/environmental-services-section.asp>

[Virginia Endangered Species by locality](#)

<http://vtpg.ext.vt.edu/pesticide-safety-education-program/endangered-species-and-pesticide-regulation/virginia-endangered-species-list>

§58.5(f) Wild and Scenic Rivers [36 CFR Part 297]

Does the project involve new construction, land use conversion, or substantial improvements?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Is the project is located within one (1) mile of a designated Wild, Scenic, Recreational, or river being studied as a potential component of the Wild & Scenic River system or an inventory river?

☐ Yes ☒ No

If Yes, determination from the National Park Service (NPS) must be obtained, with a finding that the project will not have a direct and adverse effect on the river nor invade or diminish values associated with such rivers. For NRI Rivers, consultation with NPS is recommended to identify and eliminate direct and adverse effects. Mark box "B" on the Statutory Checklist for this authority.

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

Comments:

Cite and attach source documentation: (Maps noting project location and showing proximity to protected rivers. Relevant determinations or results of consultation)

For further information see:

Wild and Scenic Rivers HUD Guidance:

<https://www.onecpd.info/environmental-review/wild-and-scenic-rivers/>

National Park Service:

Designated Rivers <http://www.rivers.gov/map.php>

Study Rivers <http://www.rivers.gov/study.php>

National River Inventory (NRI) listed rivers:

<http://www.nps.gov/ncrc/programs/rtca/nri/index.html>

Recreational River Segments – Virginia

<http://www.nps.gov/ncrc/programs/rtca/nri/states/va.html>

§58.5(g) Air Quality [40 CFR Parts 6, 51, 61 and 93]

Does the project involve demolition or renovation of buildings likely to contain asbestos containing materials?

☐ Yes ☒ No

If Yes, ensure the project is in compliance with EPA's Asbestos regulations found at 40 CFR Part 61 (NESHAP) and all State and local regulations. Continue below.

If No, continue.

Does the project require an environmental assessment or environmental impact statement?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with CAA State Implementation Plan factor is complete. Mark Box A on the Statutory checklist.

Does the project involve five or more dwelling units, acquisition of undeveloped land, a change of land use, demolition, major rehabilitation, or new construction?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

Is the project located in a Non-Attainment area?

☐ Yes ☒ No

If Yes, continue.

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

Has EPA or the State provided a written determination that the project will not exceed any of the *de minimis* emissions levels of all non-attainment and maintenance level pollutants or exceed the screening level established by the state or air quality management district?

☐ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

Did EPA or the State provide a Letter of Consistency with the State Implementation Plan (SIP)?

☐ Yes ☐ No

If Yes, obtain letter of consistency showing that the project is consistent with the SIP. Compliance is complete. Mark box "A" on the Statutory Checklist for this authority.

If No, continue.

Has EPA determined that the proposed activity is one that requires a permit under the SIP?

☐ Yes ☐ No

If Yes, continue.

If No, compliance is complete. Mark box "B" on the Statutory Checklist for this authority.

Can project be brought into compliance through mitigation?

☐ Yes ☐ No

If Yes, list mitigation measures required to achieve conformance with SIP in the mitigation section of the Statutory Checklist. Mark box “B” on the Statutory Checklist for this authority.

If No, Federal assistance may not be used at this location.

Comments:

Cite and attach source documentation: (Letter of consistency with SIP, assessment of emissions, air permits received, mitigation measures taken, etc.)

For further information see:

Air Quality HUD Guidance:

<https://www.onecpd.info/environmental-review/air-quality/>

The Green Book Nonattainment Areas for Criteria Pollutants:

<http://www.epa.gov/oar/oaqps/greenbk/>

Region 3 State Implementation Plans (SIPs):

<http://yosemite.epa.gov/r3/r3sips.nsf/SIPIndex!OpenForm>

§58.5(h) Farmlands Protection [7 CFR Part 658)]

Does the project involve acquisition of undeveloped land, conversion of undeveloped land, new construction or site clearance?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Is project located in an area zoned to urban and/or residential uses as mapped by the Census Bureau?

☒ Yes ☐ No

If Yes, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

If No, continue.

Does the project site include prime or unique farmland, or other farmland of statewide or local importance as identified by the U.S. Department of Agriculture, Natural Resources Conservation Service (NRCS) (formerly the Soil Conservation Service)?

☐ Yes ☐ No

If Yes, request evaluation of land type from the NRCS using Form AD-1006, and consider the resulting rating in deciding whether to approve the proposal, as well as mitigation measures (including measures to prevent adverse effects on adjacent farmlands). Mark box “B” on the Statutory Checklist for this authority. Include mitigation measures in the mitigation section of the Statutory Checklist.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

Comments:

Cite and attach source documentation: (Zoning map with project location noted - Form AD-1006 from NRCS)

For additional information see:

NRCS Soil Maps:

<http://websoilsurvey.nrcs.usda.gov/app/>

Form AD-1006 and instructions:

http://www.nrcs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb1045394.pdf

Farmland Protection HUD Guidance:

<https://www.onecpd.info/environmental-review/farmlands-protection/>

Census Data Mapper:

<http://tigerweb.geo.census.gov/datamapper/map.html>

§58.5(i) (1) Noise Abatement and Control [24 CFR Part 51B]

- a. Does the project involve a noise sensitive use such as a residential structure, school, hospital, nursing home, library, etc.?

☐ Yes ☒ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

- b. Is the project located within:

- 15 miles of a civilian or military airfield with more than 9,000 carrier operations annually;

☐ Yes ☐ No

- 1,000 feet of a major highway or busy road;

☐ Yes ☐ No

- 3,000 feet of a railroad.

☐ Yes ☐ No

If Yes to any the above, complete a noise calculation assessment. Use adopted DNL contours if the noise source is an airport. Continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

- c. Do noise calculations or airport noise contour maps indicate noise levels above 65dB (outside)?

☐ Yes ☐ No

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

If Yes, continue;

If the answer to "c" above is "yes," does the project involve rehabilitation?

☐ Yes ☐ No

If Yes, noise attenuation measures are strongly encouraged for rehabilitation new construction to reduce noise levels to below 65dB. Mark box "B" on the Statutory Checklist for this authority. List all attenuation measures in the mitigation section of the Statutory Checklist.

If No, continue.

- d. If the answer to "c" is yes, does the project involve new construction?

☐ Yes ☐ No

If Yes, Special Environmental Clearance is required (an Environmental Assessment). Noise attenuation measures are required for new construction to reduce noise levels to below 65dB. Mark box "B" on the Statutory Checklist for this authority. List all attenuation measures in the mitigation section of the Statutory Checklist.

If No, Continue.

- e. Do noise calculations or airport noise contour maps indicate outdoor noise levels above 75dB?

☐ Yes ☐ No

If Yes, continue.

If No, compliance is completed with respect to steps a-d above.

- f. If noise levels are above 75 dB, does the project involve new construction?

☐ Yes ☐ No

If Yes, HUD assistance for the construction of new noise sensitive uses is generally prohibited for projects with unacceptable noise exposure (>75dB). An Environmental Impact Statement (EIS) is required. Compliance cannot be achieved without either completion of an EIS or processing of an EIS waiver.

If No, compliance in complete with respect to steps a-e above.

- g. If outdoor noise levels are > 75 dB and the project involves new construction, was an EIS waiver processed?

☐ Yes ☐ No

If Yes, compliance is complete. Attach the EIS waiver, signed by the Certifying Officer. Mark box “B” of the Statutory Checklist and list all outdoor and indoor attenuation measures to reduce outdoor noise levels to 65 dB and indoor noise levels to 45 dB in the mitigation section of the Statutory Checklist.

If No, proceed with preparation of an EIS or deny the project.

Comments:

Cite and attach source documentation: (Maps with project location indicating distance from noise sources. DNL calculations and/or NAG worksheets.)

For more information see:

HUD Noise Guidance:

<https://www.onecpd.info/environmental-review/noise-abatement-and-control/>

<http://www.hud.gov/offices/cpd/environment/dnlcalculator.cfm>

<http://www.hud.gov/offices/cpd/environment/mitigation.cfm>

<http://portal.hud.gov/hudstracat/noiseCalcEntry.jsp>

Virginia Department of Transportation Traffic Counts

<http://www.virginiadot.org/info/ct-trafficcounts.asp>

Federal Railroad Administration Crossing Data – Office of Safety Data – use 8.10

<http://safetydata.fra.dot.gov/officeofsafety/default.aspx>

Federal Aeronautics Administration:

http://www.faa.gov/airports/planning_capacity/npas/reports/

Airport Contacts: <http://www.airnav.com/airports/>

§58.5(i) (1) Explosive and Flammable Operations [24 CFR 51C]

- a. Does the project involve development, construction, rehabilitation, modernization or land use conversion of a property intended for residential, institutional, recreational, commercial, or industrial use?

☐ Yes ☒ No

If Yes, continue.

If No, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

- b. Was a field observation performed by a qualified professional who documents there are above ground storage tanks within line of site of the project?

☐ Yes ☐ No

- c. Is the project site within 1 mile of current or planned stationary aboveground storage tanks of more than 100 gallon capacity, containing common liquid industrial fuels OR of any capacity, containing hazardous liquids or gases, which are not liquid industrial fuels?

☐ Yes ☐ No

- d. Are industrial facilities handling explosive or fire-prone materials such as liquid propane, gasoline or other storage tanks adjacent to or visible from the project site?

☐ Yes ☐ No

If Yes to any of b – d above, use HUD Hazards Guide to calculate an Acceptable Separation Distance to comply with 24 CFR Part 51, Subpart C. Continue.

If No to all of b – d above, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

- e. Is the project located at an Acceptable Separation Distance from any above-ground explosive or flammable fuels or chemicals containers as calculated above?

☐ Yes ☐ No

If Yes, compliance with this section is complete. Mark box “A” on the Statutory Checklist for this authority.

If No, continue.

- f. Can mitigation measures, such as construction of a barrier of adequate size and strength, reduce the blast overpressure or thermal radiation hazard to protect the project (per 24 CFR §51.205)?

☐ Yes ☐ No

If Yes, Mark box “B” on the Statutory Checklist for this authority. List all mitigation measures in the mitigation section of the Statutory Checklist.

If No, HUD assistance cannot be used for this project.

Comments:

Cite and attach source documentation: (Maps with project location noted, showing distance from explosives and flammable operations or ASD calculations/worksheet.)

For additional information see:

HUD Guidance on Siting Projects near Explosive and Flammable Facilities:

<https://www.onecpd.info/environmental-review/explosive-and-flammable-facilities/>

Acceptable Separation Distance Guidebook: <https://www.onecpd.info/resource/2762/acceptable-separation-distance-guidebook/>

Barrier Design Guidance for HUD Assisted Project Near Hazardous Facilities:

<https://www.onecpd.info/resource/2763/barrier-design-guidance-for-hud-assisted-projects-near-hazardous-facil/>

§58.5(i) (1) Airport Hazards [24 CFR 51D]

- a. Will the project use HUD assistance, subsidy or insurance for construction; land development; community development or redevelopment; substantial modernization and rehabilitation which prolongs the physical or economic life of existing facilities; provide facilities and services which make land available for construction; change the use of a facility; increase the unit density or number of people at the site?

☐ Yes ☒ No

If **Yes**, continue.

If **No**, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

- b. Is the property within 5,000 feet of a civilian airport, the Runway Clear Zone (RCZ)?

☐ Yes ☐ No

- c. Is the project is within the 15,000 foot military airfield Accident Potential Zone (APZ)?

☐ Yes ☐ No

If **Yes**, continue.

If **No** to both of the above questions, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

- d. If the project is within 5, 000 feet of the end of a civilian airport runway, did the Airport Operator provide a written determination that the project is not now and will not be 10 years from now, located 2,500 feet from the end of the civilian runway in a runway Clear Zone (CZ)?

☐ Yes ☐ No

If Yes, compliance is complete. Mark Box "A" on the Statutory Checklist and attach the Airport Operator's written determination.

If No, continue.

- e. If the project is within 15,000 feet of a military airfield did the airfield operator provide a written determination that the project is not currently located in a CZ/APZ and future expansion will not place the property in a CZ/APZ?

☐ Yes ☐ No

If **Yes**, compliance is complete. Mark Box "A" on the Statutory Checklist and attach the Airport Operator's written determination.

If **No**, continue.

- f. If the project is or will be in a CZ, will the project be frequently used or occupied by people?
☐ Yes ☐ No

If Yes, HUD funds may not be used for this project.

If No, continue.

- g. If the project will not frequently be used by people, has the airport operator provided a written statement that there are no plans to purchase the land involved with such facilities as part of a Runway CZ acquisition program?
☐ Yes ☐ No

If Yes, attach copy of written assurance from airport operator. Mark box “B” on the Statutory Checklist for this authority.

If No, HUD funds may not be used for this project.

- h. If the project is located in a military airfield APZ, is the project consistent with the Land Use Compatibility Guidelines for Accident Potential Zones (32 CFR Part 256, DOD Instruction 4165.57).
☐ Yes ☐ No

If Yes, attach copy of written assurance from airport operator. Mark box “B” on the Statutory Checklist for this authority.

If No, HUD funds may not be used for this project.

Comments:

Cite and attach source documentation: (Map with project location noted showing the distance from civilian airports and/or military airfields. Written confirmation from airport operating stating whether or not project is located in a RCZ, CZ or APZ. Written assurance from airport operator on purchase of property.)

For further information see:

Airport Information: <http://www.airnav.com/airports/>

Airport Hazards HUD Guidance:

[https://www.onecpd.info/environmental-review/airport-hazards/DOD Instruction 4165.57](https://www.onecpd.info/environmental-review/airport-hazards/DOD%20Instruction%204165.57)

<http://www.dtic.mil/whs/directives/corres/pdf/416557p.pdf>

§58.5(i) (2) Contamination and Toxic Substances

Government Records Search

Is the property located within the search distances of any of the types of environmental contamination sources?

Standard Environmental Record Sources	ASTM 1527-13 Recommended Minimum Search Distance (mi)	Yes	No
Federal Delisted NPL Site List	0.5	☐	☒
Federal Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) List	0.5	☐	☒
Federal CERCLIS No Further Remedial Action Planned (NFRAP) Site List	0.5	☐	☒
Federal RCRA Non-CORRACTS Treatment, Storage and Disposal (TSD) Facilities List	0.5	☐	☒
State- and Tribal-Equivalent CERCLIS	0.5	☐	☒
State and Tribal Landfill and/or Solid Waste Disposal Site Lists	0.5	☐	☒
State and Tribal Leaking Storage Tank Lists	0.5	☐	☒
State and Tribal Voluntary Cleanup Sites	0.5	☐	☒
State and Tribal Brownfield Sites	0.5	☒	☐
Federal National Priorities List (NPL)	1	☐	☒
Federal RCRA Correction Action (CORRACTS) Facilities List	1	☐	☒
State- and Tribal-Equivalent NPL	1	☐	☒
Federal Institutional Control/Engineering Control Registries	Property Only	☐	☒
State and Tribal Institutional Control/Engineering Control Registries	Property Only	☐	☒
Federal Emergency Response and Notification System (ERNS) List	Property Only	☐	☒
Federal RCRA Generators List	Property/Adjoining Properties	☐	☒
State and Tribal Registered Storage Tank Lists	Property/Adjoining Properties	☐	☒

If the project is located within any of the minimum search distances above, then the RE must further evaluate to determine if there has been a release or there is a threat of release to the subject property. Attach supporting documentation to the

environmental review to support any conclusion that the site of concern is not a threat.

If a release or threat of release cannot be ruled out, then services of a qualified environmental professional is necessary to further evaluate potential for site contamination. Recommend an ASTM 1527-13 Phase I Environmental Site Assessment (Phase I).

Prior Uses of the Property

Has the subject property, adjacent property, or adjoining property ever been used for any of the following types of uses?

	Yes	No		Yes	No
Gas Station	☐	☒	Vehicle Repair Shop	☐	☒
Car Dealership	☐	☒	Auto Garage	☐	☒
Depot	☐	☒	Commercial Printing Facility	☐	☒
Industrial or commercial warehouses	☐	☒	Dry Cleaners	☐	☒
Photo Developing Laboratory	☐	☒	Hospital	☐	☒
Junkyard or landfill	☐	☒	Agricultural/Farming Operations	☐	☒
Tannery	☐	☒	Livestock Operations	☐	☒

If the evaluation of previous uses results in a yes answer to any of the above, the service of a qualified environmental professional is necessary to rule out site contamination. An ASTM E1527-13 Phase I report is recommended.

If the evaluation of previous uses does not identify previous uses of concern, attach supporting documentation for the conclusion to the environmental review.

Field Site Visit

Did a visual inspection of the site show the following?

	Yes	No
Distressed vegetation	☐	☒
Vent or Fill Pipes	☐	☒
Storage Oil Tanks or Questionable Containers	☐	☒
Pits, Ponds or Lagoons	☐	☒
Stained Soil or Pavement (other than water stains)	☐	☒
Pungent, Foul or Noxious Odors	☐	☒

	Yes	No
Dumped Material or Soil, Mounds of Dirt, Rubble, Fill, etc.	☐	☒

Does the project have an underground storage tank other than a residential fuel tank, or known or suspected to be contaminated by toxic chemicals or radioactive materials?

☐ Yes ☒ No

Is the project site near an industry or commercial facility disposing of chemicals or hazardous wastes?

☐ Yes ☒ No

Could a nearby source of toxic, hazardous or radioactive substances affect the health and safety of project occupants or conflict with the intended use of the property?

☐ Yes ☒ No

If the site visit identifies a “Yes” answer to any of the above, a qualified environmental professional must undertake investigations necessary to ensure that the project is free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances such that there is no hazard which could affect the health and safety of occupants or conflict with the intended utilization of the property. Continue.

Results of ASTM Site Contamination Reviews

Was an ASTM E1527-13 Phase I Environmental Site Assessment (ESA) report completed for this project? (Strongly recommend a Phase I ESA for land acquisition, new construction, reconstruction or substantial rehabilitation).

☐ Yes ☒ No

Did a Phase I, or equivalent evaluation, identify the potential for site contamination? [The RE must independently evaluate the Phase I and not rely entirely on the conclusions of whether or not there is a Recognized Environmental Condition (REC) since Phase I's do not always appropriately identify RECs]

☐ Yes ☒ No

If there is the potential for site contamination, was an ASTM E1903-11 Phase II Environmental Site Assessment Completed that documented contamination?

☐ Yes ☐ No

Did results of the Phase I or Phase II identify the need to mitigate the environmental condition by removing, stabilizing or encapsulating the toxic substances in accordance with the requirements of the appropriate Federal, state or local oversight agency?

☐ Yes ☒ No

If the project site requires remediation, does the RE have the following documentation?

	Yes	No
Remediation Plan	☐	☐
Regulatory Oversight Agency Approval of the Remediation Plan	☐	☐
Firm Cost Estimate to Implement the Remediation Plan	☐	☐
A Secured Source of Funding for Site Remediation	☐	☐
A project condition that the project construction or rehabilitation cannot proceed until the RE received a No Further Action (NFA) Required or Site Closure Letter from the Regulatory Oversight Agency	☐	☐
A project condition for Deed Restrictions related to any continuing obligations associated with the remediation plan or NFA or Site Closure Letters	☐	☐

If Yes, then, compliance is complete. Attach supporting documentation to the environmental review. Ensure that all mitigation measures are identified in the environmental review and that there is a mechanism for conveying requirements in agreements and awards. Mark Box B on the Statutory Checklist for this Authority. Attach all supporting documentation.

If No, HUD cannot provide assistance for the project at this site.

If the site requires remediation, and the property owner intends to complete the remediation prior to transferring the property to the HUD recipient, can the RE provide documentation of the following?

	Yes	No
Remediation Plan	☐	☐
Regulatory Oversight Agency Approval of the Remediation Plan	☐	☐
Purchase contract and closing document requirements for receipt of a No Further Action Required or Site Closure Letter from the Regulatory Oversight Agency prior to closing.	☐	☐
Deed restrictions for any continuing obligations associated with the remediation plan or NFA or Site Closure Letters	☐	☐

If Yes, then, compliance is complete. Attach supporting documentation to the environmental review. Ensure that all mitigation measures are identified in the environmental review and that there is a mechanism for conveying requirements in agreements and awards. Mark Box B on the Statutory Checklist for this Authority. Attach all supporting documentation.

If No, HUD cannot provide assistance for the project at this site.

Comments:

Cite and attach source documentation: (Maps showing project distance to contaminated sites. Phase I (ASTM) Report. All ESAs and mitigation plans performed for this project.)

For additional information see:

HUD Guidance on Site Contamination:

<https://www.onecpd.info/environmental-review/site-contamination/>

NEPAssist: <http://nepassisttool.epa.gov/nepassist/entry.aspx>

EPA Envirofacts Data: <http://www.epa.gov/enviro/>

EPA Maps: <http://www.epa.gov/emefdata/em4ef.home>

ATSDR Hazardous substances: <http://www.atsdr.cdc.gov/toxfaqs/index.asp>

Right-To-Know Network: <http://www.rtknet.org/>

§58.5(j) Environmental Justice (E.O. 12898)

Is the project located in or designed to serve a predominantly minority and low-income neighborhood?

☒ Yes ☐ No

If Yes, continue.

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

Would there be an adverse environmental impact caused by the proposed action, or would the proposed action be subject to an existing adverse environmental impact?

☐ Yes ☒ No

If No, compliance with this section is complete. Mark box "A" on the Statutory Checklist for this authority.

If Yes, perform an Environmental Justice (EJ) analysis using census, geographic and other data to determine if a low-income/minority population is disproportionately impacted. Continue.

Will the adverse environmental impact of the proposed action disproportionately impact minority and low-income populations relative to the community-at-large?

☐ Yes ☐ No

If Yes, Mitigation or avoidance of adverse impacts must be considered to the extent practicable; and, public participation processes must involve the affected population(s) in the decision-making process. Continue.

If No, compliance with this section is complete. Document the determination of no disproportionate impacts. Mark box “A” on the Statutory Checklist for this authority.

Has the mitigation plan been approved by the RE and the impacted community?

☐ Yes ☐ No

If Yes, compliance with this section is complete. Include mitigation plan in the mitigation section of the Statutory Checklist. Mark box “B” on the Statutory Checklist for this authority.

If No, Project cannot move forward until EJ issue is mitigated to the satisfactory of the RE and impacted community.

Comments:

Cite and attach source documentation: (Mapping of low-income and minority populations in the vicinity of the project site. EJ analysis. Mitigation Plan.)

For additional information see:

EJ HUD Guidance:

<https://www.onecpd.info/environmental-review/environmental-justice/>

EJ maps & analysis, by location:

<http://www.scorecard.org/community/ej-index.tcl>

EPA’s “EJ View” Tool provides information relevant to EJ assessments:

<http://epamap14.epa.gov/ejmap/entry.html>

Census Bureau – American Fact Finder - data and maps:

<http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

Tract-level data on race & income:

<http://www.ffiec.gov/geocode>

Summary of Mitigation Measures:

(Required for Incorporation into Project Design, included in Public Notices, and included as requirements of contracts, grants, loans, etcetera? Ensure final measures are included in Project Description Section of 7015.15)

References:

(List the Federal, State, or local agencies contacted to obtain their existing environmental reports and other data used for the environmental review of the proposed project)

US Fish & Wildlife
US EPA
VA DEQ
VA DWR
VA DHR
VDEM
VDOT
VDH
US Army Corps of Engineers
VA DCR
FEMA
NPS
USDA
National Wild and Scenic Rivers System

List of Major Reports Obtained:

(Attach report(s), such as wetlands delineation studies, biological evaluations or habitat assessments, Phase I and II environmental site assessments)

18. List of Preparers and Summary of Qualification

Rebekah Morgan
Community Development Director
West Piedmont Planning District Commission

Attachment 1:

§58.5(a) Historical Properties



COMMONWEALTH of VIRGINIA

Stefanie K. Taillon
Acting Secretary of Natural
and Historic Resources

Department of Historic Resources
2801 Kensington Avenue, Richmond, Virginia 23221

Julie V. Langan
Director

Tel: (804) 367-2323
Fax: (804) 367-2391
www.dhr.virginia.gov

February 21, 2025

Bill Hartley
Virginia Department of Housing and Community Development
468 East Main Street, Suite 300 B
Abingdon, VA 24210

RE: Appalachian Regional Commission Projects administered by the Virginia Department of Housing and Community Development

Dear Mr. Hartley,

The Virginia Department of Historic Resources (DHR) received a copy of correspondence (December 13, 2024, attached) from the Federal Advisory Council on Historic Preservation (ACHP) in reference to a project in Virginia that is being funded by the Appalachian Regional Commission (ARC).

It is our understanding from the ACHP's correspondence that the ARC is not a federal agency and therefore not required to comply with Section 106 of the National Historic Preservation Act (54 U.S.C. § 306108). As such, ARC funding alone does not constitute federal involvement in a project that would require compliance with Section 106. Unless a project is seeking a federal license, permit, or funding from a federal agency, our review is not required under Section 106. However, DHR is available to provide comment on projects that are not otherwise subject to provisions of state or Federal preservation law, if desired.

DHR understands that projects that receive ARC funds occasionally seek funding from multiple sources, including federal agencies. If any federal funding or licensing is anticipated for a project, we recommend DHCD coordinate with the involved federal agency in determining its obligations under Section 106.

Thank you for your continued consideration of historic resources. Should you have additional questions, do not hesitate to contact Chelsea Jeffries at 804-482-8097 or chelsea.jeffries@dhr.virginia.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sam JH".

Samantha J. Henderson, Director
Review and Compliance Division

Eastern Region Office
2801 Kensington Avenue
Richmond, VA 23221
Tel: (804) 367-2323
Fax: (804) 367-2391

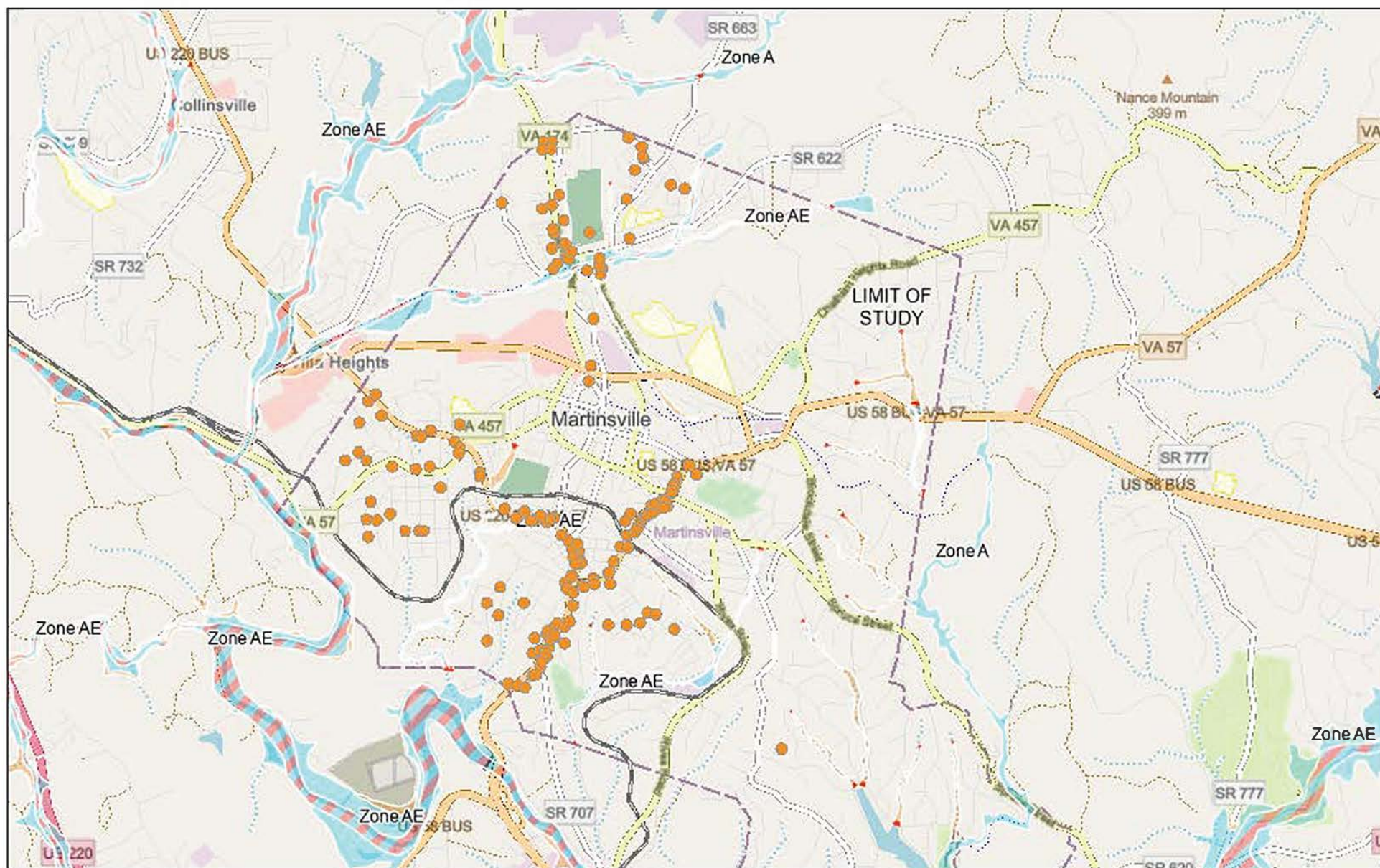
Western Region Office
962 Kime Lane
Salem, VA 24153
Tel: (540) 387-5443
Fax: (540) 387-5446

Northern Region Office
5357 Main Street
PO Box 519
Stephens City, VA 22655
Tel: (540) 868-7029
Fax: (540) 868-7033

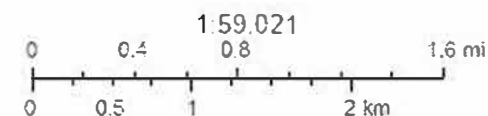
Attachment 2:

§58.5(b) (1) Floodplain Management

MiNet Expansion Floodplains



5/21/2025, 3:43:58 PM

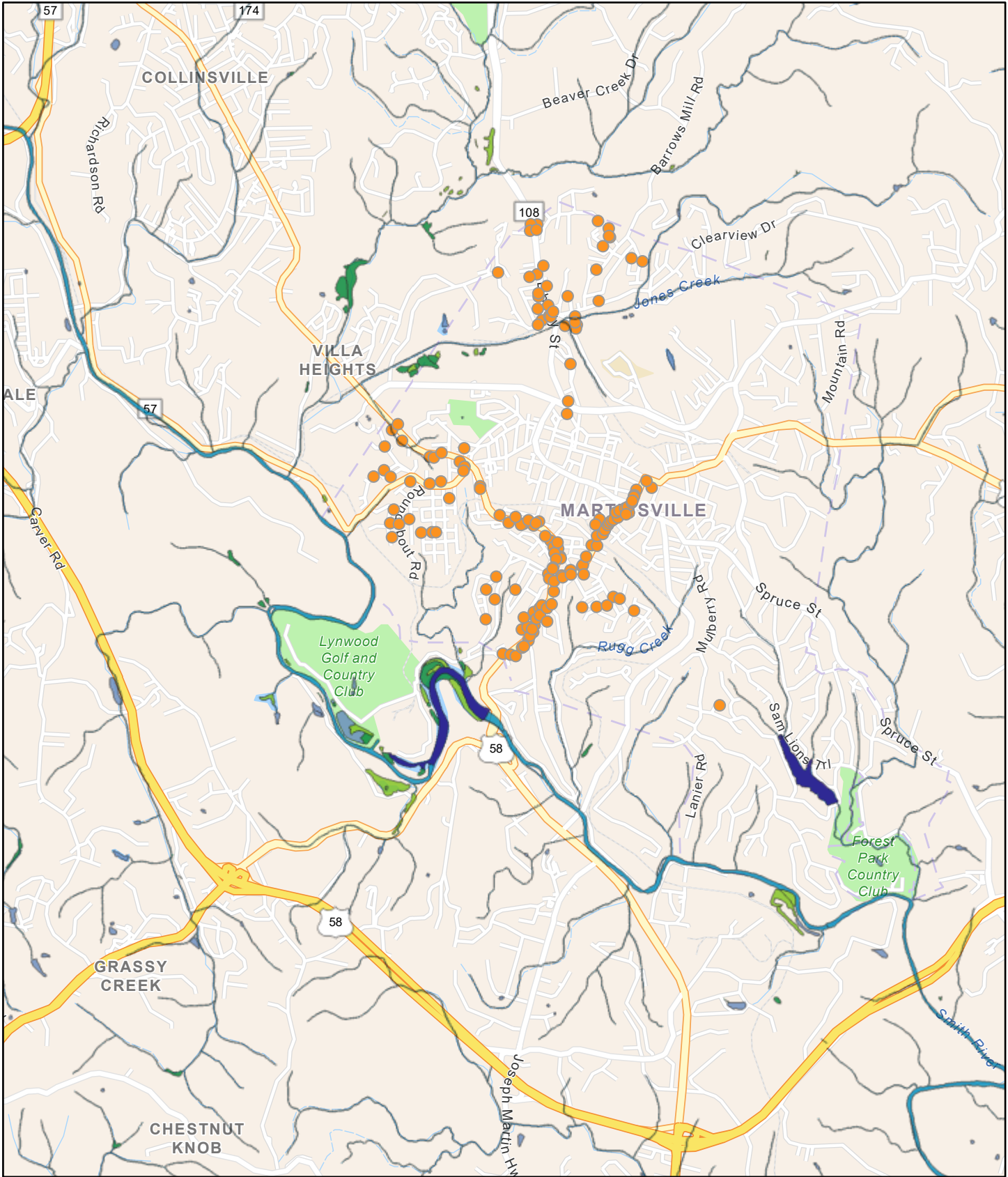


Map data © OpenStreetMap contributors, Microsoft, Facebook, Inc. and its affiliates, Esri Community Maps contributors, Map layer by Esri, Virginia

Attachment 3:

§58.5(b) (2) Wetlands Protection

MiNet Expansion Wetlands Map

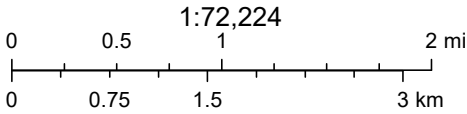


May 21, 2025

Wetlands

- Freshwater Emergent Wetland
- Freshwater Forested/Shrub Wetland
- Freshwater Pond

- Lake
- Riverine
- arc_minet



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community

Attachment 4:

§58.5(c) Coastal Zone Management

Virginia's Coastal Zone



Boundary Description

Virginia's coastal zone encompasses 29 counties, 15 cities, and 42 incorporated towns in the "Tidewater" region of the state.

Virginia's coastal zone includes 5,000 miles of shoreline, four tidal rivers reaching as far as 100 miles inland - the Potomac, Rappahannock, York, and James Rivers and all of the waters therein, and out to, the three nautical mile Territorial Sea boundary, including all of Virginia's Atlantic coast watershed as well as parts of the Chesapeake Bay and Albemarle - Pamlico Sound watersheds.

Federal Consistency

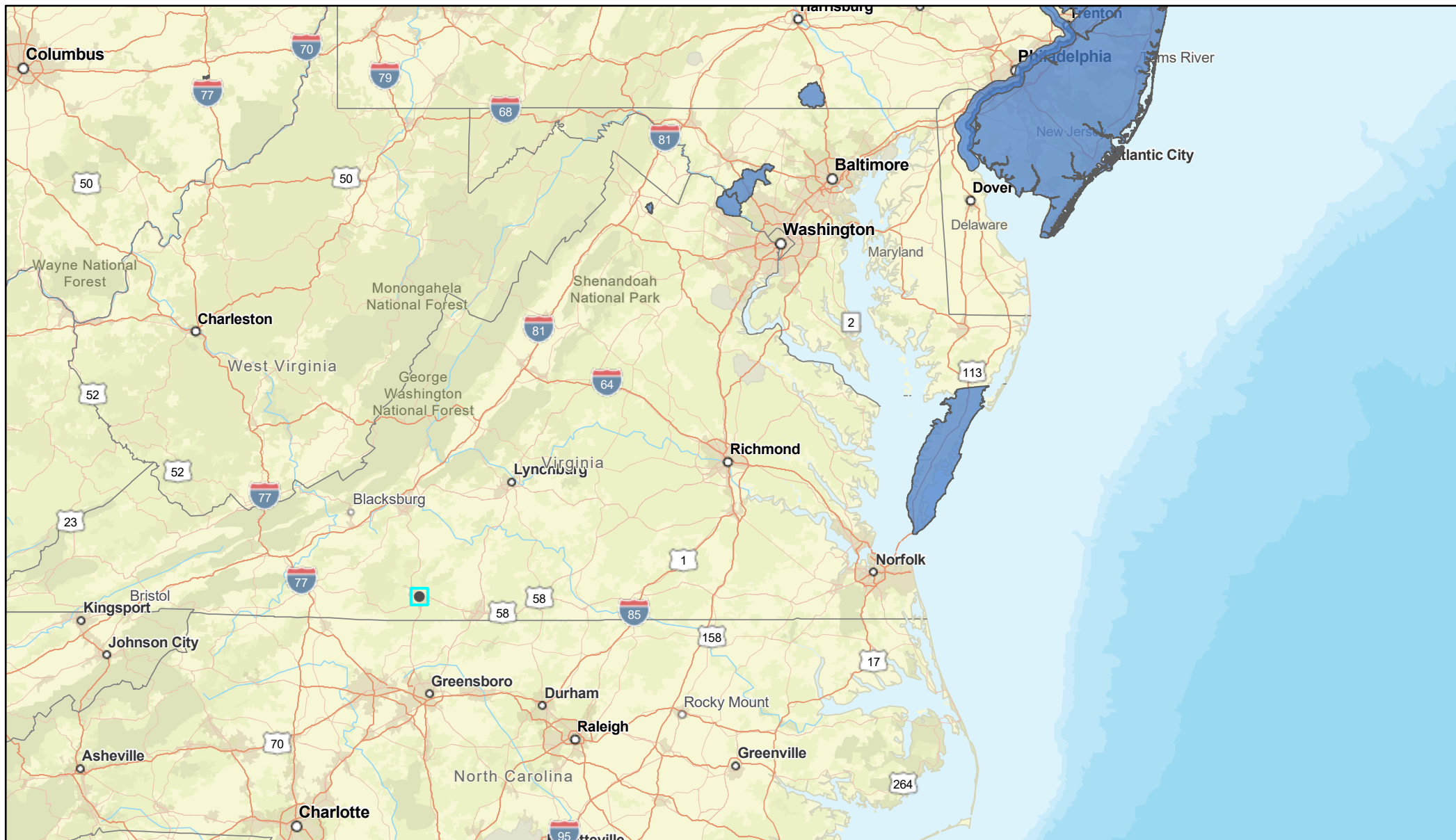
Federal consistency is the CZMA requirement where Federal agency activities, Federal license or permit activities, and Federal financial assistance activities located inside or outside the state's coastal zone that have reasonably foreseeable effects on coastal uses or resources must be consistent with the enforceable policies of the state's coastal zone management program.



Attachment 5:

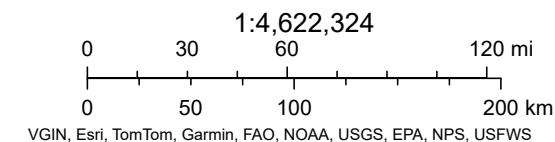
§58.5(d) Sole Source Aquifers

Martinsville, VA Proximity to Sole Source Aquifers



5/21/2025, 4:20:13 PM

 Sole_Source_Aquifers



Attachment 6:

§58.5(e) Endangered Species



United States Department of the Interior

FISH AND WILDLIFE SERVICE

Virginia Field Office
6669 Short Lane
Gloucester, VA 23061



Date: 4/3/20

Self-Certification Letter

Project Name: Martinsville MiNet Expansion, 2025

Dear Federal Action Agency:

Thank you for using the U.S. Fish and Wildlife Service (Service) Virginia Ecological Services online project review process. By submitting this letter, in conjunction with your project review package to our office for review, you are certifying that you have completed the online project review process for the project named above in accordance with all instructions provided, using the best available information to reach your determinations. From the date of receipt, our office has 60 days (50 CFR § 402.13(c)(2)) to review your project package. If we do not concur with the Section 7 determination(s) provided or if we have any questions/concerns regarding the information provided, you will be contacted. If you are not contacted during the 60-day review period, this letter and your project review package complete the review of your project in accordance with the Endangered Species Act (16 USC 1536), as amended (ESA). This letter also provides information for your project review under the National Environmental Policy Act of 1969 (P.L. 91-190, 42 USC 4321-4347, 83 Stat. 852), as amended. A copy of this letter and the project review package must be submitted to this office by the Federal action agency or their officially designated non-federal representative (per 50 CFR 402.08) for this self-certification letter to be valid. This letter and the project review package will be maintained in our records.

The ESA Section 7 Determination Table in the enclosed project review package summarizes your ESA analyses and determinations. These analyses resulted in a “no effect” and/or a “may affect, not likely to adversely affect” determination for proposed/listed species and/or proposed/designated critical habitat.

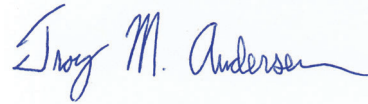
The use of the online project review process in strict accordance with the instructions provided as documented in the enclosed project review package resulted in reaching the appropriate determinations. Therefore, we concur with the not likely to adversely affect determination(s) for proposed/listed species and proposed/designated critical habitat provided in the ESA Section 7 Determination Table.

Should project plans change, surveys expire, or information on the distribution or status of proposed/listed species and/or proposed/designated critical habitat become available/change, this letter is no longer valid and you must submit an updated project package.

Note that under 50 CFR 402.12(e) of the regulations implementing Section 7 of the ESA, the accuracy of official species lists should be verified after 90 days. This verification can be completed formally or informally as desired. The Service recommends that verification be completed by visiting the ECOS-IPaC website at regular intervals during project planning and implementation for updates to species lists and information.

Information about the online project review process including instructions and use, species information, and other information regarding project reviews within Virginia is available on our website (<https://www.fws.gov/office/virginia-ecological-services/virginia-field-office-online-review-process>). If you have any questions, please contact Troy Andersen of this office at (804) 728-0695.

Sincerely,

A handwritten signature in blue ink that reads "Troy M. Andersen". The signature is fluid and cursive, with a long horizontal flourish at the end.

Troy Andersen
Acting Field Supervisor
Virginia Ecological Services

Enclosures - project review package



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Virginia Ecological Services Field Office
6669 Short Lane
Gloucester, VA 23061-4410
Phone: (804) 693-6694



In Reply Refer To:
Project Code: 2025-0078366
Project Name: Martinsville MiNet Expansion

04/03/2025 20:28:16 UTC

Subject: List of threatened and endangered species that may occur in your proposed project location or may be affected by your proposed project

To Whom It May Concern:

The enclosed species list identifies threatened, endangered, proposed and candidate species, as well as proposed and final designated critical habitat, that may occur within the boundary of your proposed project and/or may be affected by your proposed project. The species list fulfills the requirements of the U.S. Fish and Wildlife Service (Service) under section 7(c) of the Endangered Species Act (Act) of 1973, as amended (16 U.S.C. 1531 *et seq.*). Any activity proposed on National Wildlife Refuge lands must undergo a 'Compatibility Determination' conducted by the Refuge. Please contact the individual Refuges to discuss any questions or concerns.

New information based on updated surveys, changes in the abundance and distribution of species, changed habitat conditions, or other factors could change this list. Please feel free to contact us if you need more current information or assistance regarding the potential impacts to federally proposed, listed, and candidate species and federally designated and proposed critical habitat. Please note that under 50 CFR 402.12(e) of the regulations implementing section 7 of the Act, the accuracy of this species list should be verified after 90 days. This verification can be completed formally or informally as desired. The Service recommends that verification be completed by visiting the IPaC website at regular intervals during project planning and implementation for updates to species lists and information. An updated list may be requested through the IPaC system by completing the same process used to receive the enclosed list.

The purpose of the Act is to provide a means whereby threatened and endangered species and the ecosystems upon which they depend may be conserved. Under sections 7(a)(1) and 7(a)(2) of the Act and its implementing regulations (50 CFR 402 *et seq.*), Federal agencies are required to utilize their authorities to carry out programs for the conservation of threatened and endangered species and to determine whether projects may affect threatened and endangered species and/or designated critical habitat.

A Biological Assessment is required for construction projects (or other undertakings having similar physical impacts) that are major Federal actions significantly affecting the quality of the human environment as defined in the National Environmental Policy Act (42 U.S.C. 4332(2)(c)). For projects other than major construction activities, the Service suggests that a biological evaluation similar to a Biological Assessment be prepared to determine whether the project may affect listed or proposed species and/or designated or proposed critical habitat. Recommended contents of a Biological Assessment are described at 50 CFR 402.12.

If a Federal agency determines, based on the Biological Assessment or biological evaluation, that listed species and/or designated critical habitat may be affected by the proposed project, the agency is required to consult with the Service pursuant to 50 CFR 402. In addition, the Service recommends that candidate species, proposed species and proposed critical habitat be addressed within the consultation. More information on the regulations and procedures for section 7 consultation, including the role of permit or license applicants, can be found in the "Endangered Species Consultation Handbook" at:

<https://www.fws.gov/sites/default/files/documents/endangered-species-consultation-handbook.pdf>

Migratory Birds: In addition to responsibilities to protect threatened and endangered species under the Endangered Species Act (ESA), there are additional responsibilities under the Migratory Bird Treaty Act (MBTA) and the Bald and Golden Eagle Protection Act (BGEPA) to protect native birds from project-related impacts. Any activity, intentional or unintentional, resulting in take of migratory birds, including eagles, is prohibited unless otherwise permitted by the U.S. Fish and Wildlife Service (50 C.F.R. Sec. 10.12 and 16 U.S.C. Sec. 668(a)). For more information regarding these Acts, see <https://www.fws.gov/program/migratory-bird-permit/what-we-do>.

The MBTA has no provision for allowing take of migratory birds that may be unintentionally killed or injured by otherwise lawful activities. It is the responsibility of the project proponent to comply with these Acts by identifying potential impacts to migratory birds and eagles within applicable NEPA documents (when there is a federal nexus) or a Bird/Eagle Conservation Plan (when there is no federal nexus). Proponents should implement conservation measures to avoid or minimize the production of project-related stressors or minimize the exposure of birds and their resources to the project-related stressors. For more information on avian stressors and recommended conservation measures, see <https://www.fws.gov/library/collections/threats-birds>.

In addition to MBTA and BGEPA, Executive Order 13186: *Responsibilities of Federal Agencies to Protect Migratory Birds*, obligates all Federal agencies that engage in or authorize activities that might affect migratory birds, to minimize those effects and encourage conservation measures that will improve bird populations. Executive Order 13186 provides for the protection of both migratory birds and migratory bird habitat. For information regarding the implementation of Executive Order 13186, please visit <https://www.fws.gov/partner/council-conservation-migratory-birds>.

We appreciate your concern for threatened and endangered species. The Service encourages Federal agencies to include conservation of threatened and endangered species into their project planning to further the purposes of the Act. Please include the Project Code in the header of this

letter with any request for consultation or correspondence about your project that you submit to our office.

Attachment(s):

- Official Species List
- USFWS National Wildlife Refuges and Fish Hatcheries
- Bald & Golden Eagles
- Migratory Birds

OFFICIAL SPECIES LIST

This list is provided pursuant to Section 7 of the Endangered Species Act, and fulfills the requirement for Federal agencies to "request of the Secretary of the Interior information whether any species which is listed or proposed to be listed may be present in the area of a proposed action".

This species list is provided by:

Virginia Ecological Services Field Office

6669 Short Lane

Gloucester, VA 23061-4410

(804) 693-6694

PROJECT SUMMARY

Project Code: 2025-0078366

Project Name: Martinsville MiNet Expansion

Project Type: Utility Infrastructure Maintenance

Project Description: The Telecommunications Department of Martinsville (MiNet) aims to enhance and cater to the telecommunications requirements of all local businesses. This initiative involves establishing a high-quality Fiber-to-the-Business (FTTB) network, delivering a minimum speed of 1Gbps directly to every business within the city limits. The plan includes the installation of 16 miles of FTTB infrastructure in currently underserved or unserved areas of Martinsville, ensuring access to reliable service for 150 small business establishments.

Project Location:

The approximate location of the project can be viewed in Google Maps: <https://www.google.com/maps/@36.6761117,-79.8825525,14z>



Counties: Martinsville County, Virginia

ENDANGERED SPECIES ACT SPECIES

There is a total of 1 threatened, endangered, or candidate species on this species list.

Species on this list should be considered in an effects analysis for your project and could include species that exist in another geographic area. For example, certain fish may appear on the species list because a project could affect downstream species.

IPaC does not display listed species or critical habitats under the sole jurisdiction of NOAA Fisheries¹, as USFWS does not have the authority to speak on behalf of NOAA and the Department of Commerce.

See the "Critical habitats" section below for those critical habitats that lie wholly or partially within your project area under this office's jurisdiction. Please contact the designated FWS office if you have questions.

-
1. [NOAA Fisheries](#), also known as the National Marine Fisheries Service (NMFS), is an office of the National Oceanic and Atmospheric Administration within the Department of Commerce.

INSECTS

NAME	STATUS
Monarch Butterfly <i>Danaus plexippus</i> There is proposed critical habitat for this species. Your location does not overlap the critical habitat. Species profile: https://ecos.fws.gov/ecp/species/9743	Proposed Threatened

CRITICAL HABITATS

THERE ARE NO CRITICAL HABITATS WITHIN YOUR PROJECT AREA UNDER THIS OFFICE'S JURISDICTION.

YOU ARE STILL REQUIRED TO DETERMINE IF YOUR PROJECT(S) MAY HAVE EFFECTS ON ALL ABOVE LISTED SPECIES.

USFWS NATIONAL WILDLIFE REFUGE LANDS AND FISH HATCHERIES

Any activity proposed on lands managed by the [National Wildlife Refuge](#) system must undergo a 'Compatibility Determination' conducted by the Refuge. Please contact the individual Refuges to discuss any questions or concerns.

THERE ARE NO REFUGE LANDS OR FISH HATCHERIES WITHIN YOUR PROJECT AREA.

BALD & GOLDEN EAGLES

Bald and Golden Eagles are protected under the Bald and Golden Eagle Protection Act ² and the Migratory Bird Treaty Act (MBTA) ¹. Any person or organization who plans or conducts activities that may result in impacts to Bald or Golden Eagles, or their habitats, should follow appropriate regulations and consider implementing appropriate avoidance and minimization measures, as described in the various links on this page.

-
1. The [Bald and Golden Eagle Protection Act](#) of 1940.
 2. The [Migratory Birds Treaty Act](#) of 1918.
 3. 50 C.F.R. Sec. 10.12 and 16 U.S.C. Sec. 668(a)

There are Bald Eagles and/or Golden Eagles in your [project](#) area.

Measures for Proactively Minimizing Eagle Impacts

For information on how to best avoid and minimize disturbance to nesting bald eagles, please review the [National Bald Eagle Management Guidelines](#). You may employ the timing and activity-specific distance recommendations in this document when designing your project/

activity to avoid and minimize eagle impacts. For bald eagle information specific to Alaska, please refer to [Bald Eagle Nesting and Sensitivity to Human Activity](#).

The FWS does not currently have guidelines for avoiding and minimizing disturbance to nesting Golden Eagles. For site-specific recommendations regarding nesting Golden Eagles, please consult with the appropriate Regional [Migratory Bird Office](#) or [Ecological Services Field Office](#).

If disturbance or take of eagles cannot be avoided, an [incidental take permit](#) may be available to authorize any take that results from, but is not the purpose of, an otherwise lawful activity. For assistance making this determination for Bald Eagles, visit the [Do I Need A Permit Tool](#). For assistance making this determination for golden eagles, please consult with the appropriate Regional [Migratory Bird Office](#) or [Ecological Services Field Office](#).

Ensure Your Eagle List is Accurate and Complete

If your project area is in a poorly surveyed area in IPaC, your list may not be complete and you may need to rely on other resources to determine what species may be present (e.g. your local FWS field office, state surveys, your own surveys). Please review the [Supplemental Information on Migratory Birds and Eagles](#), to help you properly interpret the report for your specified location, including determining if there is sufficient data to ensure your list is accurate.

For guidance on when to schedule activities or implement avoidance and minimization measures to reduce impacts to bald or golden eagles on your list, see the "Probability of Presence Summary" below to see when these bald or golden eagles are most likely to be present and breeding in your project area.

NAME	BREEDING SEASON
Bald Eagle <i>Haliaeetus leucocephalus</i> This is not a Bird of Conservation Concern (BCC) in this area, but warrants attention because of the Eagle Act or for potential susceptibilities in offshore areas from certain types of development or activities. https://ecos.fws.gov/ecp/species/1626	Breeds Sep 1 to Jul 31

PROBABILITY OF PRESENCE SUMMARY

The graphs below provide our best understanding of when birds of concern are most likely to be present in your project area. This information can be used to tailor and schedule your project activities to avoid or minimize impacts to birds. Please make sure you read ["Supplemental Information on Migratory Birds and Eagles"](#), specifically the FAQ section titled "Proper Interpretation and Use of Your Migratory Bird Report" before using or attempting to interpret this report.

Probability of Presence (■)

Green bars; the bird's relative probability of presence in the 10km grid cell(s) your project overlaps during that week of the year.

Breeding Season (■)

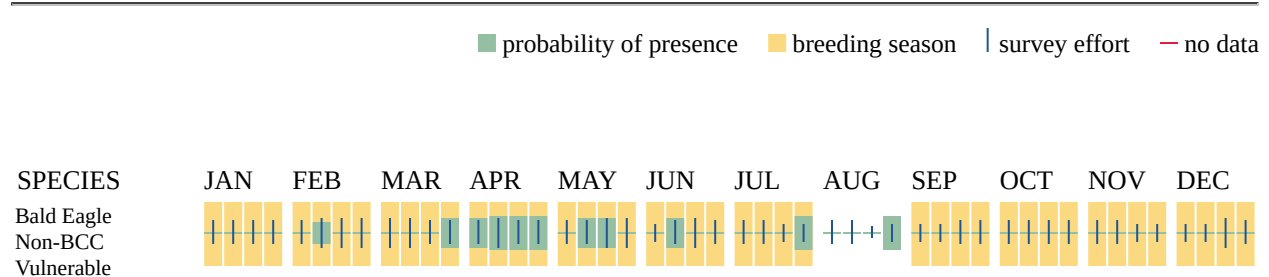
Yellow bars; liberal estimate of the timeframe inside which the bird breeds across its entire range.

Survey Effort (|)

Vertical black lines; the number of surveys performed for that species in the 10km grid cell(s) your project area overlaps.

No Data (—)

A week is marked as having no data if there were no survey events for that week.



Additional information can be found using the following links:

- Eagle Management <https://www.fws.gov/program/eagle-management>
- Measures for avoiding and minimizing impacts to birds <https://www.fws.gov/library/collections/avoiding-and-minimizing-incidental-take-migratory-birds>
- Nationwide avoidance and minimization measures for birds <https://www.fws.gov/sites/default/files/documents/nationwide-standard-conservation-measures.pdf>
- Supplemental Information for Migratory Birds and Eagles in IPaC <https://www.fws.gov/media/supplemental-information-migratory-birds-and-bald-and-golden-eagles-may-occur-project-action>

MIGRATORY BIRDS

The Migratory Bird Treaty Act (MBTA) ¹ prohibits the take (including killing, capturing, selling, trading, and transport) of protected migratory bird species without prior authorization by the Department of Interior U.S. Fish and Wildlife Service (Service). The incidental take of migratory birds is the injury or death of birds that results from, but is not the purpose, of an activity. The Service interprets the MBTA to prohibit incidental take.

-
1. The [Migratory Birds Treaty Act](#) of 1918.
 2. The [Bald and Golden Eagle Protection Act](#) of 1940.
 3. 50 C.F.R. Sec. 10.12 and 16 U.S.C. Sec. 668(a)

For guidance on when to schedule activities or implement avoidance and minimization measures to reduce impacts to migratory birds on your list, see the "Probability of Presence Summary" below to see when these birds are most likely to be present and breeding in your project area.

NAME	BREEDING SEASON
Bald Eagle <i>Haliaeetus leucocephalus</i> This is not a Bird of Conservation Concern (BCC) in this area, but warrants attention because of the Eagle Act or for potential susceptibilities in offshore areas from certain types of development or activities. https://ecos.fws.gov/ecp/species/1626	Breeds Sep 1 to Jul 31
Black-billed Cuckoo <i>Coccyzus erythrophthalmus</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9399	Breeds May 15 to Oct 10
Chimney Swift <i>Chaetura pelagica</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9406	Breeds Mar 15 to Aug 25
Eastern Whip-poor-will <i>Antrostomus vociferus</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/10678	Breeds May 1 to Aug 20
Grasshopper Sparrow <i>Ammodramus savannarum perpallidus</i> This is a Bird of Conservation Concern (BCC) only in particular Bird Conservation Regions (BCRs) in the continental USA https://ecos.fws.gov/ecp/species/8329	Breeds Jun 1 to Aug 20
Kentucky Warbler <i>Geothlypis formosa</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9443	Breeds Apr 20 to Aug 20
Prairie Warbler <i>Setophaga discolor</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9513	Breeds May 1 to Jul 31
Prothonotary Warbler <i>Protonotaria citrea</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9439	Breeds Apr 1 to Jul 31
Red-headed Woodpecker <i>Melanerpes erythrocephalus</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9398	Breeds May 10 to Sep 10
Rusty Blackbird <i>Euphagus carolinus</i> This is a Bird of Conservation Concern (BCC) only in particular Bird Conservation Regions (BCRs) in the continental USA https://ecos.fws.gov/ecp/species/9478	Breeds elsewhere

NAME	BREEDING SEASON
Wood Thrush <i>Hylocichla mustelina</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9431	Breeds May 10 to Aug 31

PROBABILITY OF PRESENCE SUMMARY

The graphs below provide our best understanding of when birds of concern are most likely to be present in your project area. This information can be used to tailor and schedule your project activities to avoid or minimize impacts to birds. Please make sure you read "[Supplemental Information on Migratory Birds and Eagles](#)", specifically the FAQ section titled "Proper Interpretation and Use of Your Migratory Bird Report" before using or attempting to interpret this report.

Probability of Presence (■)

Green bars; the bird's relative probability of presence in the 10km grid cell(s) your project overlaps during that week of the year.

Breeding Season (■)

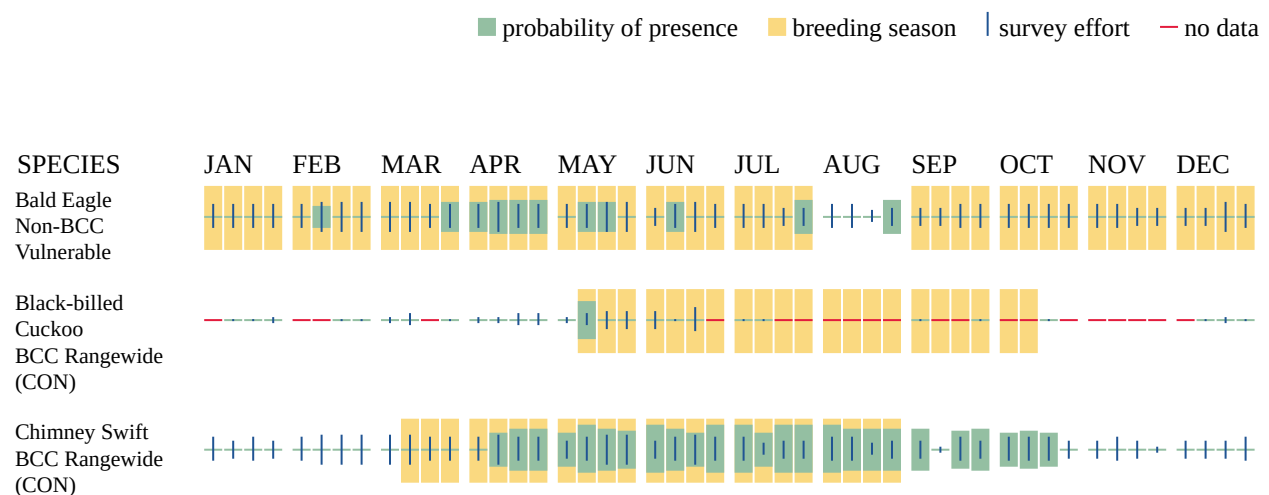
Yellow bars; liberal estimate of the timeframe inside which the bird breeds across its entire range.

Survey Effort (|)

Vertical black lines; the number of surveys performed for that species in the 10km grid cell(s) your project area overlaps.

No Data (—)

A week is marked as having no data if there were no survey events for that week.





Additional information can be found using the following links:

- Eagle Management <https://www.fws.gov/program/eagle-management>
- Measures for avoiding and minimizing impacts to birds <https://www.fws.gov/library/collections/avoiding-and-minimizing-incidental-take-migratory-birds>
- Nationwide avoidance and minimization measures for birds
- Supplemental Information for Migratory Birds and Eagles in IPaC <https://www.fws.gov/media/supplemental-information-migratory-birds-and-bald-and-golden-eagles-may-occur-project-action>

IPAC USER CONTACT INFORMATION

Agency: Martinsville city
Name: Rebekah Morgan
Address: 1100 Madison St
City: Martinsville
State: VA
Zip: 24115
Email: rebekah.m.morgan@gmail.com
Phone: 2766383987

Attachment 7:

§58.5(f) Wild and Scenic Rivers



SITE INDEX



EXPLORE DESIGNATED RIVERS



Choose A River Go

A collage of four nature photographs. The top left photo shows three ducks in flight against a clear sky. The top right photo depicts a river with white water rapids flowing over mossy rocks in a forest. The bottom left photo is a close-up of a beaver's head emerging from the water. The bottom right photo shows a pond with tall reeds and several ducks.



Virginia does not have any designated rivers.

SITE MAP



Resources

- Q & A Search
- Bibliography
- Publications
- GIS Mapping
- Logo & Sign Standards

Attachment 8:

§58.5(g) Air Quality

Attachment 9:

§58.5(h) Farmlands Protection -
Not Applicable

Attachment 10:

§58.5(i) (1) Noise Abatement and Control -
Not Applicable

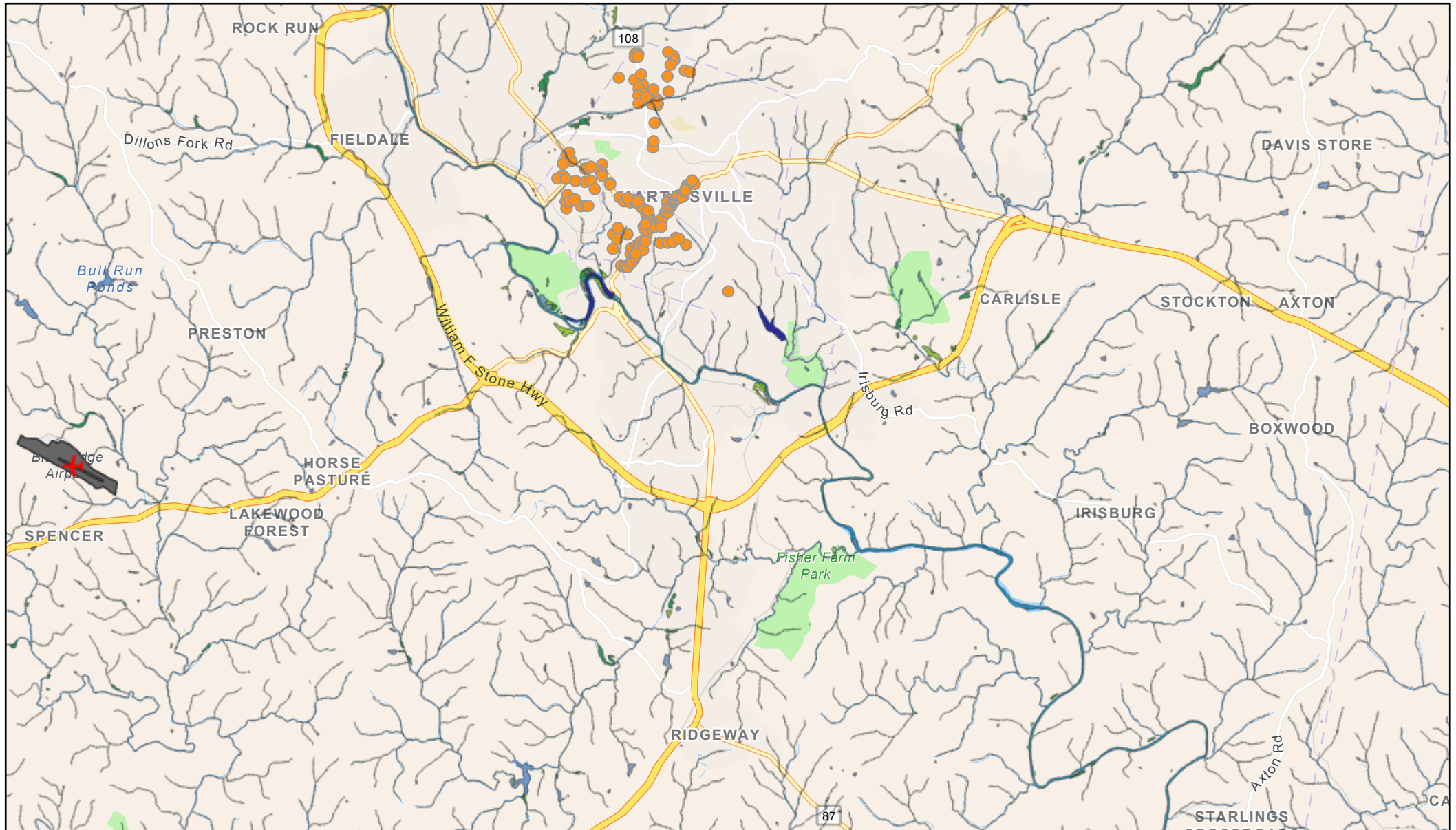
Attachment 11:

§58.5(j) (1) Explosive and Flammable Operations

Attachment 12:

§58.5(j) (1) Airport Hazards

MiNet Expansion Airport Map



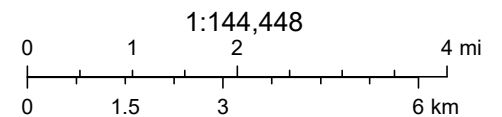
May 21, 2025

Wetlands

- Freshwater Emergent Wetland
- Freshwater Forested/Shrub Wetland

- Freshwater Pond
- Lake
- Riverine

- arc_minet
- Airport Points
- Airport Polygons



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community, EPA OEI

Attachment 13:

§58.5(j) (2) Contamination and Toxic Substances

There are thousands of Brownfields redevelopment opportunities across the Commonwealth!
Contact [Karen Weber](#) - (804) 432-7790 for more information.

VRP Site Addresses

4

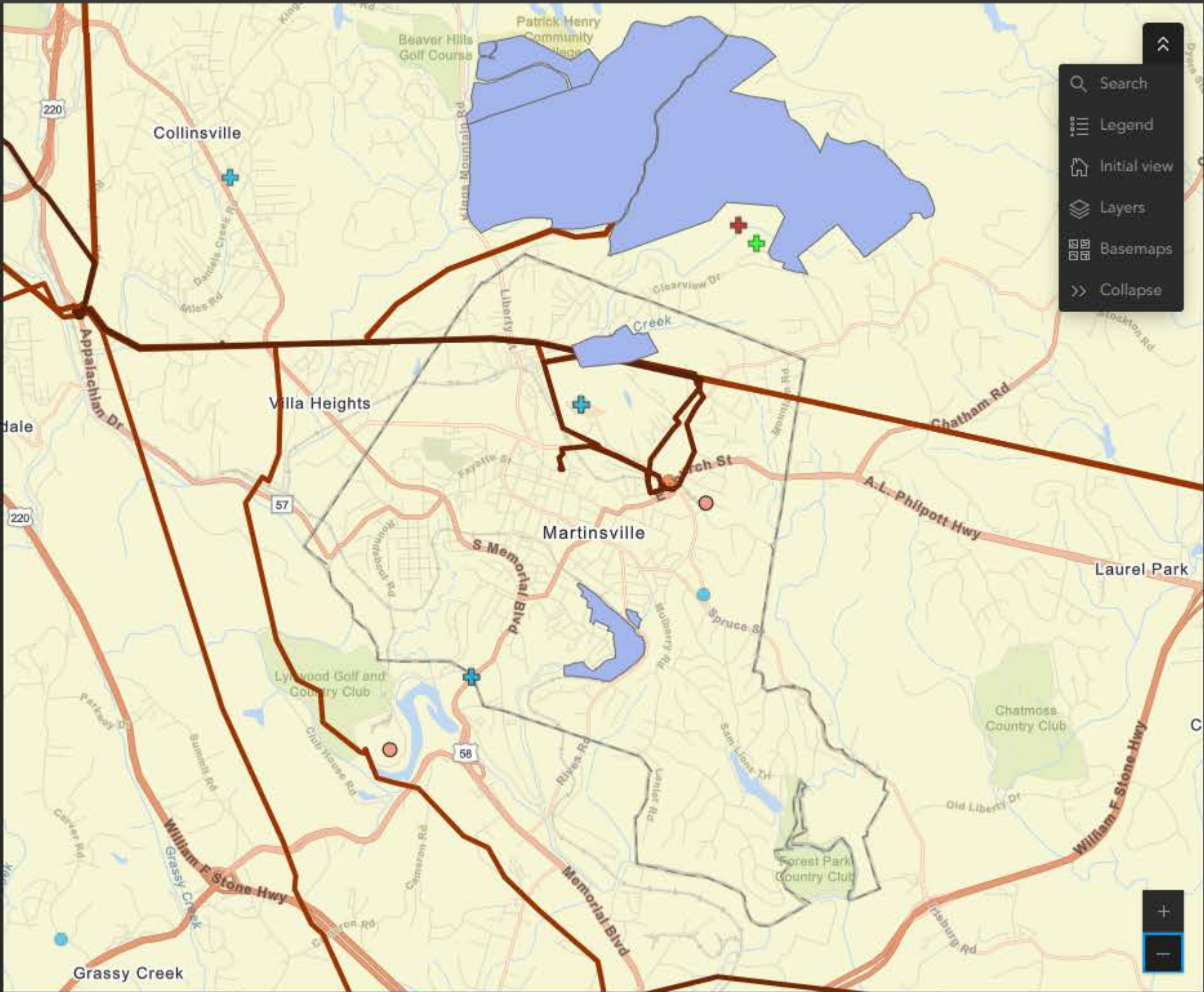
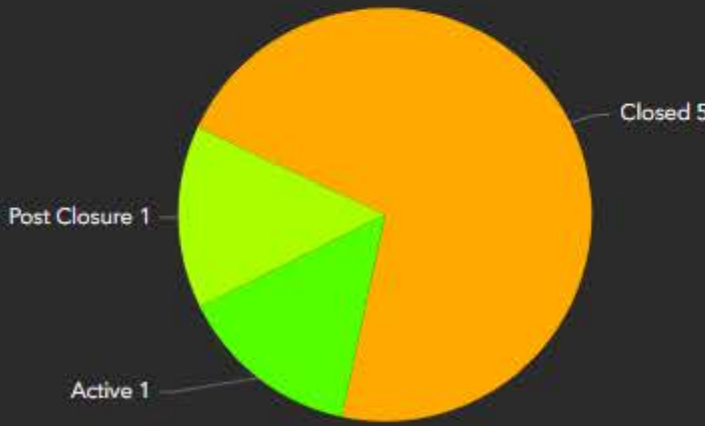
RCRA Sites

2

Solid Waste Permits

7

Solid Waste Operation Status



Superfund Sites

- Inactive
- Inactive - Other
- Not Applicable
- Post Closure
- Post-Closure - Other

VRP Site Addresses (Daily) (VA DEQ)

- Certificate Amendment
- Certificate Issued
- Enrolled in Program
- Potential Site
- Pre-VRP
- Terminated

RCRA Corrective Action (US EPA)



Superfund National Priorities List (NPL) Sites (US EPA)

- NPL Site
- Deleted NPL Site
- Proposed NPL Site

Virginia Cities and Counties

No data

Superfund Sites

0

Attachment 14:

§58.5(j) Environmental Justice



STAFF REPORT

TO: City Council

FROM: Peyton Nibblett, Deputy City Clerk

SUBJECT: Discuss and Consider March 17, 2025 Meeting Minutes

STAFF/ DEPARTMENT RESPONSIBLE: City Management

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Minutes first presented on April 1, 2025. Amended by Council, all changes have been highlighted.

Motion made by Julian Mei and seconded by Aaron Rawls to Table the minutes to a future meeting. Approved with the following 5:0 vote: Councilman Mei, aye; Councilman Gravely, aye; Councilman Rawls, aye; Vice Mayor Lawson, aye; Mayor Jones, aye.

POLICY EXPLANATION:

City Council must approve all Meeting Minutes before they are entered into City Records.

FISCAL IMPACT/FUNDING SOURCE:

None.

Available Budget: None.

Purchase Amount: Not Applicable.

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Minutes
2. City Council Do Not Approve Minutes
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

1.	March 17 2025 Meeting Minutes (5)
----	-----------------------------------



March 17, 2025
Martinsville City Council Special Called Meeting Minutes

AMENDED PER COUNCIL MEETING 4/1/2025

5:00 pm - Closed, Executive Session Meeting

Room 208, Municipal Building

A Special Called, Closed meeting of the City of Martinsville, Virginia's Council, was posted on March 13, 2025 and held on March 17, 2025, at 5:00 PM in Conference Room 208, Martinsville Municipal Building, Martinsville, VA. Council Members participating included Vice Mayor, Kathy Lawson; Julian Mei, Rayshaun Gravely, and Mayor Jones. Council Member, Aaron Rawls was absent. Mayor Jones called the meeting to order and advised Council would go into Closed Session beginning at 5:00 PM. In accordance with the Code of Virginia, Title 2.2 Chapter 37, Freedom of Information Act and upon a motion by Council Member Lawson and seconded by Council Member Mei and adopted with the following 4-0 recorded vote: Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye. Council convened in Closed Session to discuss the following matters:

- A. 2.2-3711 A (1) Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; In regards to the City Manager and City Attorney position.



Certification of Closed Session

Motioned by Lawson and seconded by Mei, that the City Council certify that only those matters permitted by the Code of Virginia Sec. 2.2-3711 and specifically referenced in the motion to enter closed session were discussed during the closed session.

Approved with the following 4-0 vote: Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor Lawson, aye; Mayor Jones, aye.

Action taken as a result of Closed Session; Council reported out a decision by Council to offer the City Manager a 15% increase to her total compensation based on the October 8, 2024, performance assessment. There was much deliberation; the original motion made by Kathy Lawson failed **due to an amended motion being made**. Council discussed the phrasal of the motion and once they reached an agreement, the motion was made by Councilman Mei authorizing Mayor Jones to complete the negotiations with the City Manager and Human Resources, the motion was then seconded by Vice Mayor Lawson. Approved with the following vote: Councilman Gravely, aye; Councilman Mei, aye; Vice Mayor Lawson, aye; Mayor Jones, aye. Councilman Rawls was absent from the meeting. Approved with a 4:0 Vote with 1 Absent.

Mayor motioned to adjourn the meeting at 8:30 PM.



STAFF REPORT

TO: City Council

FROM: Greg Maggard, Managing Director of Public Works

SUBJECT: Discuss and Consider Refuse Ordinance

STAFF/ DEPARTMENT RESPONSIBLE: Public Works

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Chapter 18, Article 2 of the City Code has not been updated since 1982. This article deals primarily with the city's administration, enforcement, and collection of refuse. The current article is vague and requires antiquated enforcement actions.

The revised Article 2 provides additional definitions for clarity, allows for more effective enforcement, and increases efficiency in collection operations.

Summary of Refuse Ordinance:

- Property owners must provide proper containers for their trash.
- Trash containers must be covered, leak-proof, and placed by the curb for pickup unless someone has a medical reason not to.
- The Public Works Director oversees trash collection and can issue notices if trash is not handled correctly. Property owners have three days to fix problems.
- If owners do not fix the issue, they can be fined, and the city can clean up the mess and charge the owner. These charges can become liens on the property if unpaid. The proposed ordinance demotes the crime from Class 1 to Class 4 Misdemeanor.
- In the Uptown Martinsville Area, trash must go into city dumpsters, and leaving trash on streets or sidewalks is not allowed.
- The city does not collect certain types of waste, such as hazardous materials, construction debris, and vehicle parts. Owners are responsible for disposing of these.

POLICY EXPLANATION:

The key outcome of Part 2.2 of the City's Strategic Plan is clean, attractive, and vibrant

neighborhoods and communities. The revisions proposed in this Article meet this key outcome by providing for increased administration, enforcement, and refuse collection.

FISCAL IMPACT/FUNDING SOURCE:

Refuse Enterprise Fund will be used to purchase additional 8-yard dumpsters and electrical locks.

Available Budget: 19,500.00

Purchase Amount: 12,000.00

ACTION REQUESTED/ALTERNATIVES

1. Approve first reading of Solid Waste Ordinance
2. Deny first reading of Solid Waste Ordinance
3. Other action as directed by Council

ATTACHMENTS:

1.	Refuse Ordinance Rewrite
----	--------------------------

STAFF REPORT

MEETINGS: January 14, 2025

TITLE: First Reading of Chapter 18-Solid Waste Ordinance

STAFF RESPONSIBLE Greg Maggard

BACKGROUND/HISTORY

Chapter 18, Article 2 of the City Code has not been updated since 1982. This article deals primarily with the city's administration, enforcement, and collection of refuse. The current article is vague and requires antiquated enforcement actions.

The revised Article 2 provides additional definitions for clarity, allows for more effective enforcement, and increases efficiency in collection operations.

POLICY EXPLANATION

The key outcome of Part 2.2 of the City's Strategic Plan is clean, attractive, and vibrant neighborhoods and communities. The revisions proposed in this Article meet this key outcome by providing for increased administration, enforcement, and refuse collection.

FISCAL IMPACT/FUNDING SOURCE

Refuse Enterprise Fund will be used to purchase additional 8-yard dumpsters and electrical locks

AVAILABLE BUDGET

19,500.00

PURCHASE AMOUNT

12,000.00

ACTION REQUESTED/ALTERNATIVES:

- Approve first reading of Solid Waste Ordinance
- Deny first reading of Solid Waste Ordinance
- Other action as directed by Council

ATTACHMENTS:

1. Draft ordinance
2. Summary of Changes

STAFF REPORT

City of Martinsville, Virginia

Ordinance No. 2025-__

WHEREAS, the City of Martinsville is empowered through Chapter 1, Section 2-19 and 2-20 of the Martinsville City Charter to provide for the collection and disposal of garbage, trash and other refuse, and to compel the abatement and removal of all public nuisances within the city; to require all lands, lots and other premises within the city to be kept clean and sanitary; and generally to define, prohibit, abate, suppress and prevent all things detrimental to the health, morals, comfort, safety, convenience and welfare of the inhabitants of the city; and,

WHEREAS, the City of Martinsville is likewise empowered pursuant to Chapter 9 of Title 15.2 of the Code of Virginia, 1950, as amended, to require that owners of real property keep their premises free from accumulations of solid waste and other public nuisances, and to remediate such nuisance conditions at such time or times as the City Council may prescribe; and,

WHEREAS, the City of Martinsville is further empowered pursuant to § 15.2-1115 of the Code of Virginia, 1950, as amended, to compel the abatement or removal of all nuisances and to abate such nuisances at the cost of noncompliant landowners; and to assess liens against properties for such abatement expense; and,

WHEREAS, the Council of the City of Martinsville has determined that the accumulation of solid waste on real property within the City is harmful to public health; tends to harbor or serve as a breeding ground for mosquitos, rodents and other animals harmful to public health; tends to diminish neighborhood housing values and is otherwise injurious to the public health, safety and welfare and constitutes a public nuisance.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of -Martinsville, Virginia, in Regular Session held ____, 2025 that Sections 18-13 through 18-25 of the Code of the City of Martinsville be amended to hereafter read as follows:

Secs. 18-3—18-12. Reserved.

ARTICLE II. REFUSE

Sec. 18-13. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Asbestos-containing material (ACM) means any material or product, which contains more than one (1) percent asbestos.

Ashes means the residue from the burning of wood, coal, coke or other combustible materials.

Bulk container means a metal or plastic receptacle or container designed and constructed for the storing of solid waste until its collection for disposal and which can be mechanically lifted, hoisted or rolled on or off and emptied by mechanical collection vehicles.

Bulk solid waste means items of solid waste, such as furniture, bedding, mattresses, brush, and similar items, which are acceptable for collection by the city but because of their size, bulk or weight, require special collection procedures other than those required and provided for garbage and debris. The term includes white goods and other forms of solid waste otherwise acceptable for collection when bundled, bagged or otherwise collected or assembled in such a way that such waste requires special collection procedures other than those required and provided for garbage and debris.

Collection means the process or activity required to collect, remove and convey solid waste from its source or location to a site for final disposal.

Commercial premises means any premises or property upon which a wholesale, retail, service, manufacturing or processing business is located or conducted, including, but not limited to, restaurants, hotels, motels, markets, stores and other outlets, theaters, warehouses, factories, processing and manufacturing plants or facilities, automobile sales rooms, service stations and repair shops and offices of every kind; and the premises or property of organizations and institutions, such as, and including, all schools, hospitals, churches, clubs and societies; and any premises or property upon which is located an apartment building or buildings, other than condominiums, containing an aggregate of four (4) or more single-family dwelling units or apartments; and all other premises not defined herein as for a residential premises.

Commercial solid waste means the solid waste generated, produced or accumulated upon commercial premises.

Condominiums means premises, including the land and buildings thereon, containing multiple dwelling units or apartments, each of which is or may be separately owned, and the undivided interests in the common elements of such premises which are vested in the unit owners and which have been lawfully created pursuant to the Condominium Act contained in chapter 4.2 of title 55 (section 55-79.39 et seq.) of the Code of Virginia.

Container means a receptacle designed, and required or permitted by this chapter, for the purpose of storing garbage and debris until its collection for disposal.

Contractor means any person or firm who shall agree, written or otherwise, to perform work in return for compensation in any form.

Debris means nonputrescible solid waste consisting of both combustible and noncombustible wastes, such as paper, cardboard, wood, rags, sweepings, and similar discarded materials.

Director means the Director of the Department of Public Works of the City.

Disposal means the delivery and deposit of solid waste to and at an approved disposal facility for final processing or storage.

Friable asbestos means any material containing more than one (1) percent asbestos by weight which, when dry, may be crumbled, pulverized, or reduced to powder by hand pressure. Friable asbestos shall be considered hazardous waste.

Garbage means putrescible animal or vegetable waste resulting from the handling, preparation, cooking or serving of food.

Hazardous waste means a hazardous waste as described by the Virginia Hazardous Waste Regulation or the EPA.

Infectious waste means solid or liquid wastes, which contain pathogens with sufficient virulence and quantity so that exposure to the waste by a susceptible host could result in an infectious disease.

Placement means the placing of all types of solid waste for collection and disposal.

Premises means any lot or parcel of land, together with any building, part of a building or group of buildings located thereon, which constitutes a single property.

Public property means and includes all public streets and highways, including the curbs, gutters and median strips thereof, sidewalks, alleys, parking lots and other public rights-of-way, and all public parks, playgrounds, buildings and grounds.

Refuse means all putrescible and nonputrescible solid waste, whether combustible or noncombustible, including garbage, debris, ashes, dead animals, and materials resulting from industrial, commercial, domestic and community activities, but excluding hazardous wastes, body wastes and the sludges, screenings, pumpings and residue from cesspools, septic tanks sewage and infectious wastes.

Residential premises means and includes a single-family dwelling, any premises or property upon which is located an apartment building containing less than four (4) single-family dwelling units or apartments, all condominiums and all other property or premises not defined herein as commercial premises.

Residential solid waste means the solid waste generated, produced or accumulated upon residential premises.

Solid waste means and includes garbage, refuse, ashes, grass clippings, trees, shrubs, and yard waste, as well as bulk solid waste, commercial solid waste, and hazardous waste.

Solid waste removal contractor means a person licensed by the City to engage in the collection, removal and disposal of solid waste as a private business venture.

White goods means solid waste in the form of appliances such as refrigerators, freezers, stoves, washers, dryers, air conditioners, and all other types of appliances.

Yard waste means lawn clippings, tree and shrub trimmings, limbs, tree trunks, leaves, and other such arboreal material.

Sec. 18-14. Supervision of collection and disposal; administration and enforcement.

(a) The collection and disposal of solid waste under the provisions of this chapter shall be under the supervision and direction of the Director of Public Works, who, by and with the consent of and subject to the control of the City Manager, shall also be in charge generally of the administration and enforcement of this chapter.

(b) City Council declares the accumulation of litter, garbage, refuse, or any other variety of solid waste upon real property within the City, other than as prescribed in this chapter, to be a public nuisance. Whenever it is observed that any person is accumulating, preparing, storing, conveying, or disposing of solid waste within the City in a manner contrary to the requirements of this chapter, the Director or his/her designee, shall, except as hereinafter provided, serve the owner of such parcel, or on the occupant thereof, or both, notice to cause such violations to be removed from such land or premises within three (3) days from the date of such notice.

(c) Service of the notice provided for in subsection (b) shall be by first class mail, personal delivery by delivering it to the owner or by delivering it and leaving it in possession of any person in charge of the premises, or posting in a conspicuous place upon the parcel; provided, however, that if the parcel is unoccupied and the owner is unknown or cannot be found by the exercise of due diligence, such notice shall be sufficient against the owner if given by first class mail to the owner's last known mailing address as indicated on the tax records of the City, and posted in a conspicuous place upon the land or premises. The Director of Public Works, or his/her designee, is hereby authorized to deliver or post such notices.

(d) Failure to comply with the terms of a notice issued and served as provided in this section within the time prescribed in such notice shall constitute a class 4 misdemeanor, and each day thereafter that the violation continues shall constitute a separate offense. In addition to any penalties imposed hereunder, the City may institute legal action to enjoin the continuing violation of this section and may remove or contract for the removal of such violation, in which event the cost and expenses thereof, including administrative fees as prescribed by the City of Martinsville Fee Schedule, shall be chargeable to and paid by the owner or occupant of the parcel. Any such charge which is not paid within sixty (60) days of the date on which it is billed to the owner of such land or premises shall constitute a lien upon the property and may be collected in any manner provided by law for the collection of taxes, or in the same manner provided by law for liens of judgments; provided, however, that no such lien shall be valid against any owner of a parcel unless notice was issued as prescribed in this section.

(e) Upon receipt of the written notice described above, the property owner may appeal the order to the City Manager. Such appeal must be made in writing during the three-day interval given in the notice from the Director of Public Works, or his/her designee. Any actions required in the notice shall be delayed pending the City Manager's response to the appeal.

(f) If the owner or occupant fails to abate the public nuisance as required, the Director of Public Works is hereby authorized to use City forces to abate the nuisance or, at his/her option, the Director of Public Works may contract for this abatement on behalf of the City with a private contractor which abatement expenses shall be paid by the owner and/or occupant and subject to collection as prescribed in subsections (h), (i), (j), and (k) below.

(g) Any owner or occupant may abate the violation themselves without liability to the City, provided that they do so before commencement of abatement by City personnel or contractors.

(h) The Director of Public Works shall keep an account of the cost of abating violations under this article and embody such account in periodic reports with assessment lists, which shall be transmitted to the City Clerk and the Director of Finance at convenient intervals. The copy retained by the City Clerk shall be available for public inspection. The report shall refer to each parcel as to which a violation was abated, by description sufficient to identify the parcel and specify in addition to the cost of abatement an additional charge for each such parcel to be assessed against the owner or owners including administrative fees as prescribed by the City of Martinsville Fee Schedule.

(i) The Director of Finance or his/her designee shall bill the owner or occupant of the land assessed with the costs of abatement, for the costs of such abatement and for the administrative fees as prescribed and as shown on the assessment report.

(j) Whenever a bill for such assessments remains unpaid for sixty (60) days after the billing date, the City Clerk shall record with the Clerk of the Circuit Court a statement of lien claim. This statement shall contain a description of the premises and the expenses and costs incurred, including, but not limited to, the costs of recordation. A copy of this statement shall be mailed to the owner or occupant if his/her address is known. Provided, however, the failure of the owner or occupant to receive such notice shall not affect the right to foreclose or otherwise enforce or collect on the lien for these assessments as provided in this section.

(k) The costs and expenses incurred by the City in such violation abatement, including administrative fees as prescribed by the City of Martinsville Fee Schedule, with which the owner and lienholder of any such property shall have been assessed and which remains unpaid shall constitute a lien against such property ranking on parity with liens for unpaid local taxes and enforceable in the same manner as provided in articles 3 and 4 of [chapter 39](#) of title 58.1 of the Code of Virginia or in the same manner provided by law for liens of judgment. The City Attorney is hereby authorized to institute such proceedings in the name of the City in the General District or Circuit Court for the City of Martinsville against any property for which the bill has remained unpaid sixty (60) days after it has been rendered.

Sec. 18-15. General container requirements.

- (a) It shall be the duty of every owner, lessee or occupant of any premises in the city where refuse is created to provide or cause to be provided a suitable container for such refuse, which container shall meet the requirements of this section.
- (b) It shall be the duty of every owner of an apartment or multiple-family dwelling containing more than four (4) individual units to provide an adequate number of large-volume dumpsters of a type approved by the Director of Public Works.
- (c) It shall be the duty of every owner, lessee or occupant of any premises in the city creating refuse in such volume between regularly scheduled collections that such refuse exceeds the

volume of five (5) thirty-two (32) gallon containers to provide an adequate number of large-volume dumpsters of a type approved by the Director of Public Works.

- (d) It shall be the duty of every owner, lessee or occupant of any premises in the city not subject to the provisions of subsection (b) or (c) above to provide or cause to be provided an adequate number of galvanized metal or plastic watertight, sanitary containers, each with a tight-fitting cover and two (2) side handles, having a minimum capacity of twenty (20) gallons and a maximum capacity of thirty-two (32) gallons.
- (e) Any refuse container shall hold its contents without leakage or spillage.
- (f) All refuse containers shall be kept tightly covered.

Sec. 18-16. Storage of ashes.

Ashes shall be stored in metal containers having a maximum capacity of twenty (20) gallons and shall be kept separate from garbage and rubbish.

Sec. 18-17. Condemnation of defective containers.

(a) Any solid waste container, on any premises within the City, which does not conform to the standards of design, construction or condition prescribed by this chapter shall be condemned by the Director or his/her designated agent and must be replaced by the owner, tenant, lessee or occupant of the premises within seven (7) days after such condemnation and, thereafter, shall not be used for the storage of solid waste until and unless brought into conformance with such standards.

(b) Notice of condemnation pursuant to this section shall be given by affixing or attaching to the container a tag or decal setting forth the date of and reason for its condemnation and advising that the container must be either brought into conformance with the required standards or replaced with an authorized container within seven (7) days after such condemnation and notice.

(c) Any condemned container which is not brought into compliance with the standards prescribed therefore or replaced as required and which is not removed from use by its owner within the time allowed therefore may be collected and disposed of by the City as solid waste.

Sec. 18-18. Collection generally.

- (a) All refuse shall be collected by the city at regular intervals no less frequently than once per week. It shall be the duty of every owner, lessee or occupant having one or more large-volume dumpsters to see that such dumpsters are accessible for emptying. It shall be the duty of every other owner, lessee or occupant to place or cause to be placed their refuse container at the side of the curb line of the premises, at a location accessible to the collection crews, unless such owner, lessee or occupant has been exempted from the requirement of curbside placement by the Director of Public Works under the provisions of this section. Bulk solid waste, such as paper, cardboard or wooden boxes, must be flattened and tied in bundles with heavy, stout cord, such bundles not to exceed thirty-six (36) inches in length or breadth, twenty (20) inches in height and fifty (50) pounds in weight, unless

special arrangements are made with the Director of Public works for the collection of such items.

- (b) It shall be unlawful for any nonresident of the city, or any owner or occupant of a property situated within the city limits, or any agent of either, to bring refuse of any kind from outside the city into the city, or from another collection site located within the city, and deposit it anywhere in the city for collection by the city or its agent.
- (c) It shall be unlawful to transfer refuse generated at one site in the city to another site in the city for collection, without the prior written approval of the Director of Public Works.
- (d) The Director of Public Works may excuse any owner, lessee or occupant of any residential premises in the city from the duty of placing their refuse at the curb line for collection, if the director finds, from the written statements of a medical doctor, that such owner, lessee or occupant is physically or medically unable to place the refuse at the curb line.

Charter reference(s)—Authority of city to collect and dispose of garbage and other waste, Ch. 1, § 2(19).

Sec. 18-18.1. Collection of refuse in Uptown.

- (a) It shall be unlawful for any person to place any item of solid waste upon the streets, sidewalks or other public areas within the Uptown Martinsville Historic District. Every owner, lessee or occupant of any premises in the Uptown Martinsville Historic District shall dispose of all items of solid waste acceptable for collection by the City in dumpsters to be provided by the city and placed at various locations throughout the Uptown Martinsville Historic District. All refuse shall be collected by the city at regular intervals no less frequently than once per week. Nothing herein shall prohibit occupants of real property within the district from contracting for individual dumpster service for their premises.

Sec. 18-18.2. Certain solid waste not to be collected by the City.

The collection, removal and disposal of the following types or items of solid waste shall be the sole responsibility of the owner, tenant, lessee and occupant of the premises upon which the solid waste is produced, generated or accumulated and shall not be collected by the City for disposal:

- (1) Hazardous or infectious waste. The Public Works Department will assist the residential owner or occupant in arranging proper disposal of hazardous or infectious waste on a case-by-case basis.

(2) Solid waste, which is not prepared, stored and placed for collection in acceptable containers, or which is otherwise not in accordance with, or which exceeds the weight, size, volume or quantity prescribed by, the requirements of this chapter.

(3) Any item of solid waste, which, because of its size, bulk, shape or weight, two (2) employees cannot safely and conveniently lift and place into a collection vehicle.

(4) Solid waste resulting from construction, reconstruction, repair, renovation, demolition or work by a contractor.

(5) Body wastes and the sludges, screenings, pumpings and residue from cesspools, septic tanks and sewage.

(6) Earth, rocks and soil.

(7) Motor vehicles or parts of motor vehicles.

(8) Any item of solid waste which will damage the collection equipment or injure collection personnel.

Sec. 18-19. Removal of containers from curb after collection.

After the collection of refuse by the city collectors, all refuse containers placed at the curb line of the premises shall be returned by the owner, lessee or occupant to the premises by night of the day of collection and shall there remain until the next day of collection.

(Ord. of 8-24-1982, § 8-12)

Sec. 18-20. Rules and regulations of Director of Public Works concerning collection and handling.

The Director of Public Works in hereby authorized to promulgate such rules or regulations concerning the collection or handling of refuse as he/she may deem necessary, not in conflict with this Code or state law.

(Ord. of 8-24-1982, § 8-16)

Sec. 18-21. Suspension of collection service.

The Director of Public Works may, in his/her discretion, suspend refuse collection service to any person who fails or refuses to comply with this article or any rules or regulations lawfully promulgated thereunder.

Sec. 18-22. Public receptacles generally.

- (a) For the better appearance and beautification of the city, the Director of Public Works may cause to be placed, at any location deemed appropriate, public refuse receptacles for the deposit of trash, garbage, litter and rubbish. Such receptacles shall not be used for the disposal of refuse from residence or commercial establishments.
- (b) The Litter Receptacle Regulations adopted by the Department of Conservation and Economic Development of the Commonwealth of Virginia, November 22, 1978, pursuant to section 10-200 of the Code of Virginia, are hereby adopted and incorporated into this section by reference as if set forth herein verbatim.

Sec. 18-23. Damaging or defacing containers or public receptacles.

It shall be unlawful and a Class 3 misdemeanor for any person to disturb, damage or deface any refuse container placed at the curb line for collection or any public refuse receptacle.

Sec. 18-24. Violations of chapter.

Unless otherwise specifically provided, a violation of any provision of this chapter shall constitute a Class 4 misdemeanor.

Sec. 18-25. Fee schedule.**(a) Collection and landfill charges:**

Individual living units (one (1) pickup per week), per month: \$12.50

Dumpsters, commercial and apartments (for each time emptied), per container: \$22.50

Business not currently using dumpsters (for two (2) pickups per week), per month \$25.00

Additional fee per dumpster empty for call-in/empty on demand service \$5.00

(b) Landfill charges:

Unsplit tires (thirteen-inch and larger), each, not to exceed \$2.00

Car with bagged garbage only (minimum charges) \$1.50

All other vehicles, per ton \$45.20

Adopted upon second reading this ____ day of January, 2025. This ordinance shall become effective after ten days have elapsed from the date of adoption recited herein.

Mayor L.C. Jones: _____

Vice Mayor Kathy Lawson: _____

Council Member Aaron Rawls: _____

Council Member Rayshaun Gravely: _____

Council Member Julian Mei: _____

Attest:

Peyton Nibblett, Clerk of Council

Summary of Substantial Changes to Refuse Ordinance

8/16/2024

1. Section 18-13

Additional Definitions - Provides clarity to ordinance.

2. Section 18-14

Enforcement Revisions – Changes clearly outline the violation, notification, abatement, fine, and collection processes.

3. Section 18-15

Container Required – Current code requires all customers utilize a container.

4. Section 18-17

Container Requirements – Allows for removal of any trash container that is deemed no longer suitable to ensure refuse is properly contained.

5. Section 18-18.1

Uptown Collection – Would eliminate curbside pickup to all businesses in Uptown. Provides for centralized dumpsters throughout Uptown.

6. Section 18-18.2

Items Not for Pickup – Provides a list of specific items that will not be collected.



STAFF REPORT

TO: City Council

FROM: Greg Maggard, Managing Director of Public Works

SUBJECT: Discuss and Consider Temporary Space Solutions to Support Emergency Relocation Needs

STAFF/ DEPARTMENT RESPONSIBLE: Public Works

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

Due to current circumstances, staff have been directed to investigate alternative office spaces. A Facility Condition Assessment is scheduled to be completed, which may dictate the need to house all or part of the City Staff off-site or in temporary buildings. Multiple locations were visited, and the results of those visits have been summarized. Costs, building analysis, timelines, and building summaries will be discussed.

POLICY EXPLANATION:

Not Applicable.

FISCAL IMPACT/FUNDING SOURCE:

To be Determined.

Available Budget:

Purchase Amount: To be determined.

ACTION REQUESTED/ALTERNATIVES

1. Approve Temporary Leasing Options
2. Do Not Approve Temporary Leasing Options
3. Other Action as Determined by Council

ATTACHMENTS:

1.	City Hall Relocation 7-22-25
----	------------------------------



City Hall Temporary Relocation

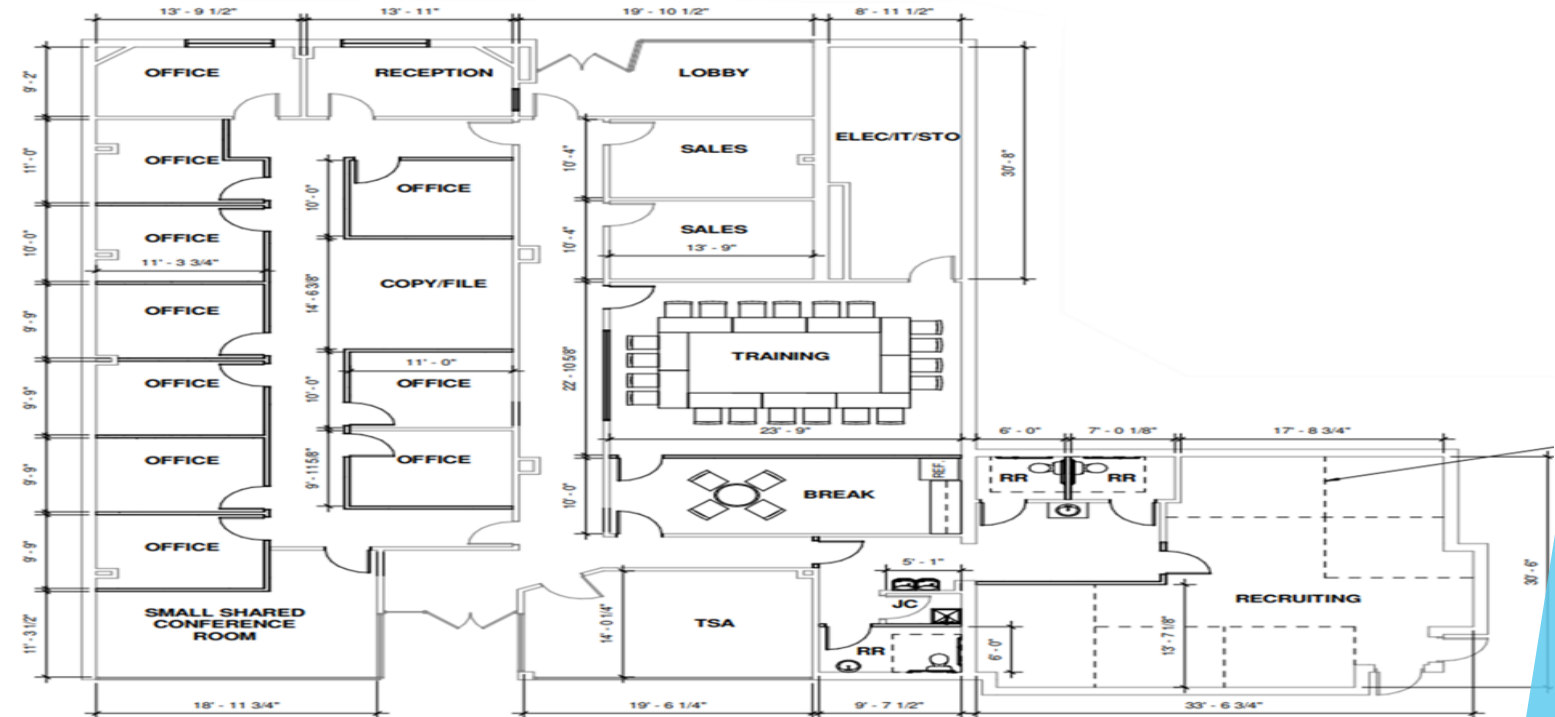
July 22, 2025



TEMPORARY RELOCATION SOLUTIONS

730 E. Church Street
(Patrick & Henry Mall)

- 6,150 sf of office space
- Offered at \$12.00/sf/yr + utilities
- Currently Vacant





101 E. Commonwealth Blvd. (Clock Tower Building) – 4th Floor

- ◆ 12,309 sf office space
- ◆ Offered at \$11.50/sf/yr (includes Utilities)
- ◆ Approximately \$240,000 to purchase office structures
- ◆ Currently Vacant



Modular Trailers

Customizable based on need

ADA Compliant

Can rent or purchase

Placed in City Hall parking lot

Requires running of utilities

Standard 24' x 60' - 3 Needed

- Rent ~ \$2,000 month = \$6,000 month
- Purchase ~ \$200,000 = \$600,000 investment



Questions?



STAFF REPORT

TO: City Council

FROM: Durwin Joyce, Electric Department

SUBJECT: Discuss and Consider Financing for Electric Department Transformer

STAFF/ DEPARTMENT RESPONSIBLE: Electric Department

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

The Indian Trail Substation transformer has failed testing due to a fault caused by wildlife inside the breaker enclosure.. This station is a critical part of our infrastructure that allows us to provide electric service to our citizens. While this station is offline, customer outages may be expanded and prolonged. This station is a critical part of our infrastructure and is needed to maintain our ability to reliably serve customers and meet the expectations our citizens expect.

POLICY EXPLANATION:

FISCAL IMPACT/FUNDING SOURCE:

Dependent upon terms, a 10-year payback would represent approximately 1.5% of our current rates.

Available Budget: \$0 -- This was not included in the current budget, as this was an unexpected failure.

Purchase Amount: \$2,400,000

ACTION REQUESTED/ALTERNATIVES

1. City Council Approval to obtain financing for the full amount of this project.
2. City Council Deny Approval to obtain financing for the full amount of this project.
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

1.	Indian Trail Substation Durwin Joyce
----	--------------------------------------

Indian Trail Substation Fault and Failure

July 22, 2025



Martinsville
A CITY WITHOUT LIMITS



Timeline and Cause

On April 15th, 2025, at approximately 11:45 PM, our SCADA system indicated that the 38KV breaker feeding Indian Trail Substation had opened due to a fault. We also had alerts via SCADA, that our 15KV breaker at Indian Trail had operated.

Our call crew was dispatched from our after-hours call center due to customer outages. Upon arrival at the substation, crews found smoke exiting the breaker housing. After entering the housing, multiple scorched opossums were found behind the 15KV breaker and on the low-side buss work from the transformer.

Test Results

Initial assessments found that the 15KV breaker had suffered critical damage. Also, cubicle parts were destroyed, including current transformers and porcelain bottle barriers. EPS, a NETA testing company, came in to evaluate damage to the transformer on June 27th, 2025. Reports show that the transformer failed power factor testing and megger testing. This indicates a failure in the insulation of the transformer windings. The transformer is unacceptable to place in service.



Cost Estimate

Currently the total replacement cost of the affected equipment is \$2.4 million.

Of this amount \$220,000 is for engineering, crane, and contingency. The remaining \$2,180,000 is for material.

Electric Department employees would perform all the installation work. This same strategy saved \$400,000 in labor costs during the Aaron Street upgrade in 2018.

Prices are volatile; in past years, issuing an RFP has been less expensive than indicative pricing. In this case, at least for the transformer, I would only expect an increase in price.

Request for Council Action

We would like to request council approval for staff to seek and secure financing for this project. This amount of outlay would severely diminish the amount available in the electric fund balance and limit our ability to meet our financial obligations due to any unforeseen circumstance.



Benefits of Public Power

- Electric Rate Stability
 - Locally owned = locally controlled = lower cost to citizens
- Serves the community and Martinsville's priorities
- Provides long-term value and financial support for local government functions
- Faster response time
- Reliable customer service
- Highly trained staff
- Investment in our Community
 - Generated income remains in Martinsville





STAFF REPORT

TO: City Council

FROM: Mandy Muse, Water Resources Director, Greg Maggard, Managing Director of Public Works

SUBJECT: Discuss and Consider Wastewater Treatment Plant Emergency Repairs and Consider Funding Resolution

STAFF/ DEPARTMENT RESPONSIBLE: Water Resources

MEETING DATE: July 22, 2025

BACKGROUND/HISTORY:

The grit removal system at the Wastewater Treatment Plant has failed. Emergency repairs are necessary to prevent further operational issues and treatment problems. Repairs of this magnitude were not anticipated, nor budgeted for in the FY26 budget.

Failure to make these repairs in a timely manner will negatively impact the entire wastewater treatment process:

- Damage to equipment
- Reduced treatment capacity
- Further clogging and blockages
- Increased operational costs
- Environmental risk of inadequately treated wastewater discharges

The facility's DEQ permit requires ample wastewater treatment prior to discharge to the Smith River. Grit removal is an integral component of proper wastewater treatment.

POLICY EXPLANATION:

In accordance with § 15.2-2506 of the Code of Virginia, only the governing body may authorize budget appropriations. Council approval is required to appropriate funds for this purchase.

FISCAL IMPACT/FUNDING SOURCE:

The Water Resources Department proposes that funds from the Water & Sewer Fund Balance be appropriated for emergency repairs of the grit removal system.

Available Budget: \$0

Purchase Amount: \$200,000

ACTION REQUESTED/ALTERNATIVES

1. City Council Approve Funding Resolution
2. City Council Do Not Approve Funding Resolution
3. Other Action as Deemed Necessary by City Council

ATTACHMENTS:

1.	Wastewater Treatment Plant Emergency Repairs
2.	Grit Separator Project Resolution (1) (1)

Water Resources

WASTEWATER TREATMENT PLANT
EMERGENCY REPAIRS

What Is Grit Removal?

- ❖ Grit removal is a crucial step in wastewater treatment that protects downstream equipment, improves treatment efficiency, and reduces overall operating costs.
- ❖ Heavier, inorganic materials (like sand and gravel) sink to the bottom of the clarifiers.
- ❖ Once settled, it is scraped into a collection area and then pumped through a series of pipes to a grit separator for disposal.
- ❖ Over time, grit accumulation in pipes can restrict the flow of wastewater, leading to backups and overflows.

What's The Problem?

- ❖ The pipes that transport a mixture of grit and water have become clogged.
- ❖ Efforts to unclog the pipes have been unsuccessful.
- ❖ In addition, the extremely corrosive environment has deteriorated and damaged the piping and valves that were originally installed in 1965.
- ❖ One of two clarifiers has been removed from service due to the inability to operate the valves that divert the flow.

What's The Solution?

- ❖ Replumbing, replacement of valves, and a new grit pump are necessary for the restoration of the grit removal process.
- ❖ Repairs are estimated to cost \$200,000.
- ❖ We propose that money from the Water & Sewer Fund Balance be appropriated for these emergency repairs.

What's The Alternative?

Failure to make these repairs in a timely manner will negatively impact the entire wastewater treatment process:

- ❖ Damage to equipment
- ❖ Reduced treatment capacity
- ❖ Further clogging and blockages
- ❖ Increased operational costs
- ❖ Environmental risk of inadequately treated wastewater discharges

Summary

In essence, a failed grit removal system can lead to substantial financial losses, operational inefficiencies, and potential environmental harm for a wastewater treatment plant.

The Water Resources Department requests that \$200,000 be appropriated from the Water & Sewer Fund Balance to complete emergency repairs of the grit removal system.

Questions?

A RESOLUTION APPROPRIATING FUNDS IN THE CITY OF MARTINSVILLE, VIRGINIA FISCAL YEAR 2025-2026 BUDGET

WHEREAS, on May 20, 2025 the City Council (the “Council”) of the City of Martinsville, Virginia (the “City”) adopted the City’s fiscal year 2025-2026 budget resolution; and,

WHEREAS, the Council desires to appropriate the following funds in the City’s fiscal year 2025-2026 budget.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:

1. The sum of \$200,000 is hereby APPROPRIATED from the City’s Water & Sewer fund-12 for expenditure upon the Grit Separator project.

The members of Council voted as follows on the foregoing Resolution:

Ayes

Nays

Absent

Abstentions

Adopted this __ day of July, 2025.

Attest: _____
Deputy Clerk of Council, City of Martinsville