TOWN COUNCIL

Regular Meeting

June 18, 2025
Cape Charles Civic Center, 500 Tazewell Avenue
6:00 PM

1. Call to Order
   A. Roll Call
   B. Establish quorum

2. Moment of Silence and Pledge of Allegiance

3. Recognition of Visitors / Presentations / Recognitions
   A. None

4. Public Comments (3 minutes per speaker)

5. *Consent Agenda
   A. Approval of Agenda Format
   B. Approval of Minutes
   C. Approval of April 30, 2025 Financial Report

6. Unfinished Business:
   A. None

7. New Business:
   *A. Adoption of FY 2026 Budget & Appropriation
   *B. Capital Asset Management Program Update
   *C. Amendment to the 2025 Community Strategic Plan
   *D. Town Code Chapter 28 – Adoption of State Law
   E. Discussion of 2024 Audited Financials

8. Town Manager Comments

9. Mayor & Council Comments (5 minutes per speaker)

10. Announcements
    - June 19, 2025 – Town Offices Closed for Juneteenth Federal Holiday
    - July 3, 2025 – Town Council Work Session – *tentative*
    - July 4, 2025 - Town Offices Closed for the Independence Day Holiday
    - July 17, 2025 – Town Council Regular Meeting

11. Adjournment

DRAFT

TOWN COUNCIL

Work Session

Cape Charles Civic Center

May 6, 2025

6:00 PM

At 6:00 p.m. Mayor Adam Charney, having established a quorum, called to order the Work Session of the Town Council. In addition to Mayor Charney, in attendance were Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. Also, in attendance were Town Managers John Hozey and Rick Keuroglian, Treasurer Marion Sofield, Project Manager Bob Panek, Planning & Zoning Administrator Katie Nunez and Town Clerk Libby Hume. There were three members of the public in attendance.

John Hozey noted that the Beachfront Master Plan Public Outreach binder which contained an overall summary, results broken down by in-person and online, and all of the submitted comments. It was interesting comparing the results from those who attended one of the in-person sessions to those who viewed them online. We received very different responses from those attending in-person who were able to ask questions and obtain answers compared to those viewing online who made their own assumptions about the plan. The work session was scheduled for next Tuesday. He would be meeting with Ricky Wiatt on May 7th to review the results. Afterwards a summary would be drafted for public posting.

WORK SESSION ORDER OF BUSINESS:

A. *FY 2026 Town Budget Review and Discussion Continued from May 6, 2025:*

Town Manager John Hozey began by explaining some issues with our current auditors. After the sale of the utilities last April, the Town requested the assistance of our auditing firm to book the proceeds, but they never provided any assistance. When the budget was built for fiscal year (FY) 2025, we moved most of the proceeds out of the Utility Fund and into the Capital Fund. The audit for FY 2024, year ending June 30, 2024, experienced delays. The final audit report was due from the auditors by the end of March, but the Town still had not received it. The treasurer was able to obtain a copy of the basic financials so analysis could be done for the FY 2026 budget since the fund balance as of June 30, 2024 would impact the budget. When he reviewed the draft audit report, it showed $50K in the Utility Fund which he thought had all been moved to the Capital Fund. Marion Sofield reached out to the auditors, but no response was received. He assumed we had $50K in the Utility Fund and built this budget on that assumption. On May 5th the Town received another set of draft financials and this one showed $100K in the Utility Fund. When we asked about it, we were told that the auditors put $100K in that fund because the Town had budgeted $100K in the Utility Fund in FY 2025. He left $100K in the Fund for FY 2025 as a continency in case something came up and the auditors saw that in the FY 2025 budget and left it there. Because the $9.5M in proceeds was not booked properly, the auditors showed it all in the General Fund instead of the Capital Fund where it belonged. The final audit would be extremely difficult for anyone to review, and he expressed his disappointment in the firm. The Town had been using this firm for quite a long time, but we would be going out for bids for a new audit firm. When he built this budget, he saw, from the audited financials, i) $50K to be transferred out, and ii) the $100K that was budgeted for FY 2025. He transferred out $125K, but then found out that it never existed, which meant that the numbers used for the FY 2026 budget were incorrect. He distributed the *Changes to draft FY25 Budget* sheet and reviewed it with Council as follows: i) We budgeted more in Cigarette Taxes than the county approved, so the amount was reduced; ii) The amount of the transfer from the Utility Fund was reduced to $80K; iii) The Northampton Infrastructure Grant award amount for the Citizens for Central Park (CCP) was reduced by $5K for the ADA parking at Central Park, so the $5K was being split between the Town and CCP. This line was increased from $5K to $7,500; iv) The total amount from the Northampton County Infrastructure Grant was reduced by $5K; v) Under Expenditures, for Public Works Vehicles & Equipment, the budget included the grant/loan portion from USDA Rural Development, but the expenditure of $54K was not included, vi) Relocation Assistance for the new town manager was removed from the FY26 budget as it would be used in FY25. After these adjustments, the budget surplus was reduced from $171,229 down to $88,895. (Please see attached.)

John Hozey went on to review the *FY26 Budget Work Session*s summary. (Please see attached.)

The proposed FY 2026 budget items were reviewed as follows:

Fund Balance Reserve Status:
John Hozey began with the *General Fund Balance Analysis for FY26 Budget* and walked Council through the process to determine the actual amount of the General Fund Balance, before moving on to the *Fund Balance Reserve Status FY26* review. The totals balances were $3,519,812 in the General Fund after deducting the necessary reserves for the Harbor, $3,407,983 in the Utility Fund which was now defunct and part of the General Fund, and $6,659,135 in the Capital Fund. (Please see attached.)

Before moving on to the detailed review of the proposed FY26 budget, John Hozey reviewed two proposals for Council to keep in mind as we went through the budget.

i) The first proposal was a change to the Position Evaluation System (PES) which was implemented on July 1, 2024. The PES evaluated all positions based on education, time on the job and level of responsibility and provided a numerical score for placement in the pay scale. It brought a level of equity to all positions across the board. In the past, some supervisors were better at advocating for their staff than others, so the pay was not equitable. Most staff received increases in FY25 and we had not problems with recruiting for any position over the past year. In general, the PES was a success with one exception. The PES produced equity, buy too well. We had two different classes of employees – exempt and non-exempt. By placing both on the same pay scale, we did not adequately compensate exempt employees. Non-exempt employees received overtime for going above and beyond, but exempt employees did not receive anything except possibly a "thank you." Most exempt employees were also at the top of their scale with no room to grow. This was a fairly easy fix with the creation of a second pay scale for exempt staff which started at a slightly higher base amount and grew at a slightly more aggressive rate. The pay scale was designed to take 20 years to get to the top of the scale. The pay scales were easy to maintain. Moving the exempt employees to the new pay scale would make a noticeable difference to almost all exempt employees at a total cost of $42,500 to implement. It would correct the oversight and reward our exempt staff for all they did.

There was much discussion about the effect of this increase on future years.

Town Manager Rick Keuroglian interjected his concern regarding the discussion, adding that the greatest strength and asset was the staff and he did not want to devalue that. Staff should be viewed as the heartbeat of what we did as a town. It made him nervous when staff was devalued. $42K was a bargain and would be good for our team. Vice Mayor Buchholz and Councilwoman Holloway expressed their agreement with this.

John Hozey added that we would go through the entire budget before making a decision about this but added that if Council looked at Appendix B of the Community Strategic Plan, it was these exempt employees that did all the work on the projects, and we needed to make sure the exempt staff knew that they were valued.

ii) We had an exciting opportunity for an alternative to the visitors' center on the railroad property. There was no certainty about the future of Canonie and receiving the Virginia Resources Authority's (VRA) consent on our lease for the property. It would cost about $1.2M to build a visitors' center on the railroad property. The initial bids came in around $1.9M, then reduced to $1.2M. We talked about bundling the project with the municipal building for better costs. 11 Peach Street was just sold, and the new owners approached the Town about renovating and leasing the property for a visitors' center. Their proposed floor plan had everything that we had planned and more. There was slightly more space than our original plan and it would have a private restroom for Cape Charles Main Street's (CCMS) staff. When the Peach Street phase of the Community Trail was constructed, the curb cut was moved which allowed for ADA parking. The potential deal included the owner doing the renovations, and the Town leasing it for 10 years at $7,500 per month. The owners were open to a purchase provision in the lease and the Town could negotiate some form of equity from the lease payments. This could be done fairly quickly, and the Town could have a visitors' center in about 8 months after signing the lease. The Town could put the $1.5M, the estimated cost of the original plan, into an endowment which would provide approximately $60K in revenue annually, which could be used for the lease payments. The annual Town expenditure could be reduced to about $30K. We would then have that money in the endowment to purchase the building after 10 years.

Councilwoman Ashworth noted that if CCMS moved their offices into the building, their rental payments could reduce the Town's costs.

John Hozey added that the area where the train is parked was already incorporated into the Canonie Parking Lot lease and we would keep that space, assuming VRA agreed to the lease. We could add picnic tables and have an interpretive area for the train. Councilman Holloway added that CCMS had some plans for that area which included a small area for kids and a walkway around the train.

Bob Panek stated that the owners were open to anything, and the project could be completed much sooner with the owners doing the renovation work.

Detail Review of Proposed Budget:

General Fund Revenue: Council reviewed the revenue and following changes were made: i) The revenue numbers were conservative and could be adjusted mid-year if needed; ii) The projected personal property tax revenue was increased to $115K based on FY2025 actuals as of March 31, 2025; iii) Treasurer Marion Sofield stated that the License Tax 2024 appeared to have been doubled. She would check on this and figure would be corrected if necessary; iv) The amount of Transient Occupancy Tax revenue was decreased to $700K. Although it had trended upwards over the past 5 years, short-term rentals were leveling off in some areas, so Council agreed to reduce this amount; v) There was some discussion about the Bay Creek Impact Fees. $120K was budgeted and would be reviewed during mid-year and adjusted if needed; vi) There was much debate about the Rental Inspection Fees. This was resolved during the review of the Building, Planning & Zoning Fee Schedule; vi) The Town requested $10K for the July 4th fireworks, $4K for Dock Dogs, and Citizens for Central Park (CCP) requested $10K for ADA parking in Central Park. We were awarded the requested amounts for the fireworks and Dock Dogs, but the ADA parking was reduced to $5K. The Northampton County Grant budgeted revenue was reduced to $19K; vii) Parks/Recreation Facilities/Equipment & CCP line was adjusted from $5K to $7,500 as a result of a lower grant award from the Northampton County for ADA parking in Central Park. The difference would be split between (CCP) and the Town at $2,500 each. This line represented revenue from CCP's portion; viii) Transfer from Utility Fund. As explained earlier, the remaining balance to be transferred to the General Fund was $80K instead of $125K; ix) The Core Operating Revenue was $5,412.659.05.

FY 2026 Building, Planning & Zoning Fee Schedule: i) There were several changes being proposed related to Signage, both administrative and Historic District Review Board reviews. Council did not have any comments regarding the Signage fees; ii) There was much debate on the Rental Certificate of Occupancy (Short-Term Rental Inspection Fee) and Short-Term Rental (STR) Zoning Permit fee and the costs of the software, additional staff person, golf cart, etc. Council decided on an annual flat fee of $450 for STRs with the name of the fee to be determined at a later date; iii) Appeals fees. Councilman Grossman asked if the Town reimbursed the appellant for appeals fees if they won their appeal. John Hozey stated that the Town currently did not reimburse fees but agreed that they should be reimbursed to the appellant. This would include the cost of advertising.

General Fund Expenditures: : John Hozey stated that the 2.5% Cost of Living Allowance (COLA) had been factored into all FY 2026 salaries and proceeded to review the expenditures by department.

Councilman Grossman stated that the Conference and Travel line items never seemed to be expended as budgeted and suggested reductions in these budget lines for Legislative as well as all departments. The

Conference and Travel budgets would be reduced in all budgets by 20%. This could be revisited during the mid-year budget review.

Legislative: The Conference and Travel budgets would be reduced by 20%. There were no other questions related to this budget.

Town Clerk: i) The Lease - Storage line was increased by $360 as we just received notice that the Bay Storage unit rental fee would be increasing by $30 per month; ii) The Conference and Training budgets would be decreased by 20%. There were no questions related to this budget.

Town Manager: There was some discussion related to this budget as follows: i) The Relocation Assistance was deleted since it would be expended in FY 2025 and unnecessary for FY 2026; ii) Only those grant requests that were funded in FY 2025 were proposed to be funded in FY 2026; iii) Councilwoman Ashworth requested that the $10K grant request from SailFest 250 be funded. Councilwoman Holloway expressed her support of funding their $10K grant request. Last year, the Town committed to $30K total and $19,800 was expended in FY 2025 and $10,200 was included in FY 2026. There was a consensus to increase the allocation for SailFest 250 by $10K for a total of $20,200 to accommodate this year's grant request; iv) Funding was included in the General Debt Service Fund to include the potential of the Meatland property purchase.

A consensus was reached to stop after the Town Manager budget due to the time. John Hozey reviewed the FY 2026 Budget Schedule. The public hearing would be scheduled for June 5, 2025 with budget adoption at the June 18th regular meeting. June 12th would be the backup date for a public hearing if the budget could not be finalized by the public hearing advertising deadline of May 20th.

John Hozey stated that he would check into the items identified during this meeting, update the numbers and adjust the transfer to the Fund Balance to balance the budget. The updated pages would be provided to Council.

A second work session to continue the FY 2026 budget review would be held on May 15, 2025 immediately following the Town Council Regular Meeting. A Town Hall Meeting was scheduled for May 27, 2025 to go over the options for the new municipal building and to obtain feedback from the public.

Motion made by Councilwoman Ashworth, seconded by "Councilman Grossman, to adjourn the Town Council Work Session. The motion was approved by unanimous vote.

The meeting was adjourned at 8:57 p.m.

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Mayor Charney

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Town Clerk

Changes to draft FY26 Budget

Revenue		Updated Budget	Change
100-3050-1750	County Cigarette Tax	$20,378	($2,834)
100-3950-8600	Transfer from Utility Fund	$80,000	($45,000)
100-3800-900	CCP Contribution	$7,500	$2,500
100-3850-2000	Northampton County Grants	$19,000	($5,000)
Expenditure			
100-4430-7070	PW Vehicles & Equipment	$54,000	($40,000)
100-4121-2350	Relocation Assistance	0	$8,000
	Net change:		($82,334)
	Previous Rev less Exp:		$171,229
	Updated Rev less Exp:		**$88,895**

FY26 Budget Work Sessions

- Welcome to the FY26 budget process

- During our budget work sessions, we will cover the following:

    - Fund Balance Reserves
    - Detailed Fund Budgets
    - Capital Projects
    - Strategic Revenue Planning
    - Setting tax rates for the year
    - A Public Hearing for the budget is currently scheduled for **June 5th**

- By way of a broad overview, a couple of key points:

    - Core General Fund revenue is up **4.77**%, mostly due to new construction and modest growth in our primary revenue sources (Meals, TOT, BPOL)
    - Core General Fund expenses are up **3.7**%
    - Budget includes a **3.5% increase in salaries (2.5% for COLA and 1% for annual step increases)** for all regular employees
    - For discussion purposes only, the budget also includes debt service on potential land acquisition which could be used for the new town hall
    - Current General Fund revenues less expenditures: ~~$171,229~~ **$89,895**
    - Unassigned General Fund fund balance is **$3,519,812**

- Items looming large in our future:
    - Research/evaluation of potential purchase of RR properties
    - Large capital projects, including:
        - New Municipal Center
        - New Downtown Visitor's Center & Restrooms
        - Beachfront Revitalization
        - Harbor Upgrades

General Fund Balance Analysis for FY26 Budget

General Fund

Audited Fund Balance (June 30, 2024):	$ 18,117,063
Less Audited Fund Balance (June 30, 2023):	$ (3,567,175)
Less Facility Fee Reserve booked from defunct Utility Fund:	$ (3,407,983)
Less Utility Sale Transfer to CIP Fund in FY25:	$ (9,476,514)
Net GF growth over FY23:	$ 1,665,391

FY23 Balance:	$ 3,567,175
FY24 Growth in Balance:	$ 1,665,391
Total "Apples to Apples" General Fund Balance:	**$ 5,232,566**

Fund Balance Reserve Status FY26 Budget

General Fund

Audited Fund Balance (June 30, 2024)*:	$	5,232,566
Draft FY26 Budget - Core Operating Expenses:	$	4,908,548
Operating Reserve (20%):	$	981,710
Contingency Reserve (10%):	$	490,855
Total Required Reserve:	$	1,472,564
GF Fund Balance less required reserve:	$	3,760,002
If Harbor Covered by GF - Harbor Core Operating Expenses:	$	800,631
Operating Reserve (20%):	$	160,126
Contingency Reserve (10%):	$	80,063
Total Harbor Reserve:	$	240,189
GF Fund Balance less required combined reserves:	**$**	**3,519,812**

Utility Fund (now defunct - part of General Fund)

Facility Fee Reserve (June 30, 2023 - last audited number):	$	3,068,783
Additional facility fees collected in FY24:	$	339,200
Total Facility Fee Reserve available:	**$**	**3,407,983**

CIP Fund

Audited Fund Balance - Unrestricted (June 30, 2024):	$	1,154,439
Plus utility sale transfer in FY25:	$	9,476,514
Plus other FY25 Revenue:	$	1,650,617
Less FY26 Budget:	$	(5,273,760)
Less FY25 Mid-Year Appropriation	$	(98,675)
Less FY25 Appropriation for Fire Truck	$	(250,000)
Total CIP Fund Balance available:	**$**	**6,659,135**

* See additional analysis

5/6/2025

DRAFT
TOWN COUNCIL
Regular Meeting
Cape Charles Civic Center
May 15, 2025
6:00 PM

At approximately 6:00 p.m. Mayor Adam Charney, having established a quorum, called to order the Regular Meeting of the Cape Charles Town Council. In addition to Mayor Charney, in attendance were Vice Mayor Buchholz, Councilmen Grossman and Newman, and Councilwomen Ashworth and Holloway. Councilman Butta participated telephonically from Hilton Head, SC. Staff in attendance were Town Managers John Hozey and Rick Keuroglian, Planning & Zoning Director Katie Nunez, Police Chief Jim Pruitt, Planning Administrative Assistant Jack Steinmayer and Town Clerk Libby Hume. There were 10 members of the public physically in attendance, and 10 viewers on Facebook.

A moment of silence was observed followed by the recitation of the Pledge of Allegiance.

RECOGNITION OF VISITORS / PRESENTATIONS/RECOGNITIONS:

A. *Cape Charles Volunteer Fire Company – Ryan Peake, Treasurer*
Ryan Peake gave a presentation providing a summary of the history of the Cape Charles Volunteer Fire Company (CCVFC), their coverage area, the number of calls in calendar year 2024, number of volunteer hours, funding sources including grants for 2024 and 2025, their operating expenses, .information related to the new apparatus which was recently brought into service, their priority list, and a summary of their reserve schedule. (Please see attached.)

Councilman Grossman asked if the CCVFC had an agreement with Virginia American Water (VAW) for water. Mr. Peake responded that VAW followed suit with the Town and an agreement was made to allow the CCVFC to fill up their tanker at the water tower for free, adding that they typically only used about 5,000 to 7,000 gallons of water per month. Cape Charles was the only place to fill up with water in the lower part of Northampton County.

Councilwoman Holloway asked if the CCVFC had any plans for future events. Mr. Peake stated that they were looking at holding an event in the September/October timeframe. The Deloreans concert that they hosted earlier in the year was the first concert held in their building since the 1990s and was very successful. He added that their building was open for use by the community at no cost, but board approval was necessary.

Councilwoman Holloway thanked Mr. Peake for all his work adding that she had spent a lot of time with him over the last year and it was nice to see his dedication and leadership and the number of grants that he had researched and brought forward. The Town appreciated his professionalism and all that he did for the CCVFC and the Town.

Mr. Peake thanked the Town for their support, adding that the CCVFC was growing with the community. Three firefighters just attended the academy and had 200 hours of training. He was one of the ones who just graduated.

B. *National Public Works Week Proclamation*
Mayor Charney read Proclamation 20240515 – National Public Works Week, May 18-25, 2025 and presented the proclamation to Rick Keuroglian to present to the Public Works crew.

PUBLIC COMMENTS: (3 MINUTES PER SPEAKER)

Ann Hayward Walker, resident

Ms. Walker stated that she had two items to address with the Town Council. I) She wanted to make them aware that her sister, who lived at 107 Mason Avenue, had been stalked for decades but proof was hard to obtain. She went to court 20 years ago and failed. She did not feel confident that Cape Charles was aware enough to act on this, but they will begin making reports again and hoped the Town would provide active consideration. She asked everyone to think about their daughter, wife or sister being in this situation. They would be motivated into action. Her sister was experiencing bullying by a superficial, charismatic kind of individual. One member of the Town Council was aware of this, and she would be willing to discuss this with any others; ii) The Beachfront Master Plan that was shared with the public was conceptual and not practical. She invited the Town to make efficient, year-round sand management a priority by adding it to the plan. The access points were wind tunnels and every time the dunes were disturbed, it created an opportunity for the wind to come through. This year was awful. We needed a way to catch the sand and redistribute it on to the beach. She worked on the Beach Management Plan that was developed in 2019. If we ever had a disaster, there were eligibility criteria to qualify for assistance from the Federal Emergency Management Agency (FEMA). The Town must have an established maintenance program, or we would not get any assistance. She provided the FEMA Public Assistance Program Beach Eligibility Tips. (Please see attached.)

Sam Jones, resident

Mr. Jones addressed Council as a representative of the Cape Charles Historic District Civic League. (Please see attached.)

Reverend Rickey Rouse, the new Pastor at First Baptist Church on Nectarine Street

Rev. Rouse stated that he wanted to put some faces to some names adding that he was not just here to be a pastor on Sunday mornings, but everyday for all of the residents of Cape Charles. He held his first community outreach at Kiptopeke Elementary School last week and will continue with his community outreach. His family owned a concrete business for 26 years in Virginia Beach. He noticed the sidewalks that went nowhere and hoped that it would be addressed, adding that he would be happy to be of assistance. He was also happy to find out that Cape Charles was a historically black community. His concern was affordable housing and did not know if the issue was being looked into. There was a home across from his church on the market for $750K which was excessive. Growing up in a city, he knew who suffered – the seniors and minorities. He hope there was a plan so these individuals would not be pushed out of the community. He was excited to see the apartment complex at the beach in the past but was sorry to see that it had closed, adding that it would probably be redone with higher prices. Rev. Rouse stated that he would be back and hoped to get to know everyone better.

Town Clerk Libby Hume read two emails from Dora Sullivan and Julie Jones that were submitted prior to the meeting. (Please see attached.)

There were no other comments to be heard, nor any other comments received in writing prior to the meeting.

CONSENT AGENDA

A. Approval of Agenda Format
B. Approval of Minutes:
   i. April 17, 2025 Town Council Public Hearing & Regular Meeting
   ii. April 17, 2025 Town Council Executive Session
C. Approval of March 2025 Financial Report

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to approve the Consent Agenda items as presented. The motion was approved by unanimous vote.

UNFINISHED BUSINESS: None

NEW BUSINESS:

A. *Memorandum of Agreement for Maintenance of the Cape Charles Portion of the Rail Trail*
John Hozey stated that ever since the railroad ceased to operate in Cape Charles, there had been a desire to see the former railbed converted to a trail system. Canonie Atlantic had been working toward this end and in cooperation with the Eastern Shore Rail Trail Foundation and the Virginia Department of Transportation (VDOT), construction had begun. When this concept was first contemplated, the Town was approached to see if it would consider maintaining a portion of this trail after construction. On October 24, 2018, the Town Council approved an agreement that, among other things, committed the Town to maintaining the portion of the trail from the trail head near Mason Avenue to Route 13. During the intervening time, some of the components of the original 2018 agreement had become obsolete, but the need for the Town's continued commitment toward maintenance was critical to ensure the project's success. An updated agreement was drafted to focus on this maintenance commitment. The terms of the updated agreement were substantially similar to the 2018 agreement. Council action was required to rescind the previous agreement and adopt the new one, committing to maintenance of the Cape Charles portion of the Rail to Trail from Mason Avenue and Fig Street (the Hump) to the Route 13 crossing at Country Pl.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to adopt the Memorandum of Agreement between the Town of Cape Charles, Canonie Atlantic Co., and the Eastern Shore Rail Trail Foundation as presented.

There was much discussion as follows: i) Councilwoman Holloway commented that some of the area was overgrown and would be a challenge to cut and maintain and some of the ditch areas could not be mowed. Northampton County had some different equipment that could work and asked if the Town would have support from Northampton County in providing that equipment. She went on to ask if trees would be planted for shade along the trail: ii) John Hozey responded that the area would be cleared as part of the construction and the maintenance would be the Town's responsibility. The Town might need to purchase new equipment for the Public Works department. His concern was how to keep the golf carts off the path. He fought with the designers to install bollards to help keep the golf carts out, and some were added to the plan. The Town could add more if needed. The agreement stated that the maintenance responsibility fell 100% on the Town; iii) Councilwoman Holloway suggested that conversations begin with the county regarding the potential for landscaping and shared responsibilities, iv) Councilwoman Ashworth asked if we had any information related to the costs for maintenance. Councilman Buchholz noted that the Town was already cutting the grass along that area to Route 13. John Hozey stated that the concern was not the maintenance of the grassy areas but the asphalt if it buckled.

The motion was approved by unanimous vote.

B. *FY 2025 Budget Amendment Correcting A Fund Appropriation*
John Hozey stated that following adoption of the FY 2025 Budget, the Council was approached by the CCVFC and asked to contribute $250K toward a new fire engine replacement. Council agreed to the contribution and a budget amendment was developed and approved to appropriate this money from the General Fund Balance on October 17, 2024. The financial contribution for the fire engine was eligible to count against the last remaining ARPA funds the Town had received. However, the Town's auditor had booked the ARPA money to the Capital Improvement Fund (CIP) instead of the General Fund. Therefore, to correct our internal accounting, we need to correct the previous budget amendment to appropriate the money from the CIP Fund verses the General Fund.

Motion made by Councilman Grossman, seconded by Councilman Newman, to approve the FY 2025 Budget Amendment correcting the appropriation for the Town's contribution of the new fire engine. The motion was approved by unanimous vote.

C. *IT Support Services Contract Extension*
John Hozey stated that on April 24, 2019, the Town entered into a two-year, non-exclusive contract with Inversa Minds, LLC for IT Support Services. The contract included a provision for subsequent renewals at two-year intervals. The current contract expired on April 24, 2025 and staff had been working with Inversa Minds, LLC regarding the contract renewal. The proposed rates for the 2025-2027 term were $130 per hour for standard support and $150 per hour for emergency support, billable in 30-minute increments. This was a two-year renewal contract and either party could withdraw from the agreement with at least 30 days' notice. The Town received exceptional service and timely responses from Inversa Minds and enthusiastically recommended continuation of this contract.

Motion made by Councilman Grossman, seconded by Vice Mayor Buchholz, to authorize the town manager to execute the two-year contract renewal with Inversa Minds, LLC for IT Support Services. The motion was approved by unanimous vote.

D. *Resolution Requesting Speed Limit Reduction on a Portion of Old Cape Charles Road*
John Hozey stated that Cape Charles was a golf cart friendly community which contributed to the town's character. Due to the existing speed limits on Cassatt Parkway and Old Cape Charles Road, there was currently not a safe, convenient passage for golf carts between the town's two primary population centers – Bay Creek and the Historic District. The Bay Creek Homeowners' Association (BCHOA) recently committed to the construction of an improved golf cart path across Cassatt Parkway from their main entrance, along the north side of Cassatt Parkway to Old Cape Charles Road near the Rosenwald School. This would significantly upgrade the old, unusable path in that same area. The developer provided the BCHOA with an easement and the Association was committed to maintaining the path going forward. The only remaining obstacle to providing this safe passage was the speed limit on Old Cape Charles Road between Bayshore Road and Cassatt Parkway, which was currently 35 MPH. Speed limits were regulated by VDOT and a Town Council resolution was required for VDOT to consider such a change. An additional benefit of reducing the speed limit would be to permit golf cart traffic to the Rosenwald School once their renovation was completed.

Motion made by Councilwoman Holloway, seconded by Councilwoman Ashworth, to adopt Resolution 20250515 Requesting the Virginia Department of Transportation to Modify the Speed Limit on a Portion of Old Cape Charles Road. The motion was approved by unanimous vote. Roll call vote: Ashworth, yes; Buchholz, yes; Butta, yes; Grossman, yes; Holloway, yes; Newman, yes.

TOWN MANAGER COMMENTS

John Hozey commented as follows: i) He announced a new hire, Ben Gomez, at the library adding that the Town was fortunate to have him join the team; ii) A request was received from the post office to install signs in front of their building along Randolph Avenue to limit parking to 15 minutes. He spoke to Chris Isdell from VDOT, and he was also in agreement. A resolution was not necessary, but a letter would be sent to VDOT requesting permission for the signage; iii) Although Ms. Ann Hayward Walker had left the meeting, he wanted to assure her that beach maintenance was part of the scope of work for the Beachfront Master Plan.

MAYOR AND COUNCIL COMMENTS

Councilwoman Ashworth stated that her Coffees were going well adding that Councilman Newman joined her this morning. Her Coffees were held the morning of all regular meetings at the Cape Charles Coffee House from 9:30 to 11:00 and everyone was welcome.

There were no additional comments.

Announcements:

- May 26, 2025 – Town Offices Closed for Memorial Day
- May 27, 2025 – Town Council Town Hall Meeting re: Options for the New Municipal Building
- June 5, 2025 – Town Council Public Hearing re: FY 2026 Budget
- June 18, 2025 – Town Council Regular Meeting
- May 13, 2025 – Town Council Work Session
- June 19, 2025 – Town Council Closed for Juneteenth Federal Holiday

Motion made by Councilwoman Holloway, seconded by Councilman Grossman, to adjourn the Town Council Regular Meeting. The motion was approved by unanimous vote.

The Regular Meeting adjourned at 7:04 p.m.

Mayor Charney

Town Clerk

May 15, 2025 Town Council Regular Meeting
Comments & Information Provided in Writing

Sam Jones, resident, President of the Cape Charles Historic District Civic League
Members of the Town Council, Mr. Mayor and Town Manager:

Having reviewed the Town's draft Capital Improvement Budget for FY 26, I write on behalf of the Cape Charles Historic District Civic League to say that we support the $100,000 included for Sidewalk Infill.

We also strongly recommend that this project be classified "high priority" given safety and accessibility concerns associated with current deficiencies in the Historic District's sidewalk infrastructure. It is ironic to see handicapped accessible curb cuts that do not attach to any sidewalks even as we have made accessibility to the beach a high priority. The current classification of "low priority" basically means sidewalk improvements will only occur if funds are available after all other projects have been completed.

For long-term planning, we recommend that the long-term capital plan under consideration accelerate funding for this project and not skip any years. The current draft skips FY 27 before recommending additional funds be made available in FY 28, 29, and 30.

You will recall that during the public comment session with the Town Council on the strategic plan update, the Civic League, as well as individual speakers, recommended that the town take action to complete sidewalks throughout the Historic District. The Civic League affirmed this position at our recent meeting, supporting sidewalk infill as a high priority for the town's full-time residents and visitors consistent with the December 2022 Comprehensive Plan and the March 2020 recommendations of the town's Sidewalk Committee. We note that the recommendations of the 2020 Sidewalk Committee address many of the issues surrounding these improvements and believe they are a good starting point for moving forward.

You only need to walk around the Historic District to see that the north side of the district has been neglected. As a result, we recommend that the town's investment focus on the avenues in this area of town to create uninterrupted walkways. Infill work on Jefferson and Madison avenues as well as along Fig Street will do much to improve the safety, accessibility, and walkability of the Historic District. All destinations throughout the town (Mason Avenue including the library, Central Park, Rayfield's, the beach, churches, etc.) will benefit from this investment.

To the extent that the Town needs to review or change existing policies, the Civic League is ready to participate to ensure progress is made each year.

Sam Jones
President, Cape Charles Historic District Civic League

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Dora Sullivan, resident
Good evening, Town Manager, Mayor and Council Members.

What makes living in a small town so special and unique is that we are a walking town. We can walk to everything that we need, the doctor, pharmacy, post office, library and hopefully we can include walking to the old Meat Land to pay bills or take care of town business.

Dora Sullivan

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Julie Jones, resident
Good evening, Mayor Charney, Town Council, and Town Manager.

My name is Julie Jones. My husband, Sam, and I live at 538 Monroe Avenue, in the Historic District, and are members of the Historic District Civic League.

Recently, Town Manager Hozey suggested that the Civic League assist the Town staff with research on some issues of interest to the Civic League. One of those issues pertains to the sidewalks, specifically the lack of sidewalks, in the Historic District.

I was able to locate the Town's comprehensive plan from April 1989, in which the issue of sidewalks was discussed. Similar to today, there were places were sidewalks were non-existent, or in need of maintenance. At that time, Cape Charles was the poorest town, in the poorest county in the state of Virginia, but the people who wrote that comp plan had great optimism that better days were coming, and that there would be funds at a later date for addressing this need.

Further research yielded a very comprehensive study by a sidewalk committee, presented at the March 2020 Town Council meeting. (see attachment) Members of this committee included Councilman Paul Grossman and Ms. Dianne Davis. They identified where sidewalks were missing or in need of repair, and suggested a four-year plan, in priority order, to achieve the goal of having continuous sidewalks throughout the Town. They had been unsuccessful in getting a response from VDOT and requested that Mayor Dize contact VDOT. As far as I can tell, nothing further was done with this report.

This brings me to the 2025 Town of Cape Charles Community Strategic Plan. While sidewalks are not always directly addressed, by inference sidewalks are an integral part of the goals and objectives of this plan:

Goals related to sidewalks:
--To retain the small-town character of Cape Charles
--To enhance the visitor experience in Cape Charles
--To meet our residents' expectation for Town services

Objectives related to sidewalks:

c) Maintain/improve walkability
    - ii. Promote improvements to, and additions to sidewalks
        - c. Identify specific strategies and prioritization for sidewalk infill and provide capital funding as available
        - g) ii. Improve accessibility for people of all groups and abilities

In Appendix A, under Transportation, "enhance walkability" is mentioned.

However, in Appendix B, there is no mention of sidewalks, either under "still in progress," or "new items."

In the Capital projects section of the budget work session, sidewalks fall into the low priorities category, even though it would seem that it would fit into the #1 criteria category, Health/Safety/Welfare.

Given that sidewalks have been an ongoing concern of this town, since at least 1989, I would think that the time has come for this town council to muster the political will to revisit the study that was presented in March 2020. The town has successfully obtained grant money in the past, to provide the Community Trail, Rails to Trails, etc., as well as managed to have VDOT come and make repairs to existing sidewalks. This is an opportunity for this Town Council to meet the needs of both the citizens who live in the Historic District, as well as the tourists who visit and enjoy walking the picturesque streets of our beautiful town.

Thank you so much for your service to our town.
Julie Jones

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Cape Charles Volunteer Fire Co.


Chief
Jay Bell
Deputy Chief
Jeb Brady
Assistant Chief
Matt Pruitt
President
Bill Powell
Treasurer
Ryan Peake

A Brief History of the Cape Charles Volunteer Fire Co.

- 1890-1900
  - First records of fire fighting activities paid for by the Railroad.
- 1921
  - Cape Charles Volunteer Fire Co. incorporated.
- 1924
  - First motorized fire engine purchased after a large fire on March 6th, 1924.
- 1931
  - Moved into what is currently the town municipal building.
- 1958
  - Moved into current Fire Station(Owned by CCVFC)

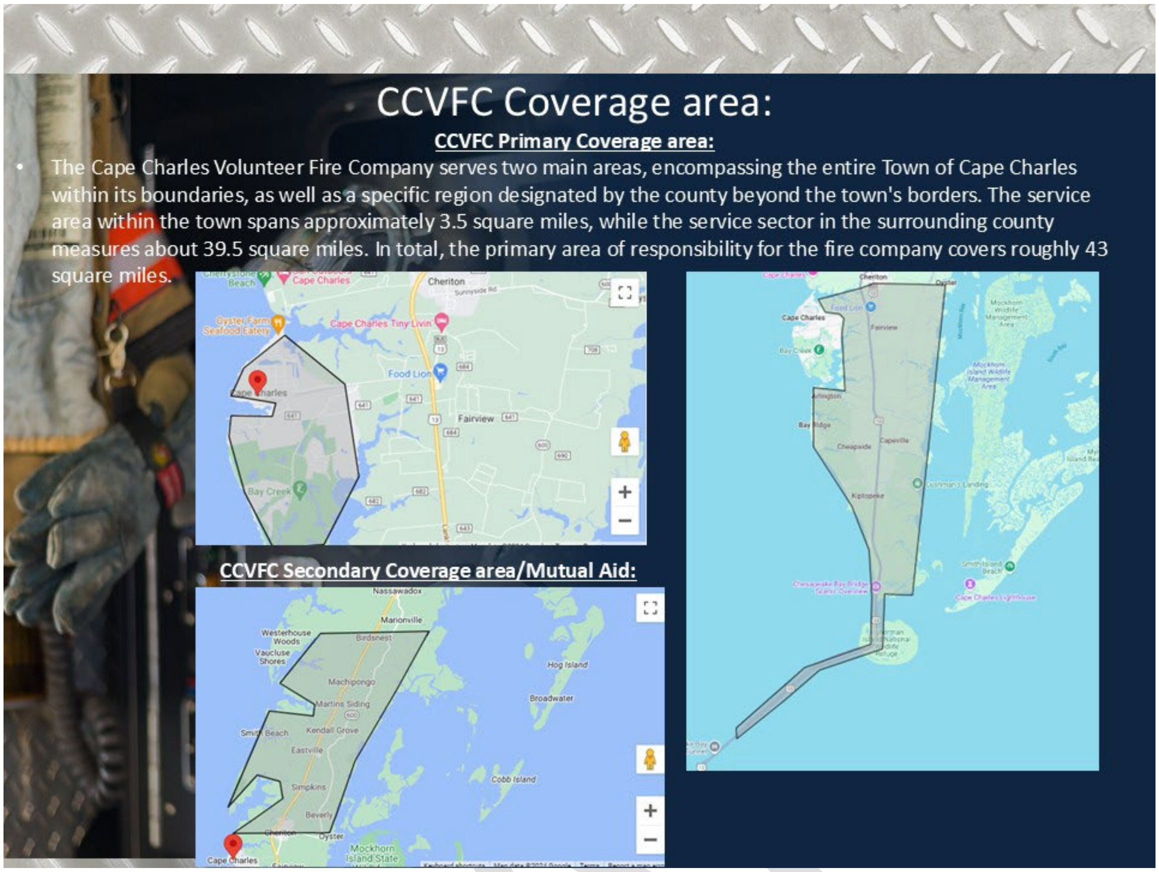
CCVFC Coverage area:

CCVFC is a mutual aid Fire Department.

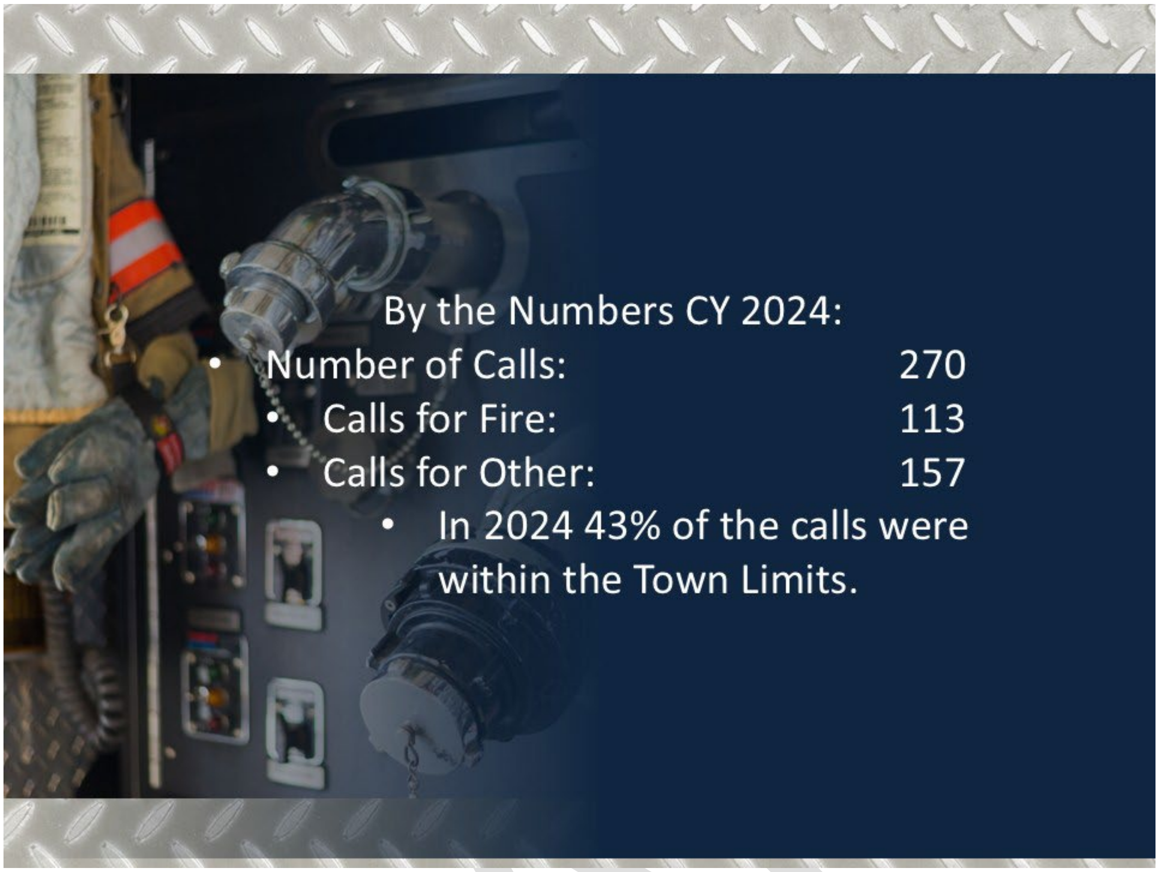
In emergency services, mutual aid is an agreement among emergency responders to lend assistance across jurisdictional boundaries. This may occur due to an emergency response that exceeds local resources, such as a disaster or a multiple-alarm fire. Mutual aid may be ad hoc, requested only when such an emergency occurs. It may also be a formal standing agreement for cooperative emergency management on a continuing basis, such as ensuring that resources are dispatched from the nearest fire station, regardless of which side of the jurisdictional boundary the incident is on. Agreements that send closest resources are regularly referred to as "automatic aid agreements".

The Cape Charles Volunteer Fire Company engages in mutual aid with the specified stations, which reciprocally provide mutual aid in return :

- Cheriton VFC
- Eastville VFC


CCVFC Coverage area:
CCVFC Primary Coverage area:
The Cape Charles Volunteer Fire Company serves two main areas, encompassing the entire Town of Cape Charles within its boundaries, as well as a specific region designated by the county beyond the town's borders. The service area within the town spans approximately 3.5 square miles, while the service sector in the surrounding county measures about 39.5 square miles. In total, the primary area of responsibility for the fire company covers roughly 43 square miles.
Cheriton
Cape Charles Tiny Livin
Food Lion
Fairview
Bay Creek
CCVFC Secondary Coverage area/Mutual Aid:
Nassawadox
Marionville
Machipongo
Hog Island
Broadwater
Eastville
Cobb Island
Cape Charles


CCVFC Primary Coverage area:
Off Season
5500 people in 43 square miles.
High Season
12,000+ people in 43 square miles.
New Homes
From 2018-2024 the town of Cape Charles added 261 new homes and 5 commercial buildings with an additional 29 housing unit's
Hwy 13
Over 4 million cars travel through our first due every year.


By the Numbers CY 2024:
• Number of Calls: 270
• Calls for Fire: 113
• Calls for Other: 157
• In 2024 43% of the calls were within the Town Limits.


By the Numbers CY 2024:
• Volunteer hours worked: 2,346
• Responding to calls: 810
• Monthly meetings, training,
• and administrative duties: 934
• Fundraising: 602
• 3 total fundraisers in 2024
• Tool Mania, 1 BBQ, Fishing Tournament

By the Numbers CY 2024
Funding Sources:

ACTUAL RECEIPTS		Actual YTD*	
	Donations	$12,227.87	5%
	Northampton County	$75,050.00	31%
	Town Of Cape Charles	$50,000.00	21%
	Town of Cape Charles (Pass through Grant)	$15,000.00	6%
	Town of Cape Charles Building permit	$25,121.20	10%
	Northampton County Fire rescue comission	$3,186.65	1%
	Tool Mania	$60,437.10	25%
	Fishing tournament	$9,640.00	4%
TOTAL RECEIPTS		$241,022.82	

- The average yearly total income from 2019 to 2023 was $176,273.
- In 2024, Northampton County continued to use the cigarette tax proceeds to fund the five volunteer fire departments within the county. The annual contribution from the county is $75,000.

By the Numbers CY 2024
2024 Operating Expense:

Total 2024	
Utilities	$3,244.09
Loans(Tanker 15-7)Balance $29,000	$11,462.52
Insurance	$24,526.67
Monthly Dues	$3,656.87
Supplies	$25,909.20
Capital Expense • $20,000 for new turnout gear • $15,000 Equipment for new brush • $3,000 New Water Heater • $18,000 Balance for new skid unit Brush Truck • $3,000 Misc tools for trucks	$59,200.37
new truck	$100,000.00
Total Expense for 2023	$227,999.72
Net for 2024	$13,023.10

New Apparatus in service for CY 2024-2025

Engine 15-3

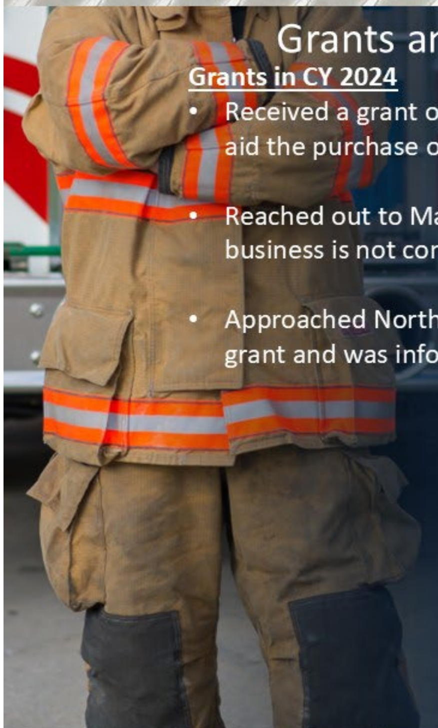
- 2024 E-One Engine
- Replaced our 1997 E-One Engine. Brakes failed in late 2024 and was take out of service. Truck was sold for scrap for $1,000

Brush Truck

- 2021 Ford F250 was donated by Cape Charles Volunteer Rescue Squad
- Replaced our 1989 GMC Brush Truck which was sold for $5,000

Priority List

	Expense	Cost	
	~~Replace roof~~	~~$72,000.00~~	
1	Drainage back of the station	$9,850.00	Sump Basin System
2	Replace body supports for recuse 15	$25,000.00	
3	New SCBA Cascade machine	$62,500.00	
4	Update front of building	$40,000.00	
5	Paint back and sides of building	$30,000.00	
6	upgrade hurst tools on rescue	$95,000.00	Jen Kiggans
7	New air bags	$85,000.00	
8	Upgrade SCBA packs/mask	$120,000.00	Federal Grant
9	maintinance to Rescue 15	$150,000.00	Engine/Transmission
10	New Stove Kitchen	$10,000.00	
11	Replace ceiling fans	$15,000.00	
		$642,350.00	



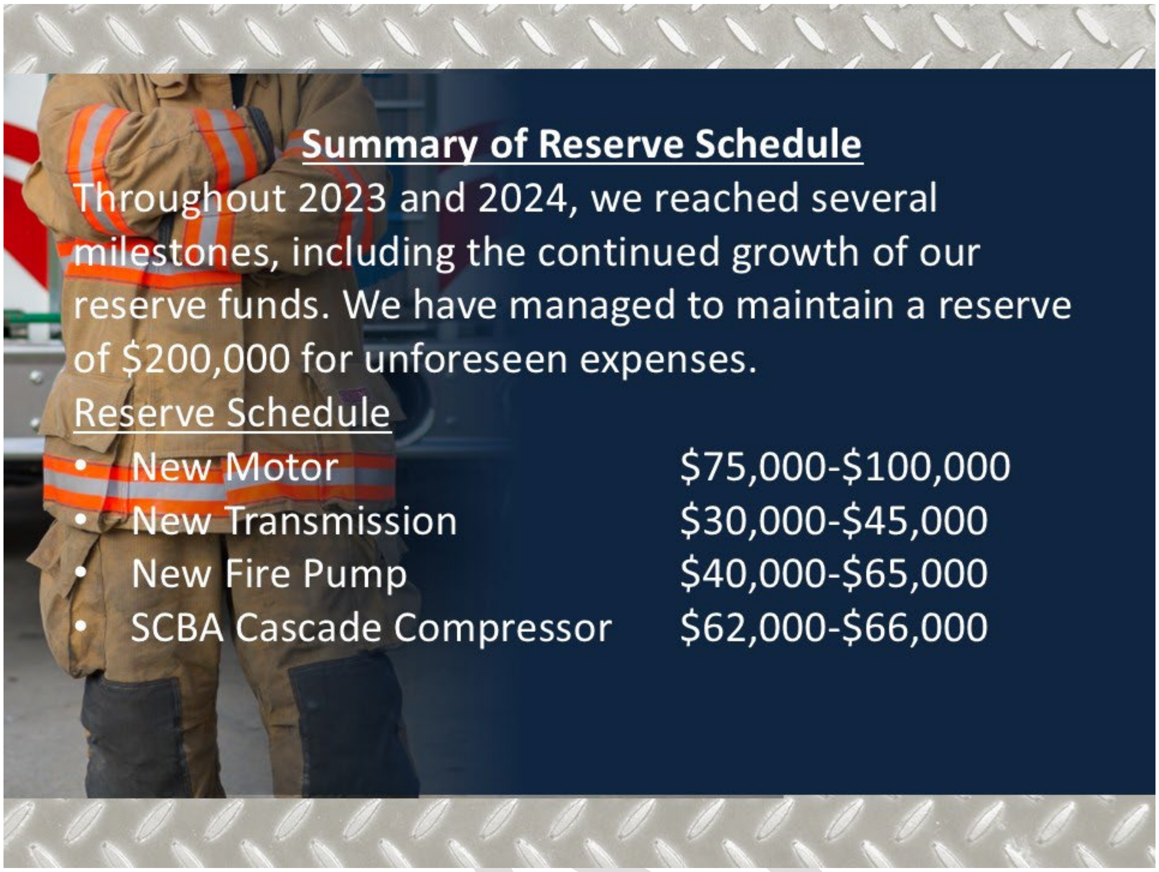
Grants and other funding sources

Grants in CY 2024

- Received a grant of 250,000.00 from the Town of Cape Charles to aid the purchase of a new fire engine totaling $850,000
- Reached out to Main Street for a façade grant but was informed our business is not considered a contributing business.
- Approached Northampton county regarding Tourism infrastructure grant and was informed we don't qualify for tourism infrastructure.

Grants and other funding sources in CY 25

- April 2025, we held a fundraiser to support the cost of replacing the roof. In addition, Northampton County contributed $42,000. Together, these efforts fully covered the $72,000 roof replacement cost, allowing us to complete the project without using any reserve funds.
- April 2025, we applied for a grant through Firehouse Subs to replace our SCBA compressor at a cost of $62,000. We expect to hear back from this grant in June
- May 2025, we applied through Congresswoman Jen Kiggans' office for discretionary funding to help replace our 25-year-old extrication equipment, with an estimated cost of $130,000–$150,000. We expect to hear whether we were approved in June.
- December 2025, we plan to apply for a federal grant to replace our 18-year-old SCBAs, which exceed the recommended replacement age of 15 years. The estimated cost for this project is $140,000.
- Northampton county raised the FY26 contribution from $75,000 to $100,000.
- We submitted a $75,000 funding request for FY26 to the Town of Cape Charles to support operational needs that continue to enhance public safety and emergency response.
- Additional expenses going into FY26
  - $48,000 loan payment for new fire engine.
  - $5,000 insurance increase
  - $4,000 professional federal grant writer for SCBA grant.


Summary of Reserve Schedule
Throughout 2023 and 2024, we reached several milestones, including the continued growth of our reserve funds. We have managed to maintain a reserve of $200,000 for unforeseen expenses.
Reserve Schedule
• New Motor $75,000-$100,000
• New Transmission $30,000-$45,000
• New Fire Pump $40,000-$65,000
• SCBA Cascade Compressor $62,000-$66,000

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FEMA

FEMA PUBLIC ASSISTANCE PROGRAM - BEACH ELIGIBILITY TIPS

FEMA's *Public Assistance Program and Policy Guide*, http://www.fema.gov/public-assistance-policy-and-guidance provides detailed information regarding Public Assistance (PA) grant eligibility requirements. This document provides the language from the guide that specifically addresses beaches; however, there are overarching PA eligibility requirements detailed in the guide that also apply.

PA eligibility is divided into: emergency work and permanent work.

Emergency Work - Berms on Beaches

If a natural or engineered beach has eroded to a point where a 5-year flood could damage improved property, cost-effective emergency protective measures on the beach that protect against damage from that flood are eligible.

Eligible measures typically include the construction of emergency sand berms to protect against additional damage from a 5-year flood. Emergency sand berms are not intended to permanently restore the beach; they are intended only to provide protection from immediate threats. The Applicant may construct emergency berms with sand recovered from the beach or with imported sand. If the Applicant constructs the berm with imported sand, FEMA will only provide PA funding if the sand is from a source that meets applicable environmental regulations and one of the following circumstances exists:

- Recoverable quantities are insufficient; or
- State, Territorial, Tribal, or local government regulations prohibit placement of the recovered sand.

Based on the average expected erosion for a 5-year flood, FEMA only provides PA funding for emergency berms constructed with up to 6 cubic yards per linear foot of sand above the 5-year stillwater elevation or the berm's pre-storm profile, whichever is less. Stillwater elevation is the maximum storm-induced water-surface elevation. In some cases, placing sand below the 5-year stillwater elevation may be necessary to provide a base for the berm. The placement of that sand is also eligible as part of the emergency protective measure.

Placement of dune grass on an emergency berm is only eligible if it is required by permit and is an established, enforced, uniform practice that applies to the construction of all emergency berms within the Applicant's jurisdiction, regardless of the circumstance. The Applicant must include the dune grass replacement cost in the berm construction cost when evaluating cost-effectiveness. Any maintenance of the dune grass after the initial installation is not eligible.

Permanent Work on Beaches

Replacement of sand on beaches is only eligible under certain conditions, described below. A beach is considered an eligible facility when all of the following conditions exist:

- The beach is not a federally constructed shoreline under the specific authority of USACE;
- The beach was constructed by the placement of imported sand—of proper grain size—to a designed elevation, width, and slope;[1] and

[1] 44 CFR § 206.226(j)(2)(i).

October 9, 2016

- The Applicant has established and adhered to a maintenance program involving periodic renourishment with imported sand to preserve the original design.[2] Placement of sand under the following circumstances does not meet this requirement:
  - Emergency or "one-time" nourishment, even if to a design
  - Emergency or "as-needed" renourishments when the beach has eroded to a critical condition where all of the original nourishment is gone
  - Partial renourishments or "hot-spot" nourishments
  - Renourishment using material from a channel maintenance project, because dredge spoils do not meet compatibility design criteria and the amount placed is dependent on the amount dredged, not the beach design

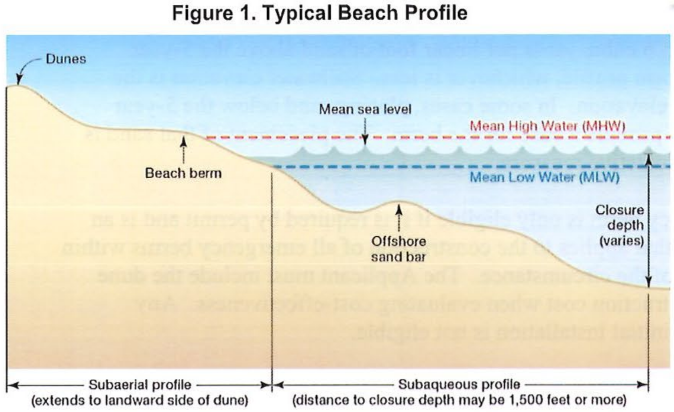
Documentation Supporting Eligibility of a Beach

To document eligibility of a beach as a designed and maintained facility, the Applicant should provide the following information:

- All design studies, plans, construction documents, and as-builts for the original nourishment;
- All studies, plans, construction documents, and as-builts for every renourishment;
- Documentation and details of the maintenance plan, including how the need for renourishment is determined and funded; and
- Pre-and post-storm profiles that extend at least to the seaward edge of the sub-aqueous nearshore zone (closure depth, usually -15 to -20 feet). (See Figure 1)

The amount of sand eligible for replacement is limited to the amount lost as a result of the incident. FEMA uses the pre- and post-storm profiles of the beach to determine the eligible volume of sand for replacement. If pre-storm profiles are not available, FEMA estimates the amount of sand lost using design documents and renourishment history.

Figure 1. Typical Beach Profile



Replacing sand that eroded prior to the incident is not eligible. However, the Applicant is encouraged to renourish the project to achieve the design profile.

If removal of sand from a maintained facility is eligible, disposal of the sand spoils on a public beach may be eligible as part of that project when it is the most cost-effective method of disposal.

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[2] 44 CFR § 206.226(j)(2)(ii).

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March 2025 Treasurer's Report

Page 2 – Revenues vs. Expenditures

- Pepup has finally corrected their fuel invoicing issue, and the harbor expense numbers reflected in this report include some fuel costs from prior months.
- The lag in the Sanitation Fund mentioned in last month's report continues. The April report will reflect revenue collected on garbage bills for the quarter ending 3/31/2025.

Page 3 – Capital Projects

- A payment of $12,357 was made to Jimenez Builders for completion of their work on the Strawberry Street Sidewalk Project.
- A payment of $61.60 was made to the Eastern Shore Post to publish an IFB for the Mason Avenue Electrical Project. Nothing is budgeted for this project because it is not scheduled to start until next fiscal year. Other de minimis costs associated with this project will be charged to this account for the remainder of the fiscal year.
- A payment of $56,025.73 was made to Bay Coastal Contracting towards phase III of the inner harbor bulkhead repair.

MUNICIPAL CORPORATION OF CAPE CHARLES
TREASURER'S REPORT
March 31, 2025

Cash on Hand	2/28/2025	3/31/2025	Increase/ (Decrease)
Atlantic Union Bank Checking Account	-$2,156	$13,772	$15,928
Atlantic Union Bank Money Market Account	$1,398,511	$1,213,562	-$184,949
LGIP Account 1 - 0565 - Unrestricted	$118,583	$119,029	$447
LGIP Account 2 - 0195 - Unrestricted	$346,794	$378,334	$31,540
Virginia Investment Pool Liquidty Unassigned - 5003	$16,384,894	$16,447,056	$62,162
Virginia Investment Pool 1-3 Year Unassigned 0001	$1,092,902	$1,097,744	$4,842
Taylor Bank Operating Cash Account	$197,963	$13,802	-$184,161
Taylor Bank Sweep Account	$400,400	$401,486	$1,087
Total Cash On Hand	**$19,937,889**	**$19,684,784**	**-$253,105**

Restricted and Reserved Cash Balances	2/28/2025	3/31/2025	Increase/ (Decrease)
Atlantic Union Bank Checking Account - Police Funds	$431	$431	$0
LGIP Account 2 - Restricted for USDA loan covenant	$30,120	$30,120	$0
Virginia Investment Pool Liquidity Acct#1 Facility Fees Rsrvd (Utilities)	$0	$0	$0
Total Cash Held in Reserve	**$30,551**	**$30,551**	**$0**
Total Cash - All Accounts	**$19,968,440**	**$19,715,335**	**-$253,105**

MUNICIPAL CORPORATION OF CAPE CHARLES
TREASURER'S REPORT
March 31, 2025

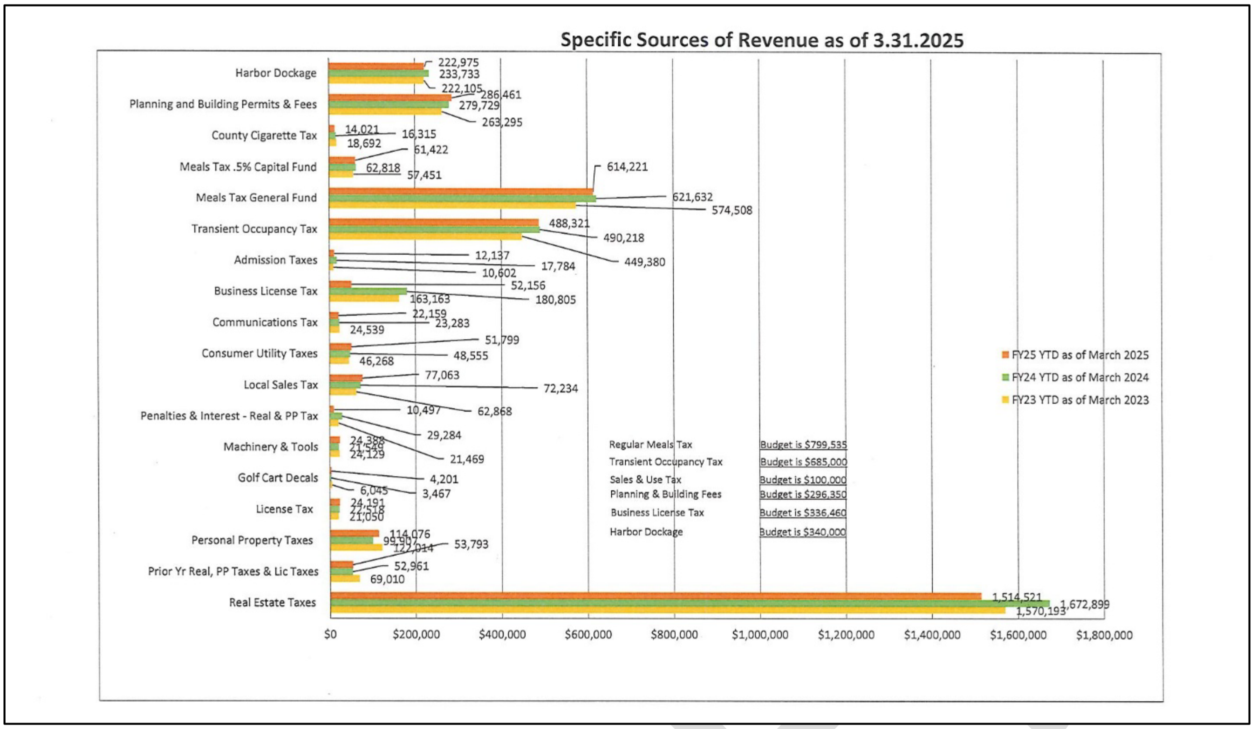
REVENUE VS. EXPENDITURES

FUND	CURRENT MONTH	CURRENT YEAR-TO-DATE	ANNUAL BUDGET	% REALIZED/ EXPENDED FY25
GENERAL Fund				
REVENUE	$113,299	$4,217,301	$5,727,599	73.63%
EXPENDITURES	$270,235	$3,241,810	$5,727,599	56.60%
NET	**($156,936)**	**$975,491**	**$0**	
GENERAL Capital Fund				
REVENUE	$50,491	$245,764	$11,127,130	2.21%
EXPENDITURES	$12,519	$51,225	$11,127,130	0.46%
NET	**$37,973**	**$194,540**	**$0**	
GENERAL Debt Service Fund				
REVENUE	$0	$0	$25,121	0.00%
EXPENDITURES	$0	$16,032	$25,121	63.82%
NET	**$0**	**($16,032)**	**$0**	
GENERAL Special Activities Fund				
REVENUE	$0	$58,604	$25,500	229.82%
EXPENDITURES	$4,575	$21,285	$25,500	83.47%
NET	**($4,575)**	**$37,319**	**$0**	
PUBLIC UTILITIES Fund				
REVENUE	$640	$112,986	$9,576,514	1.18%
EXPENDITURES	-$988	$16,882	$9,576,514	0.18%
NET	**$1,629**	**$96,104**	**$0**	
HARBOR Fund				
REVENUE	$27,495	$483,349	$1,165,287	41.48%
EXPENDITURES	$108,014	$609,861	$1,165,287	52.34%
NET	**($80,519)**	**($126,512)**	**$0**	
SANITATION Fund				
REVENUE	$263	$170,633	$345,884	49.33%
EXPENDITURES	$26,442	$252,814	$345,884	73.09%
NET	**($26,178)**	**($82,181)**	**$0**	

FY 25 Capital Improvement Project Tracking Report

As of:
3/31/2025

	FY25 Status or Start Date	% of Current Year Budget	FY25 Budgeted	QTR 1 Expended	QTR 2 Expended	QTR 3 Expended	QTR 4 Expended	FY25 YTD Expended	(Over)/Under Budget
General Capital Fund									
Multi-Use Trails, Phase 3 Construction	Completed in FY24		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Municipal Space Replacement	In Process	0%	$ 3,250,000	$ -	$ -	$ -	$ -	$ -	$ 3,250,000
Welcome Center Design & Construction	In Process	2%	$ 750,000	$ -	$ 1,222	$ 10,654	$ -	$ 11,876	$ 738,124
Library Upgrade & Condoization	In Process	1%	$ 250,000	$ 2,895	$ 450	$ 53	$ -	$ 3,398	$ 246,602
Beachfront Revitalization	Pending		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Beach Restroom/Bathhouse	Pending		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sidewalk Infill	In Process	72%	$ 50,000	$ 274	$ 84	$ 35,532	$ -	$ 35,889	$ 14,111
Mason Ave. Electrical	Pending		$ -	$ -	$ -	$ 62	$ -	$ 62	$ (62)
Keck Wells Water Line Return	Pending	0%	$ 565,000	$ -	$ -	$ -	$ -	$ -	$ 565,000
Subtotal			**$ 4,865,000.00**	**$ 3,169**	**$ 1,756**	**$ 46,301**	**$ -**	**$ 51,225**	**$ 4,248,775**
Harbor Fund									
Inner Harbor Bulkhead Rehab, Phase 3	Pending	28%	$ 221,537	$ 4,750	$ 1,695	$ 56,029	$ -	$ 62,474	$ 159,063
Fixed Dock Rehab	Pending	6%	$ 20,000	$ 1,287	$ -	$ -	$ -	$ 1,287	$ 18,713
Replace Boardwalk With Concrete	Pending	0%	$ 43,000	$ -	$ -	$ -	$ -	$ -	$ 43,000
Subtotal			**$ 284,537**	**$ 6,037**	**$ 1,695**	**$ 56,029**	**$ -**	**$ 63,761**	**$ 220,776**
TOTAL			**$ 5,149,537**	**$ 9,206**	**$ 3,451**	**$ 102,330**	**$ -**	**$ 114,985**	**$ 4,469,552**


Specific Sources of Revenue as of 3.31.2025
Harbor Dockage
Planning and Building Permits & Fees
County Cigarette Tax
Meals Tax .5% Capital Fund
Meals Tax General Fund
Transient Occupancy Tax
Admission Taxes
Business License Tax
Communications Tax
Consumer Utility Taxes
Local Sales Tax
Penalties & Interest - Real & PP Tax
Machinery & Tools
Golf Cart Decals
License Tax
Personal Property Taxes
Prior Yr Real, PP Taxes & Lic Taxes
Real Estate Taxes
222,975
233,733
222,105
286,461
279,729
263,295
14,021
16,315
18,692
61,422
62,818
57,451
614,221
621,632
574,508
488,321
490,218
449,380
12,137
17,784
10,602
52,156
163,163
180,805
22,159
23,283
24,539
51,799
48,555
46,268
77,063
72,234
10,497
62,868
29,284
24,388
21,469
24,129
4,201
6,045
3,467
24,191
21,050
114,076
122,014
53,793
52,961
69,010
1,514,521
1,672,899
1,570,193
$0
$200,000
$400,000
$600,000
$800,000
$1,000,000
$1,200,000
$1,400,000
$1,600,000
$1,800,000
FY25 YTD as of March 2025
FY24 YTD as of March 2024
FY23 YTD as of March 2023
Regular Meals Tax
Budget is $799,535
Transient Occupancy Tax
Budget is $685,000
Sales & Use Tax
Budget is $100,000
Planning & Building Fees
Budget is $296,350
Business License Tax
Budget is $336,460
Harbor Dockage
Budget is $340,000

DRAFT
TOWN COUNCIL
Work Session
Cape Charles Civic Center
May 15, 2025
Immediately following the Regular Meeting

At 7:24 p.m. Mayor Adam Charney, having established a quorum, called to order the Work Session of the Town Council. In addition to Mayor Charney, in attendance were Vice Mayor Buchholz, Councilmen Grossman and Newman, and Councilwomen Ashworth and Holloway. Councilman Butta participated telephonically from Hilton Head, SC. Also, in attendance were Town Manager John Hozey, Treasurer Jerry Murphy, Assistant Treasurer Adrian Oei, Planning & Zoning Administrator Katie Nunez and Town Clerk Libby Hume. There were three members of the public in attendance.

John Hozey noted that all the changes from the May 6, 2025 work session were highlighted in blue on the new handouts.

WORK SESSION ORDER OF BUSINESS:

A. *FY 2026 Town Budget Review and Discussion:*

General Fund Revenue: i) the Personal Property Tax 2025 line was adjusted based on historical data; ii) The License Tax lines from 8 2024 were placed in the correct column for 2025 Actual as of March 31, 2025. They were shown in the FY 2026 proposed revenue column in error; iii) The Rental Inspections Fee line item was eliminated and the Short Term Rental (STR) Administrative Fee line item was added; iv) The Reappropriated Funding-Carryover Projects line was updated adding a $6K bonus from our healthcare deferral and $150K from the sale of the library; v) The Grant Other-Northampton County line was corrected to show the revenue from the two grants that the Town applied for - $10K for the July 4th fireworks and $4K for DockDogs; vi) The Core Operating Revenue was updated to $5,362,607.62.

Building, Planning & Zoning Fee Schedule: i) The Rental Certificate of Occupancy/STR Inspection Fee was eliminated; ii) The STR Administration Fee of $450 was added; iii) Notation added stated that "Advertising costs, Actual + Adjacent Property Owner Notification Mailing Costs, Actual" would be refunded if an appeal was approved.

General Fund Expenditures

Legislative & Town Clerk: The Conference, Education and Travel lines were reduced by 20%. Councilman Grossman noted that these lines could be adjusted during the mid-year budget review for training the remainder of the year.

Town Manager: i) The Relocation Assistance was deleted since it would be expended in FY 2025 and unnecessary for FY 2026; ii) The allocation for SailFest 250 was updated to $20,200 as discussed at the last meeting; iii) The Conference, Education and Travel lines were reduced by 20%.

Finance: i) Contract Labor included $12K for a possible CPA consultant for the finance department; ii) 20% reduction in Conference, Education and Travel.

Information Technology: All IT related expenses were moved from the departmental budgets into a consolidated IT budget.

Police Department: i) The Training and Travel lines were not reduced for the Police Department since they were mostly for the academy and there were currently two vacant positions.

Code Enforcement: i) 20% reduction in Conference, Education and Travel. There were no other changes or comments made.

Public Works: i) The seasonal wages line was increased since we had the seasonal workers starting sooner this year. Each year the season seemed to start earlier. This year we had requests to open the bathrooms at the end of March; ii) The Travel lines were reduced by 20%; iii) There was much discussion about the Repair & Maintenance Supplies Tree Canopy line which included $10K which was requested last year by the Tree Advisory Board (TAB) and carried over to FY 2026 as a placeholder. During discussion regarding the strategic plan, although the TAB had disbanded, Council expressed their interest in continuing with this if someone from the community would step up to do what the TAB used to do for the Town. Councilwoman Holloway stated that she had spoken with a resident who was interested in spearheading a committee. Ms. Elise McMath informed Council that the Cape Charles Historic District Civic League had a tree committee as well. There was a general consensus to increase this budget item to $20K to allow for tree and stump removal as well as the planting of new trees. Councilman Grossman asked that the Civic League submit a plan regarding trees; iv) Funding was included in Vehicles & Equipment to purchase a new SUV for the department, a new mower to replace the oldest mower, which was purchased in 2008, and replacement trimmers which were five years old.

There was much discussion about ADA beach access and the placement of an ADA mat. The Beachfront Master Plan (BFMP) showed plans for two ADA accesses, but Councilwoman Ashworth felt that ADA access was needed immediately versus having to wait years until the BFMP had been adopted and construction was ready to begin. John Hozey stated that he did not recommend this idea for safety reasons but added that the Town currently had a legal ADA parking space by the LOVE sign, and could convert the steps at the fishing pier into a ramp for placement of an ADA mat onto the beach. Councilwoman Holloway agreed with this strategy adding that staff should contact other communities who have installed ADA mats on their beaches successfully. John Hozey stated that the funding for this project would be added to the Capital budget.

Library: 20% reduction in Conference, Education and Travel. There were no other changes or comments made.

Planning: 20% reduction in Conference, Education and Travel. There were no other changes or comments made.

Capital Fund & CAMP: i) The estimated cost of the Mason Avenue Electrical Upgrade was updated with the amount of the quote received - $164K, increased from $150K. This was for the south side of Mason Avenue only. The cost for the north side would be much more. There was much discussion about this expense. John Hozey stated that an application had been submitted for the Northampton County Infrastructure Grant in the amount of $50K. Councilwoman Holloway confirmed the grant award of $50K for this purpose. This project would be used for the tree lights along Mason Avenue but would also be beneficial for other events and activities and would increase the safety aspect since the use of extension cords from the buildings to the trees were unsafe and created a liability issue for the town. John Hozey added that it would help the existing streetlights that went out when it rained. Councilwoman Ashworth expressed her concern about spending $164K for this project when there were other projects that were needed throughout the town such as sidewalk infill. John Hozey responded that a sidewalk program needed to be developed first and it needed to be addressed on Appendix B of the Community Strategic Plan (Town Priorities). After further discussion, the development of a sidewalk infill program was added to Appendix B as item #2, after the development of a harbor/railroad area conceptual master plan. Discussion about the electrical upgrade continued. Councilwoman Ashworth stated that it was initially her idea to light the trees along Mason Avenue, but she felt that a $400K total cost to light the trees for approximately eight weeks was outrageous and there were many more areas to spend this money. A poll was taken with Vice Mayor Buchholz, Councilman Grossman and Councilwoman Ashworth in opposition of funding this project, and Councilmen Butta and Newman, Councilwoman Holloway and Mayor Charney I favor of the project. With the majority in favor, the project remained in the budget; ii) The funding for the new municipal building was split over FY 2026 and 2027; iii) The library upgrade would be done in FY 2025 but we would not be billed unit FY 2026; iv) $750K was included for the Visitors' Center/Restroom for the original location on the railroad property. If Council decided on the second option to lease the building on

Peach Street, the majority of this funding could be removed, and an endowment would be funded to help offset the rental payments which would be added to the Debt Service Fund. Council agreed on option 2 so $710K was transferred to the Fund Balance and $40K was moved to the ADA Parking at Central Park; v) $45K each was included for the Beachfront Revitalization and the Beachfront Restroom/Bathhouse in case the town did not receive grant funding; vi) $100K was included for Sidewalk Infill. We would see how far staff could get in developing a plan; vii) The ADA Parking at Central Park was increased from $20K to $60K with the additional $40K taken from the Visitors' Center/Restroom project. Councilwoman Holloway stated that she was happy to hear about ADA parking being added by Central Park but was disappointed in the location on Park Row by the tennis/pickleball courts and playground, adding that she felt they needed to be closer to the restrooms. John Hozey stated that the Citizens for Central Park (CCP) supported the addition of two ADA parking spots on Plum Street and offered to contribute $5K to help the town with these additional spots. John Hozey went on to state that a total of $60K was needed to install three ADA spots on Park Row and two spots on Plum Street. All of Council were in support of this.

Debt Service Fund: i) The Debt Limit set by Council was 8% of General Fund Core Operating Revenues and amounted to $429,009; ii) The Debt Service Revenue was increased to $140K based on the increased endowment of $3.5M for the purchase of the Meatland property and the Visitors' Center lease; iii) A new expenditure line was added for the Visitors' Center lease in the amount of $90K; iv) The Transfer from General Fund was increased by $30K to $313,103 to balance. Councilwoman Holloway added that it was Cape Charles Main Street's (CCMS) idea to make this an official Virginia Visitors Center which allowed for some support from the Virginia Tourism Corporation, and with the criteria involved it would increase CCMS's responsibilities.

Due to the advertising deadline for the June 5 public hearing, John Hozey pointed out two options for the public hearing advertisement: 1) Remove the Meatland purchase and add it back in as an amendment at the June 18 Regular Meeting if Council decided to pursue purchasing the property after the May 27 Town Hall Meeting, or 2) Include it in the public hearing advertisement and pull it out as an amendment if Council decided not to purchase the property. He recommended option #2 as it was easier to reduce the budget than increase it. Council agreed to option #2.

Harbor Fund: i) There had been no significant rate increases since 2021, but Harbormaster Paula Davis was currently doing a rate study, and any rate changes would be effective in January 2026; ii) The Harbor Fund was an enterprise fund and should be self-sustaining. In the past, the Harbor Fund usually broke even in Operations, but the Capital had to be subsidized by the General Fund. Last year, the Town had to subsidize both Operations and Capital. We would be doing so again in FY 2026; iii) After some discussion, Council agreed to increase the revenue from Misc. Sales-Snacks, Drinks, Ice, Clothing from $8K to $12K; iv) Council increased the Marketing expenditure from $5K to $9K. It was noted that this could be adjusted again during the mid-year review if needed.

Harbor Fund Capital: When the harbor boardwalk replacement work was done earlier this year, the concrete bulkhead was exposed and found to be in good shape. That project was removed and replaced with the Inter Harbor Reconfiguration. No funding was included in FY 2026 but was spread over FYs 2027,2028 and 2029.

Before moving on to the Sanitation Fund, the General Fund Expenditures was revisited since $163K remained for allocation, $150K of that was from the library sale. John Hozey stated that he was not recommending a tax increase this year, but an increase would be necessary for FY 2027 unless the Town found another source of revenue. He recommended pursuing revenue sharing with Northampton County as a possibility. He went back to the proposed change to the exempt employee pay scale which amounted to $42,500. This increase would continue to impact the budget in future years but was necessary. He went on to explain that the release of his assistant was very bad timing with July 4th around the corner, but three or four exempt staff stepped in to get things done. These employees are not getting paid anything extra for doing this on top of their regular duties, and he strongly asked for Council approval of the pay scale. After much debate, Council reached unanimous support for the new exempt employee pay scale.

Sanitation Fund: John Hozey stated that there was only one contractor in the area and their rate increased by 45¢ per receptacle per month. The budgeted amount reflected this increase.

John Hozey informed Council of an issue that had recently been brought to his attention in that the Town had been overcharging the Wilson building for sanitation services. The Town had been charging per unit but the building only had one receptacle. We could not go back years due to the budget but had enough in the Sanitation Fund Balance to reimburse the Wilson Building Homeowners Association, and they would reimburse each unit's resident(s). $8,043 would be appropriated from the Sanitation Fund Balance to cover this one-time expense and expended after July 1.

Strategic Revenue Program: John Hozey stated that we needed to look beyond one year. Although the trends showed an annual increase, but it was leveling out. Council reduced the real estate tax rate in FY 2025 from .2159 to .1481 per $100, which was .0225 less than the equalized rate. After much discussion, Council reordered the priority items on Appendix B moving pursuing the development of a shared revenue agreement with the county to #1, development of a harbor/railroad area conceptual master plan, new design guidelines, and Article IX update to #2, and developing a sidewalk infill program to #3. John Hozey would bring the amendment of Appendix B for adoption at the June 18th regular meeting.

John Hozey stated that any adjustments made this evening would be updated and the transfer to Fund Balance would be adjusted to balance the budget. The June 5th public hearing notice would be prepared and submitted to the Eastern Shore Post for publication with budget adoption at the June 18th regular meeting.

Motion made by Councilwoman Ashworth, seconded by Councilwoman Holloway, to adjourn the Town Council Work Session. The motion was approved by unanimous vote.

The meeting was adjourned at 9:48 p.m.

____
Mayor Charney

____
Town Clerk

April 2025 Treasurer's Report

Page 2 – Revenues vs. Expenditures

- The negative monthly expenditure shown in the Utility Fund is the result of a reimbursement from American Water for HRSD testing costs.

Page 3 – Capital Projects

- We made our final payment to Bay Coastal Contracting for the Inner Harbor Bulkhead Rehab project. The project is now complete and came in $33,775 under budget.
- A payment of $44,575 was made to Harmonia Contracting. This is the first and only payment to replace the harbor boardwalk with synthetic decking. This project is also complete.

Page 4 – Specific Sources of Revenue

- Business License Tax revenue, which was lagging significantly behind prior years, has now exceeded April 30, 2024 and is within $4,000 of April 30, 2023.

MUNICIPAL CORPORATION OF CAPE CHARLES
TREASURER'S REPORT
April 30, 2025

Cash on Hand	3/31/2025	4/30/2025	Increase/ (Decrease)
Atlantic Union Bank Checking Account	$13,772	$142,361	$128,589
Atlantic Union Bank Money Market Account	$1,213,562	$906,020	-$307,542
LGIP Account 1 - 0565 - Unrestricted	$119,029	$119,463	$433
LGIP Account 2 - 0195 - Unrestricted	$378,334	$379,712	$1,378
Virginia Investment Pool Liquidty Unassigned - 5003	$16,447,056	$16,507,310	$60,254
Virginia Investment Pool 1-3 Year Unassigned 0001	$1,097,744	$1,106,149	$8,405
Taylor Bank Operating Cash Account	$13,802	$450,596	$436,794
Taylor Bank Sweep Account	$401,486	$401,486	$0
Total Cash On Hand	**$19,684,784**	**$20,013,095**	**$328,310**

Restricted and Reserved Cash Balances	3/31/2025	4/30/2025	Increase/ (Decrease)
Atlantic Union Bank Checking Account - Police Funds	$431	$431	$0
LGIP Account 2 - Restricted for USDA loan covenant	$30,120	$30,120	$0
Virginia Investment Pool Liquidity Acct#1 Facility Fees Rsrvd (Utilities)	$0	$0	$0
Total Cash Held in Reserve	**$30,551**	**$30,551**	**$0**
Total Cash - All Accounts	**$19,715,335**	**$20,043,645**	**$328,310**

MUNICIPAL CORPORATION OF CAPE CHARLES
TREASURER'S REPORT
April 30, 2025

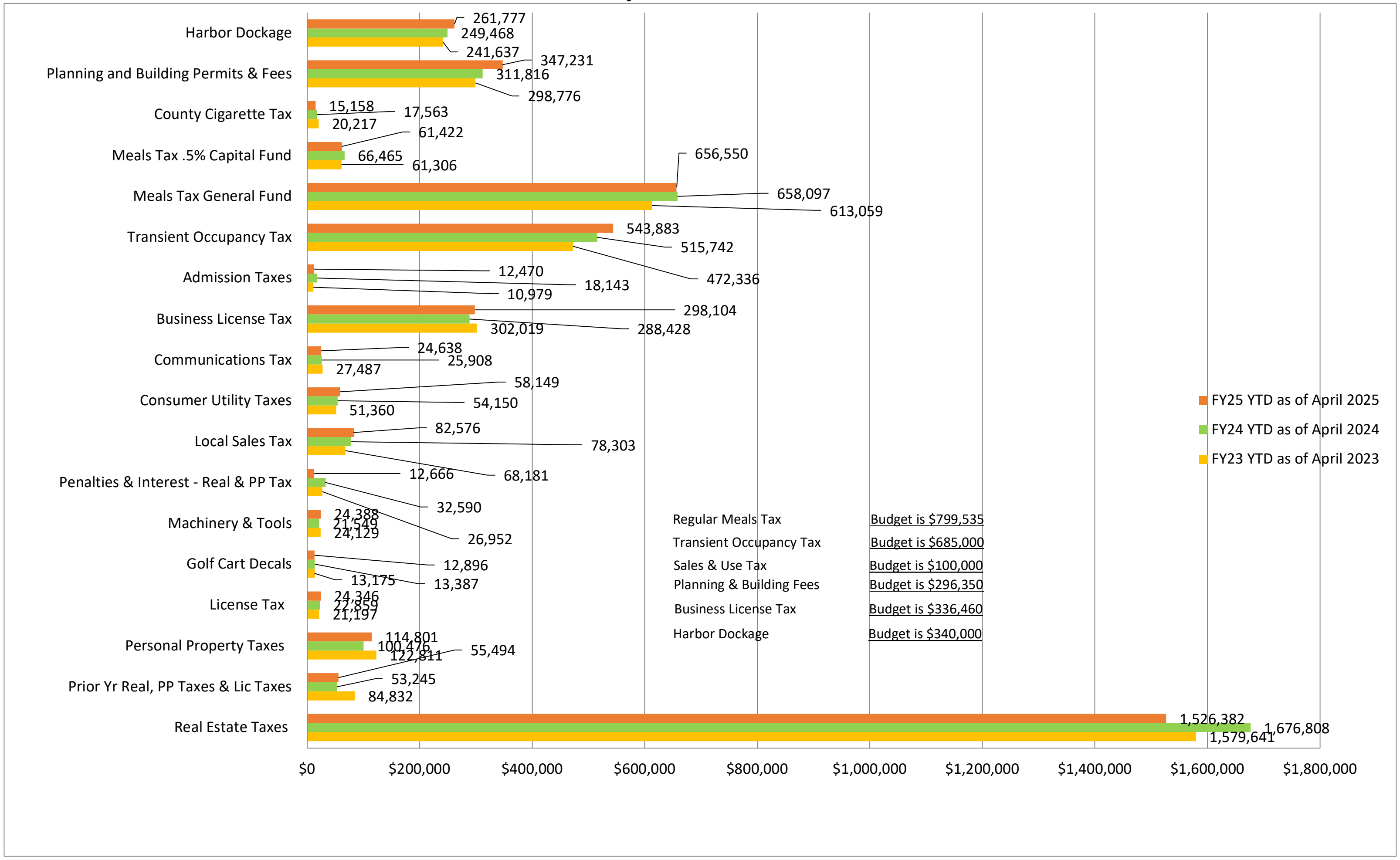
REVENUE VS. EXPENDITURES

FUND	CURRENT MONTH	CURRENT YEAR-TO-DATE	ANNUAL BUDGET	% REALIZED/ EXPENDED FY25
GENERAL Fund				
REVENUE	$532,611	$4,755,719	$5,727,599	83.03%
EXPENDITURES	$332,250	$3,574,060	$5,727,599	62.40%
NET	**$200,361**	**$1,181,660**	**$0**	
GENERAL Capital Fund				
REVENUE	$47,601	$293,365	$11,127,130	2.64%
EXPENDITURES	$11,500	$62,725	$11,127,130	0.56%
NET	**$36,101**	**$230,640**	**$0**	
GENERAL Debt Service Fund				
REVENUE	$0	$0	$25,121	0.00%
EXPENDITURES	$0	$16,032	$25,121	63.82%
NET	**$0**	**($16,032)**	**$0**	
GENERAL Special Activities Fund				
REVENUE	$0	$58,604	$25,500	229.82%
EXPENDITURES	$0	$21,285	$25,500	83.47%
NET	**$0**	**$37,319**	**$0**	
PUBLIC UTILITIES Fund				
REVENUE	$503	$113,490	$9,576,514	1.19%
EXPENDITURES	-$4,936	$11,946	$9,576,514	0.12%
NET	**$5,439**	**$101,543**	**$0**	
HARBOR Fund				
REVENUE	$128,388	$611,737	$1,165,287	52.50%
EXPENDITURES	$236,533	$846,394	$1,165,287	72.63%
NET	**($108,145)**	**($234,657)**	**$0**	
SANITATION Fund				
REVENUE	$79,840	$250,472	$345,884	72.42%
EXPENDITURES	$27,723	$280,537	$345,884	81.11%
NET	**$52,117**	**($30,064)**	**$0**	

FY 25 Capital Improvement Project Tracking Report

As of: 4/30/2025	FY25 Status or Start Date	% of Current Year Budget	FY25 Budgeted	QTR 1 Expended	QTR 2 Expended	QTR 3 Expended	QTR 4 Expended	FY25 YTD Expended	(Over)/Under Budget
General Capital Fund									
Multi-Use Trails, Phase 3 Construction	Completed in FY24		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Municipal Space Replacement	In Process	0%	$ 3,250,000	$ -	$ -	$ -	$ -	$ -	$ 3,250,000
Welcome Center Design & Construction	In Process	2%	$ 750,000	$ -	$ 1,222	$ 10,654	$ -	$ 11,876	$ 738,124
Library Upgrade & Condoization	In Process	1%	$ 250,000	$ 2,895	$ 450	$ 53	$ -	$ 3,398	$ 246,602
Beachfront Revitalization	Pending		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Beach Restroom/Bathhouse	Pending		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sidewalk Infill	In Process	95%	$ 50,000	$ 274	$ 84	$ 35,532	$ 11,500	$ 47,389	$ 2,611
Mason Ave. Electrical	Pending		$ -	$ -	$ -	$ 62	$ -	$ 62	$ (62)
Keck Wells Water Line Return	Pending	0%	$ 565,000	$ -	$ -	$ -	$ -	$ -	$ 565,000
Subtotal			**$ 4,865,000.00**	**$ 3,169**	**$ 1,756**	**$ 46,301**	**$ 11,500**	**$ 62,725**	**$ 4,237,275**
Harbor Fund									
Inner Harbor Bulkhead Rehab, Phase 3	Complete	85%	$ 221,537	$ 4,750	$ 1,695	$ 56,029	$ 125,288	$ 187,762	$ 33,775
Fixed Dock Rehab	Pending	6%	$ 20,000	$ 1,287	$ -	$ -	$ -	$ 1,287	$ 18,713
Replace Boardwalk With Synthetic Decking	Complete	104%	$ 43,000	$ -	$ -	$ -	$ 44,575	$ 44,575	$ (1,575)
Subtotal			**$ 284,537**	**$ 6,037**	**$ 1,695**	**$ 56,029**	**$ 169,863**	**$ 233,624**	**$ 50,913**
TOTAL			**$ 5,149,537**	**$ 9,206**	**$ 3,451**	**$ 102,330**	**$ 181,363**	**$ 296,349**	**$ 4,288,188**

Specific Sources of Revenue as of 4.30.2025



TOWN OF CAPE CHARLES	AGENDA TITLE: Fiscal Year 2026 Proposed Budget & Appropriation	AGENDA DATE: June 18, 2025
	SUBJECT/PROPOSAL/REQUEST: Approve the Proposed FY 2026 Budget & Appropriate Funds	**ITEM NUMBER:** 7A
	ATTACHMENTS: Ordinance 20250618A, Revenue & Expense Summary by Fund Report, Capital Projects Schedule by Fund Report, Building/Planning & Zoning fee schedule	**FOR COUNCIL:** Action (X) Information ( )
	STAFF CONTACT (s): John Hozey	**REVIEWED BY:** Rick Keuroglian, Town Manager

BACKGROUND:

To improve transparency and accountability in the budget, several years ago the Town increased the number of accounting Funds as follows: the General Fund, the Harbor Fund, Sanitation Fund, the Capital Projects Fund, and the Debt Service Fund (note that this year the Special Activities Fund and Utility Fund are no longer needed). The Harbor and Sanitation Funds are Enterprise Funds and should be self-sustaining through fees for services and other charges. All other Funds are supported by real estate taxes, other taxes, or other revenues.

DISCUSSION:

Pursuant to Section 15.2-2503 of the Code of Virginia, the town manager and staff held meetings to prepare the budget for Fiscal Year (FY) 2026. The Town Council held two budget work sessions on May 06, 2025 and May 15, 2025 to review and finalize the proposed FY 2026 budget. The Public Hearing on the proposed FY 2026 budget was held on June 5, 2024, pursuant to Section 15.2-2506 of the Code of Virginia.

Projected revenue sources for all Funds were determined to be adequate to meet the Town's current and strategic requirements. Therefore, no change in tax rates is being proposed for FY26, keeping our real property tax rate at $.1481 per $100.

An updated schedule of building/zoning fees (see attached) is included in this budget authorization.

A slight increase in refuse collection charges is required from FY 2024. The charge will go from $20.80 to $21.25 per month.

The attached ordinance includes the summary of estimated revenues and expenditures by Fund for the proposed budget.

RECOMMENDATION:

Staff recommends adoption of Ordinance 20250618A – Approving the Budget for Fiscal Year 2026 and Making Appropriation for the Fiscal Year by roll call vote.

ORDINANCE 20250618A

APPROVING THE BUDGET FOR FISCAL YEAR (FY) 2025/2026 AND BUILDING, PLANNING AND ZONING FEE SCHEDULE, AND MAKING APPROPRIATIONS FOR THE FISCAL YEAR

WHEREAS, the Council of the Town of Cape Charles has prepared a budget for FY 2025/2026 pursuant to Section 15.2-2503 of the Code of Virginia; and

WHEREAS, the budget has been advertised, and a public hearing was held on June 5, 2025 pursuant to Section 15.2-2506 of the Code of Virginia; and

THEREFORE, BE IT ORDAINED, by the Town Council of Cape Charles, this 18th day of June 2025 that the budget for FY 2025/2026 be approved as follows:

GENERAL FUND			**PUBLIC UTILITY FUND**		
Revenue	$	7,855,107.62	Revenue	$	80,000.00
Expenditures	$	7,855,107.62	Expenditures	$	80,000.00
GENERAL CAPITAL FUND			**HARBOR FUND**		
Revenue	$	6,767,456.46	Revenue	$	1,000,630.98
Expenditures	$	6,767,456.46	Expenditures	$	1,000,630.98
GENERAL DEBT SERVICE FUND			**SANITATION FUND**		
Revenue	$	3,953,103.00	Revenue	$	361,177.00
Expenditures	$	3,953,103.00	Expenditures	$	361,177.00
			TOTAL TOWN BUDGET	$	20,017,475.06

The following tax rates and user fees are established:

- Vehicle Tax: $31.00 per vehicle subject to Virginia State Registration (Trailers $18.00) and Golf Cart Decal is $31.00.
- Real Estate Tax: $.1481 per $100 of assessed value
- Personal Property Tax: $1.00 per $100; Boat Tax $0.01 per $100
- Transient Occupancy Tax: 4.0% plus flat fee of: $1 per night per room (Hotels/B&Bs) or $4 per night (Residential Units)
- Meals Tax: 5.5% Monthly
- Admissions Tax: 3% Quarterly
- Short Term Rental Tax: 1% Quarterly
- Trash Collection Fee: $21.25 per month per receptacle, billed on a quarterly basis; and

BE IT FURTHER ORDAINED, that pursuant to Section 15.2-2506 of the Code of Virginia, funds are appropriated from all sources of revenue for expenditures during the period July 1, 2025 through June 30, 2026 as follows:

General Fund: $7,855,107.62
General Capital Fund: $6,767,456.46
General Debt Service Fund: $3,953,103.00
Public Utilities Fund: $80,000.00
Harbor Fund: $1,000,630.98
Sanitation Fund: $361,177.00

and that the Town Manager is authorized to transfer funding pursuant to the Cape Charles Budget Management Policy established by the Cape Charles Town Council by adoption of Ordinance 20250618A.

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Adopted by the Town Council of Cape Charles on June 18, 2025.

By: ______________________________________
Mayor Adam Charney

ATTEST:

____
Town Clerk

TOWN OF CAPE CHARLES	**AGENDA TITLE:** Capital Asset Management Program Update		**AGENDA DATE** June 18, 2025
	SUBJECT/PROPOSAL/REQUEST: Approval of the Capital Asset Management Program Update		**ITEM NUMBER:** 7B
	ATTACHMENTS: Updated Capital Asset Management Program Update		**FOR COUNCIL:** Action (X) Information ( )
	STAFF CONTACT (s): John Hozey	**REVIEWED BY:** Rick Keuroglian, Town Manager	

BACKGROUND:

In October of 2020, the Town Council adopted our first version of a Capital Asset Management Program (CAMP). The CAMP was intended to outline how the Town plans and executes capital projects over a five-year planning horizon.

ITEM SPECIFICS:

The first CAMP was developed only months after town manager Hozey began his position with the town. It was the best estimate at that time of how processes would occur. However, as we've implemented this program over the last five years, experience has shown that the original concepts regarding process have played out differently than originally thought. Therefore, before town manager Hozey departed for his retirement, he updated the CAMP to reflect how we actually plan and manage our capital projects, and this update is presented for Council consideration.

RECOMMENDATION:

Staff recommends rescission of the October 15, 2020 Capital Asset Management Program (CAMP), and adoption of the updated CAMP as presented.

DRAFT

Town of Cape Charles Capital Asset Management Program (CAMP)

June 18, 2025

INTRODUCTION

A Capital Asset Management Program (CAMP) is a tool to assist a public governing body in planning for and managing major equipment and facilities required to maintain or improve services or respond to anticipated growth. A CAMP is intended to provide a complete picture of the town's major development needs (capital projects) for the next five years, by showing when, and at what cost, the town expects to expand or provide services and facilities in that period. The purpose for this approach to capital improvement planning is to balance the varying equipment and facilities needs of the Town and to assess these in comparison to other operational Town needs.

A CAMP projection must be updated each year. Changing needs and priorities, emergencies, cost escalations, mandates, and changes in technology all require the CAMP to be updated annually. The Town's public facilities, parks, infrastructure, major equipment, etc., are constantly in need of repair, replacement or expansion. A growing population will also require additional or new facilities. These reasons require the CAMP to be continually updated to maintain the stability of financial planning for the Town. The CAMP achieves the following objectives as a component of the Town's budget and financial planning process:

- Reduces the need for ad hoc programs to finance the construction of Town facilities
- Focuses attention on community goals, needs and capabilities
- Achieves optimum use of taxpayer dollars
- Responds to future community growth and development
- Ensures that projects are well thought out in advance of construction
- Provides for the orderly replacement of capital items
- Encourages more efficient administration
- Maintains a sound and stable financial program

CAPITAL ASSET MANAGEMENT PROGRAM – FISCAL POLICY

The Town of Cape Charles adopts the following fiscal policy regarding the CAMP:

- The Town will prioritize all capital improvements in accordance with an adopted Capital Asset Management Program (CAMP) and other planning documents
- The Town will develop a five-year outlook for capital improvements and review and update it annually
- The Town will coordinate development of the capital asset management program with development of the operating budget
- The Town will maintain all its assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs
- The Town will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval
- The Town will attempt to determine the least costly alternative on a life cycle basis for all projects
- The Town Council will periodically review the status of capital improvement projects to determine what adjustments, if any, are required in project scheduling and funding. Note, urgent needs not previously identified can be reviewed at any time by Town Council and the CAMP can be adjusted accordingly

- The Town's Enterprise Funds are intended to be financed primarily through user charges. However, Enterprise Fund revenues are frequently insufficient to support construction costs or debt service for capital facilities. Therefore, General Fund transfers may be used to support the development of Enterprise Fund capital projects

DEBT LIMITS/POLICIES

Any debt limits associated with capital improvements will be captured under a separate fiscal policy established by Town Council.

DEFINITION OF A CAPITAL IMPROVEMENT PROJECT (CIP)

The Town of Cape Charles' definition of a capital improvement project (CIP) uses one or more of the following criteria:

- It has an estimated total cost of $10,000 or more (Capital items under $10,000 are generally included in the various operating budgets)
- Studies pertaining to capital improvements that require the employment of outside professional consultants at a cost of $10,000 or more
- Construction of buildings or facilities, including design, engineering, and other pre-construction costs with an estimated cost of $10,000 or more
- Purchase of major equipment with an estimated cost of $80,000 or more, and has a life expectancy of five years or more [Note: normal operational vehicle purchases will be captured under that department's operating budget]
- It will extend the useful life of a facility by at least 5 years
- It has an infrequent recurrence of the expenditure
- Bonded debt may be required for its financing
- It involves acquisition or development of real property
- It creates or expands public buildings/facilities, or other public infrastructure

There is an important fiscal principle underlying the distinction between capital and non-capital expenditures. The distinguishing feature of non-capital or operating expenses are recurring costs for on-going functions of government, such as personnel, supplies and the like, which are not typically depreciated over time.

COMPONENTS OF A CAMP

A CAMP <u>must</u> have the following components or characteristics:

1. Addresses capital improvements over a period of at least five years
2. Classifies projects according to urgency and need for realization
3. Includes a timetable for implementation of projects
4. Considers the needs that are outlined in the Comprehensive Plan
5. The estimated cost of each project

6. Probable new operation and/or maintenance costs
7. Probable new revenues
8. Suggested funding sources

For large projects, the project will be broken into components such as land purchase, design/engineering services, and construction into appropriate years. The project will not front load the entire cost in the first year.

LIMITATIONS OF A CAMP

It is also important to understand the limitations of a capital asset management program (what it is not).

1. The CAMP should not be used to micro-manage the process of developing the Town budget. Preparation of annual budgets for the town is the responsibility of elected officials and professional administrators. The CAMP is a tool to aid these groups in evaluating and prioritizing items for inclusion in the budget for a given year.

2. The CAMP should not be used to promote a "wish list" of projects that are unlikely to receive public funding or support within the time horizon of the plan.

3. Although a CAMP is intended to provide a framework to guide activity, it should not be rigid and inflexible. The CAMP process cannot anticipate unusual changes in growth, economic conditions, or political consideration. Similarly, the CAMP process must allow changes for emergencies, opportunities, or other unpredictable events.

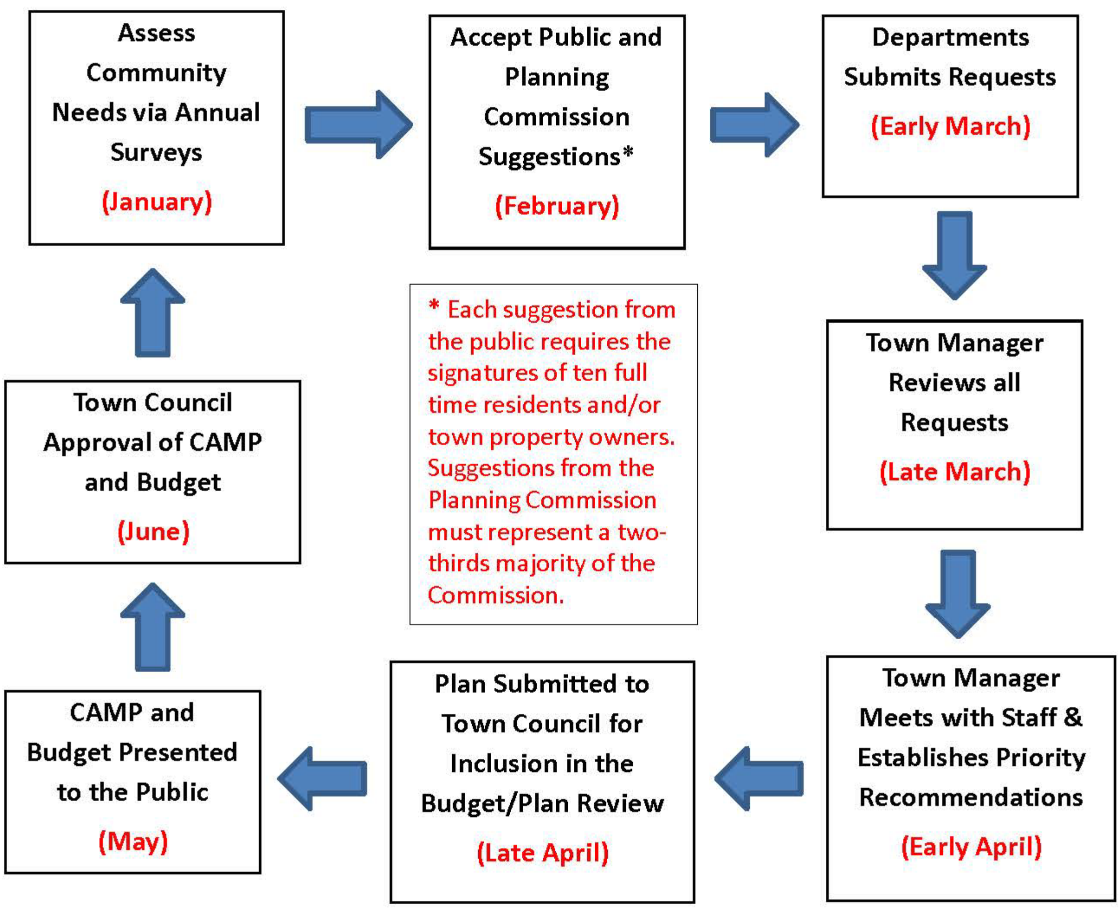
4. Town Council's approval of the CAMP does not authorize money for any of the projects in the program beyond the current year. However, it will provide the Town Manager with direction to proceed with the inclusion of outyear CAMP items in the planning schedule.

MAINTENANCE OF TOWN ASSETS

Capital assets include government facilities, infrastructure, major equipment and networks that enable the delivery of public sector services. The performance and continued use of these capital assets are essential to the health, safety, economic development and quality of life of those receiving services. Budgetary pressures often impede capital program investments or expenditures for maintenance and repair, making it increasingly difficult to sustain the asset in a condition necessary to provide expected service levels. Ultimately, deferring essential maintenance or asset replacement could reduce the organization's ability to provide services and could threaten public health, safety and overall quality of life. In addition, as the physical condition of the asset declines, deferring maintenance and/or replacement could increase long-term costs and liabilities. It is with this in mind that the Town staff includes planned maintenance projects which may bear a significant financial impact on the operating budget. This can allow for better management of future liabilities. While the CAMP is utilized to plan future capital projects, the need to properly maintain our existing aging assets remains.

CAPITAL ASSET MANAGEMENT PROGRAM PROCESS

Capital project planning is an ongoing process. Each year the CAMP planning schedule is updated. Suggestions for capital improvements can originate from the Mayor, Councilmembers, Boards, citizens, or Town staff. Ultimately, Departments are responsible for identifying, documenting, and justifying CAMP requests. Departments are also responsible for obtaining project cost estimates and identifying appropriate revenue sources for the project (the Finance Dept. and/or the Capital Projects Manager will assist in identifying costs and appropriate revenue sources). These items are compiled into the plan and presented to the Town Council on an annual basis. The Town Manager, in conjunction with the Finance staff, will coordinate the process and submission of the CAMP to the Town Council. Through annual planning processes, and Town Council meetings or work session(s), the Council will focus on prioritizing the projects. During the annual budget process each spring, the projects are refined, and a financing plan is recommended within the budget to fund those expenditures.



PRIORITIZATION SYSTEM MATRIX

The priority system includes the matrix shown below. This system was developed to assist in the setting of priorities for capital expenditures as not all requests can be accommodated at the same time. The matrix contains a measure of <u>priority on the horizontal axis</u> and <u>criteria on the vertical axis</u>.

CRITERIA/PRIORITY	HIGH	MEDIUM	LOW
I	LEVEL A		
II		LEVEL B	
III			LEVEL C
IV			

PRIORITIES of the capital projects are measured as high, medium, or low as follows:

HIGH: Project mandated by local, state, or federal regulations, or Project is a high priority of the Town Council*, or
Project substantially reduces losses or increases revenues

MEDIUM: Project maintains existing service levels, or
Project results in better efficiency or service delivery of existing services, or
Project reduces operational costs, or Project improves work force morale

LOW: Project is not mandated, or
Project improves service levels, or
Project improves quality of life

* Projects designated as a High Council Priority must directly contribute to priorities already established in previously adopted formal actions

CRITERIA CATEGORIES

I. **Health/Safety/Welfare** - projects that are required to protect the health, safety, and welfare of the community, and/or the employees serving it
II. **Maintenance/Replacement** - projects that provide for the maintenance of existing infrastructure, systems and/or equipment
III. **Expansion of Existing Programs** - projects which enhance the existing systems and programs allowing for expansion of existing services
IV. **Creation of New Programs** - projects that allow for expansion into new programs and services

LEVEL OF FUNDING: The grid is further divided into levels: **Level A** - highest consideration for funding, **Level B** - moderate consideration, and **Level C** - least consideration for funding resources.

<u>Note: Up to ten percent (10%)</u> of the routine General Fund contribution to the capital budget (<u>not to exceed $40,000</u>) may be designated for general quality of life enhancements at the Council's complete discretion; such projects are not subject to the evaluation criteria of this program.

SPECIALIZED EQUIPMENT REPLACEMENT

In addition to the other capital improvement projects included in the CAMP, there are other types of major equipment which represent a substantial financial investment and need to be handled in the most economic manner. Therefore, the Town chooses to incorporate these items into the CAMP. Specialized equipment is evaluated primarily based on age, mileage, operation, and maintenance cost. There are, however, several additional factors which must be considered in determining these replacements: fuel costs, condition, safety, life of equipment, etc.

IMPACT ON OPERATING BUDGET

Funding projects within the CAMP require strategic planning. It is important to note that as the plan is implemented, the Town should be aware of additional budgetary costs, if any, that may arise from the project such as future payments of debt service, lease payments on certain capital improvements, and/or increased operating costs (for example, if a new facility requires more staffing). On the other hand, there could be savings that may result from decreased operating costs (for example, a new facility that requires less maintenance and less staffing).

CAMP PLANNING SCHEDULE

A detailed listing of specific projects will be published each year with the annual budget, showing the priority, category, and funding level of each project. It will forecast the anticipated costs for all projects over the five-year planning horizon for that schedule (See Attachment A). A narrative for all new projects describing the project's purpose and scope should also be included. Total expenditures for the current fiscal year must align with the corresponding Capital Fund budget presentation in the Town's annual budget.

Attachment A

Town of Cape Charles
CAMP Schedule

Example

CAMP Project List/Schedule

General Fund

Project name	Priority	Category	Level	Town Cost	Prior Years	FY20XX	FY20XX	FY20XX	FY20XX	FY20XX
Project 1	High	I	A	$ 7,017,409	$ 517,409	$ 3,250,000	$ 3,250,000			
Project 2	High	I	A	$ 367,547	$ 57,547	$ 310,000				
Project 3	Medium	I	A	$ 225,000					$ 225,000	
Project 4	High	III	B	$ 585,000	$ 20,000	$ 565,000				
Project 5	Medium	II	B	$ 33,377	$ 33,377	$ -				
Project 6	Medium	II	B	$ 1,245,000		$ 45,000	$ 600,000	$ 600,000		
Project 7	Low	IV	C	$ 670,000		$ 100,000	$ -	$ 190,000	$ 190,000	$ 190,000
Project 8	Low	IV	C	$ 40,000		$ 40,000				
Contingency						$ 18,456				

	Town Cost	Prior Years	FY20XX	FY20XX	FY20XX	FY20XX	FY20XX
GF Total - 20XX dollars	$ 10,183,333	$ 628,333	$ 4,328,456	$ 3,850,000	$ 790,000	$ 415,000	$ 190,000
Inflation adjusted dollars (3%)	$ 10,424,839	$ 628,333	$ 4,328,456	$ 3,965,500	$ 837,400	$ 452,350	$ 212,800
Harbor Fund	$ 532,000	$ 48,000	$ 196,000	$ 108,000	$ 90,000	$ 90,000	$ -
Grand Total - 20XX dollars	$ 10,715,333	$ 676,333	$ 4,524,456	$ 3,958,000	$ 880,000	$ 505,000	$ 190,000
Inflation adjusted dollars (3%)	$ 10,973,579	$ 676,333	$ 4,524,456	$ 4,076,740	$ 932,800	$ 550,450	$ 212,800

*Grants, divestitures, or new debt could reduce costs

Version ____

TOWN OF CAPE CHARLES	AGENDA TITLE: Amendment to the 2025 Community Strategic Plan	AGENDA DATE June 18, 2025
	SUBJECT/PROPOSAL/REQUEST: Approval of an Amendment to the 2025 Community Strategic Plan	ITEM NUMBER: 7C
	ATTACHMENTS: Amended 2025 Community Strategic Plan	FOR COUNCIL: Action (X) Information ( )
	STAFF CONTACT (s): John Hozey	REVIEWED BY: Rick Keuroglian, Town Manager

BACKGROUND:

On March 20, 2025, the Town Council adopted the 2025 update to the Community Strategic Plan. This plan contains the current year's work plan priorities as determined by the Council, which was then used to develop the FY26 draft town budget.

ITEM SPECIFICS:

In conjunction with the Town Council work session on the FY26 draft town budget on May 15, 2025; the Council received and considered public input regarding the priorities the town should pursue in the coming year. As a result of that input, and other considerations, the Town Council felt an amendment to the March 20th Strategic Plan priorities was in order. These priorities are listed in Appendix B of the plan and have been updated to accommodate the discussions on May 15th. The Changes include a re-ordering of existing items and the inclusion of a new item regarding the development of a sidewalk infill program.

RECOMMENDATION:

Staff recommends adoption of the amended 2025 Community Strategic Plan

MUNICIPAL CORP. OF CAPE CHARLES
1886

The Town of Cape Charles Community Strategic Plan 2025

What is a **Strategic Plan**, and what makes it different than our **Comprehensive Plan**? These are great questions, and understanding this difference is critical to any evaluation of this document.

A **Comprehensive Plan** is required by Virginia Administrative Code, which prescribes a detailed set of requirements. A Comprehensive Plan is a lengthy, intricate document, that can take a very long time to create. Due to its complexity and the length of time needed to develop it, the average citizen does not typically take the time to study a Comprehensive Plan in detail.

Strategic Plans on the other hand are much nimbler, they can be customized to any particular need of a community and are more easily digestible by members of the public. Strategic Plans also happen quicker, which facilitates more interest and better participation by community members. Our Strategic Plan shares the same community values and vision as our Comprehensive Plan but can be updated annually if desired, making the Strategic Plan a living document; flexible enough to react to current community developments in real time. This makes the Strategic Plan an ideal implementation tool for our Comprehensive Plan.

Both the Comprehensive and Strategic Plans start broad, and then become more specific. They begin with the values that are important to us and define us as a community. These values inspired our vision; a brief statement that looks to the future; is a source of inspiration; and serves to identify the ideals or characteristics we desire in our future.

The vision and its supporting goals represent the long-term view. The specific strategies needed to attain these goals are more short-term in nature and are considered objectives. They are the distinct, measurable deliverables that are <u>affordable</u> and <u>implementable</u> actions the Town can work into its next annual budget.

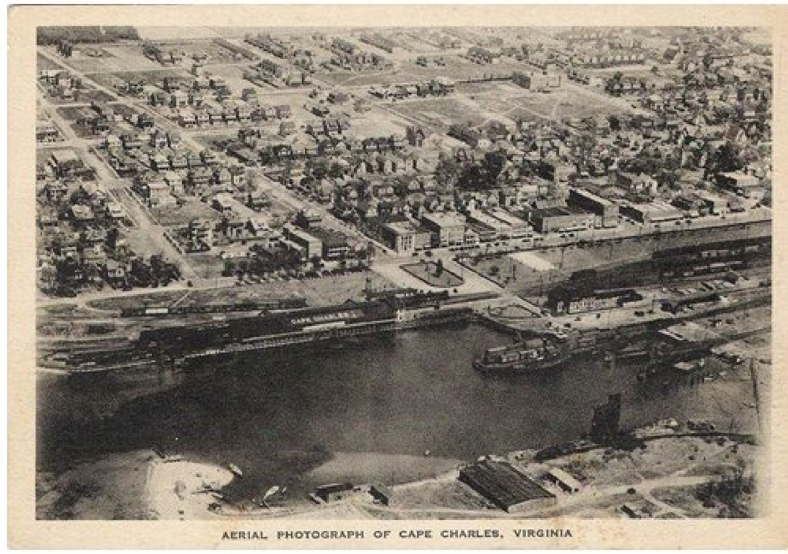
Following a three-year development period, the Town Council approved the most current Comprehensive Plan in December of 2022. The Strategic Plan will now start tackling the many discrete goals/objectives in the Comprehensive Plan by determining current priorities to assist with developing annual work plans.

While goals are longer term and subject to ongoing metrics, the Strategic Plan objectives are more fluid. As some objectives are completed, others may be added, contributing to the living nature of this document. Therefore, the objectives listed here should not be considered the definitive or complete list, but rather what is considered important or desirable to tackle first.

Community input to the annual Strategic Plan update is critical, and it will be solicited from annual community surveys and public input sessions.

Our Community Values:

1) **Sense of Community**
2) **Heritage – Traditional**
3) **Diversity – Tolerance – Respect**
4) **Adaptability**
5) **Environmental Stewardship**



Our Goals*:

- **To retain the small-town character of Cape Charles**
    - Metric: citizen confirmation in annual survey

- **To protect and maintain the beachfront**
    - Metric: no degradation via annual beach survey

- **To protect and maintain the harbor**
    - Metric: maintain/increase occupancy

- **To protect, support and maintain Central Park**
    - Metric: maintain/increase appearance and usage

- **To promote environmental stewardship**
    - Metric: develop implementable plans

- **To retain and expand businesses in a business-friendly environment**
    - Metric: increase in business licenses, increase in business-related revenues, and data from building permits issued and an annual questionnaire on employment

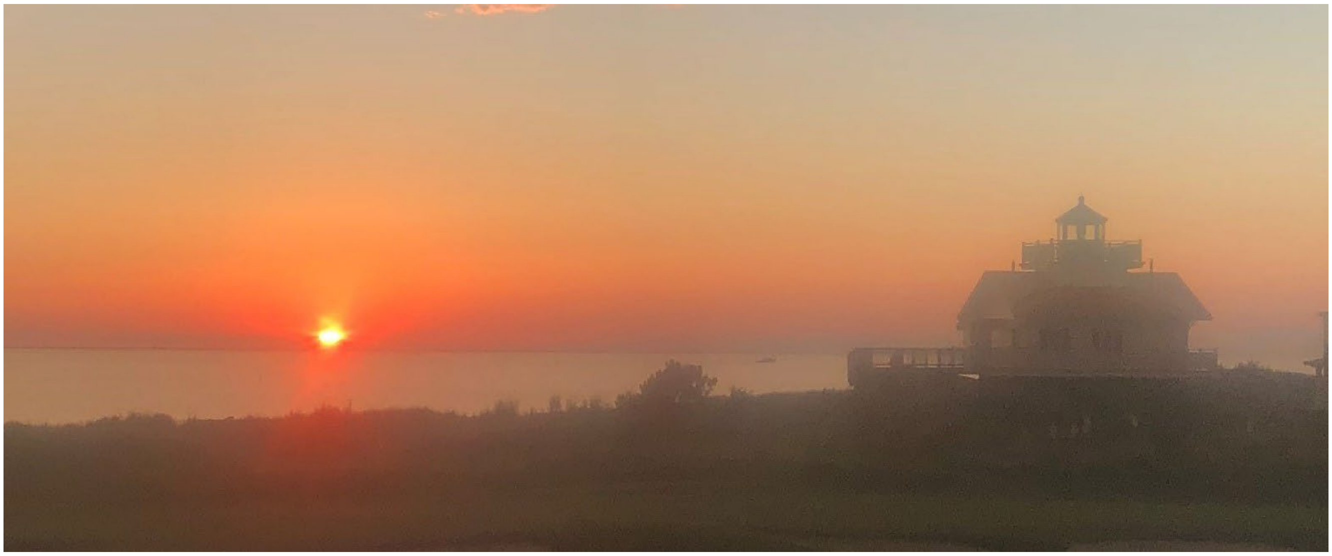
- **To enhance the visitor experience in Cape Charles**
    - Metric: maintain/increase visitation and tourism related revenues

- **To advance a variety of housing options**
    - Metric: increase in more affordable housing units

- **To meet our residents' expectation for Town services**
    - Metric: citizen confirmation in annual survey

*__Not in any particular order__

Our Objectives:



- **Retain the small-town character of Cape Charles**:

  a. Encourage a sense of engagement and inclusion among our community service organizations:
     i. Town boards and commissions chairpersons to provide an annual briefing to Council
     ii. Celebrate volunteer appreciation, to include a volunteer of the year award during the annual Town Council Ice Cream Social – invite all board/commission members and civic groups
     iii. Hold an annual strategic plan forum to get input from the public and civic groups
     iv. Quarterly recognition of board/commission members or other volunteers in the Gazette, on Facebook, and during Regular Council meetings
     v. Invite local civic groups, as appropriate, to participate in Town working groups

  Note: Current Cape Charles Civic Groups – Friends of the Library, Citizens for Central Park, Cape Charles Main Street, Cape Charles Rotary, Cape Charles Historical Society, Cape Charles Rosenwald School Restoration Initiative, Cape Charles Yacht Club, New Roots Youth Garden, GEAR, Arts Enter, CC Historic District Civic League, Vacation Rental Home Owners Association, Bay Creek Community Association

  b. Encourage Citizen Engagement:
     i. Maintain Facebook event postings for public events
     ii. Provide routine reporting of Town business and outcomes
     iii. Promote subscription to e-notifications and other sources of information
     iv. Publish Strategic Plan "report card" prior to the annual Community Survey
     v. Involve citizens in committee projects/committees where appropriate

c. Maintain/improve walkability:
   i. Complete multi-use path between historic district, harbor, and Bay Creek
   ii. Promote improvements to, and additions to sidewalks
      a. Press for state maintenance
      b. Explore ordinance changes for rehabilitation and resale
      c. Identify specific strategies and prioritization for sidewalk infill and provide capital funding as available
   iii. Support Rails to Trails project

d. Promote and encourage community/quirky events:
   i. Promote centralized calendar of events (sharing information)
   ii. Pursue Northampton County Infrastructure Grants to support events

e. Promote the arts, entertainment, and recreation:
   i. Provide services and venues at low or no cost to local non-profits
   ii. Evaluate ways to provide volleyball/basketball courts; work with the YMCA to promote available scholarships
   iii. Encourage a public arts league that will develop guidance and promotions for the public arts and provide recommendations to the Town Council when appropriate

f. Evaluate short-term rental (STR) regulations
   i. Develop metrics to monitor STR regulation effectiveness
   ii. Evaluate STR regulations to determine if tweaks or changes are required

g. Manage tourism benefits and impacts to ensure a healthy balance between a quality of life for our residents and the quality of place for our visitors
   i. Develop a visitor pledge to communicate the important values of responsible behavior to visitors
   ii. Improve accessibility for people of all age groups and abilities

h. Foster a safe golf cart culture:
   i. Better and more signage
   ii. Better enforcement (information to rentals and better reporting)
   iii. Designate golf cart parking spots
   iv. Foster positive relationship and meet annually with golf cart rental companies
   v. Evaluate better connectivity options between Bay Creek and the balance of the Town

- **Protect and maintain the beachfront**:

a. Develop beachfront master plan (beach, dunes, boardwalk, LOVE sign area, bathhouse, etc.) to include specifc parameters for beach and dune management, detailing desired size and characteristics of both

b. Continue annual surveys and sand replenishment budget
c. Evaluate survey data to determine erosion protection strategy

- **Protect and maintain the harbor**:

a. As part of larger area planning efforts, develop criteria to promote a healthy balance of commercial and recreational uses
b. Implement long-term major maintenance and replacement plan

- **Protect, support and maintain Central Park**:

a. In collaboration with Citizens for Central Park (CCP), promote an attractive, yet sustainable, multi-function public park
b. Implement long-term major maintenance and replacement plan
c. Provide in-kind staffing support for community programming efforts
d. Work with CCP to add handicapped parking to the park

- **Promote environmental stewardship**

a. Develop an implementable coastal resiliency plan, to include the Resilience Adaptation Feasibility Tool (RAFT) recommendations and VIMS Comprehensive Coastal Resource Management Portal
b. Review adequacy of existing/previous public green/open space infrastructure plans and develop an updated implementable plan
c. Protect, improve, and financially support our tree canopy and other natural and designed landscapes

- **Retain and expand businesses in a business-friendly environment**:

a. In collaboration with Cape Charles Main Street (CCMS) develop a public/private effort to guide business development and help remove obstacles
   i. Review ordinances, regulations, and processes to identify business impediments
   ii. Distribute the CCMS business tool kit to assist with common questions/concerns
   iii. Support the economic vitality of the commercial district

b. Improve business access to workforce resources:
   i. Develop programs with high schools, the Eastern Shore Community College (ESCC), and the restored Cape Charles Washington-Rosenwald School
   ii. Support CCMS Job Fairs through Cape Charles Main Street, Eastern Shore Chamber of Commerce, and/or Eastern Shore Tourism
   iii. Develop internships and apprenticeships (Dept of Labor & Industry - DOLI)

- **To enhance the visitor experience in Cape Charles**

  a. In collaboration with Cape Charles Main Street (CCMS), identify the needs of visitors to the Cape Charles commercial district
  b. In collaboration with CCMS, continue plans to build and fund a visitors' welcome center and restrooms in the commercial district
  c. Work with CCMS to measure and increase traffic and engagement in social media channels and the Cape Charles Virgina's Cape (CCVC) website
  d. Work with CCMS, Town staff, and other organizations to enhance the process for submitting events for posting on the CCVC website

- **Advance a variety of housing options**:

  a. Explore the viability of a workforce housing ordinance related to Planned Unit Developments (PUDs); pursuant to VA Code Sec 15.2-2305.1
  b. Work with developers on workforce housing projects
  c. Promote the ability of accessory dwelling units to be long-term housing
  d. Evaluate incentives for the use of accessory dwellings units as long-term housing
  e. Stay informed about Northampton County efforts

- **Meet our residents' expectation for Town services**:

  a. Establish modern municipal facilities
     i. Ensure safe/effective workplaces
     ii. Develop an accessible and efficient Town Hall
     iii. Strive to centralize resources

  b. Manage smart growth and development, ensuring our small-town character remains balanced against increasing needs for services/infrastructure
     i. Perform analysis of public service needs as a function of anticipated growth
     ii. Evaluate potential financial impacts on municipal budgets
     iii. Develop proffer policy to pay for impacts of future developments

  c. Conduct master planning for potential development of the old railroad property and surrounding harbor areas

  d. Develop a town-wide parking capacity inventory and develop recommendations for possible expansions or improvements

  e. Continue employee training (cross training, customer service training, etc.)

f. Continue citizen concern reporting system
   i. Promote citizen use of "Report a Concern" on Town website
   ii. Follow up public comments expressed during council meetings and through emails received from citizens

g. Evaluate the need and viability of additional services
   i. Recycling, when feasible
   ii. Electric vehicle charging stations, when feasible

h. Evaluate the need and viability of temporary office space for town staff until a new town hall can be built

Implementation:

Any plan is only as good as its implementation strategy. Our current Comprehensive Plan identified this Strategic Plan as its implementation tool. That was because this plan is reviewed annually and can be updated as needed to react in real time to current conditions. However, that does not mean that it is possible for all the objectives in this plan to be accomplished immediately or concurrently. Therefore, the Strategic Plan must be seen as a multi-year planning tool, which is updated each year.

Successful implementation depends on many things, including Political Will, money, staff capacity, and the time to do the work; with each of these representing their own unique challenges.

Political Will was demonstrated by the Mayor and Town Council through their participation in the development of this Strategic Plan. However, this Will can only be sustained with public support. The Strategic Plan cannot be seen as the Town Council's plan, but rather must be perceived as the community's plan. This public buy-in will be sought via annual public meetings to obtain input and address any questions/concerns; as well as using an annual community survey to gain insights and collect data over time regarding community needs and satisfaction.

The Town's fiscal situation has improved significantly since the first Strategic Plan was adopted in 2021. While this does not mean we can fund everything at once, it does mean that we can now begin to put together a reasonable, prioritized spending plan.

While money may be less of an issue, the staff resources necessary to carry out this work remains constrained. Town staff are typically fully engaged in their routine day-to-day duties, which does not afford much additional capacity to take on new objectives. Staff workspace is an additional constraint. If more staff were hired, there is currently insufficient space to house them. While volunteer resources can often help, volunteers cannot be counted upon to shoulder the sole responsibility for specific actions. Volunteer help is an excellent force multiplier but should not be counted upon as the primary resource in formal implementation planning. Therefore, expectations must remain reasonable, so that annual work plans don't become impractical.

Work Plans:

The Strategic Plan was referenced during this year's annual update to the Town's ongoing project priority list. That list, along with this plan will be used in the development of the next Town budget (FY26 - which begins on July 1). That budget is what will establish the resources and expectations for Town work plans in the coming year. A good faith effort will be attempted to work on those objectives which receive sufficient resources in the next budget. However, since this is a multi-year plan, we must accept that some objectives contained herein will not be scheduled until FY27 or beyond.

Please refer to Appendix B to see the current ongoing Town project list and how objectives have been prioritized for the coming year.

Appendix A

Cape Charles Comprehensive Plan Summary of Objectives and Strategies

A) Housing

1. Pursue additional supply and diversity of housing
2. Encourage workforce housing
3. Participate in Housing Finance Programs
4. Promote manufactured housing
5. Address STR impacts on housing

B) Economy

1. Seek healthy balance - residents & tourists
2. Attract families with children
3. Strengthen household economic wellbeing
4. Promote and expand business
5. Promote diverse economic benefits for the harbor
6. Expand local manufacturing base
7. Promote traditional water based economic activities
8. Study chains of activities to identify gaps in a visitor's day
9. Identify placemaking opportunities
10. Update Bay Creek Planned Unit Development (PUD)

C) Transportation

1. Reduce traffic congestion
2. Enhance walkability
3. Maintain safe golf cart operations
4. Increase parking
5. Identify and maintain alleys and easements
6. Promote affordable public transportation
7. Complete multi-use path between historic district, harbor, and Bay Creek
8. Intergrade harbor area with other trail/path networks
9. Support Rails to Trails

D) Environment

1 Enhance Chesapeake Bay water quality
2 Promote strong aesthetics and limit litter
3 Ensure high quality drinking water (Now Virginia American Water)
4 Maintain long-term viability of beach and harbor
5 Promote coastal resiliency
6 Protect wetlands
7 Implement Coastal Resources Management guidance
8 Develop recommendations to improve resiliency to storm events
9 Assess feasibility of recycling
10 Protect and promote tree canopy
11 Evaluate I&I to sewer (Now Virginia American Water)

E) Facilities & Services

1 Pursue amenities for town facilities
2 Create modernized municipal facilities
3 Create multi-use recreation field
4 Ensure effective water & sewer utilities (Now Virginia American Water)
5 Develop policy for paying for facility expansions
6 Develop proffer policy to pay for impacts of future developments
7 Pursue arts, public events, etc.

Appendix B
2025 Ongoing Town Priorities List

BLUE: still in progress from previous work periods and require additional time to complete; All items in blue are currently being worked concurrently (not listed in any particular order):

- **Develop New Municipal Center**
- **Develop New Downtown Restrooms and Visitors Center**
- **Finish Library building sale/upgrades**
- **Work with developers/agencies to facilitate workforce housing**
- **Publish recently adopted Zoning Ordinances to online platform**
- **Develop beachfront master plan (beach, dunes, boardwalk, LOVE sign area, bathhouse, etc.)**

New items to be started as soon as time/resources are available:

1. Pursue development of a shared revenue agreement with the County
2. Develop harbor/RR area conceptual master plan, new design guidelines, and Article IX update
3. Develop an implementable sidewalk infill program
4. Review efficiency of current planning and zoning processes and fees
5. Develop a town-wide parking plan to include a parking capacity inventory and recommendations for possible parking area expansions or improvements
6. Develop metrics and review short term rental ordinances/codes to determine if changes or updates are needed
7. Develop a plan to address coastal resiliency, to include RAFT recommendations

NOTE: *Refer to the Town's FY26 Capital Asset Management Plan (CAMP) to see a five-year schedule of proposed capital projects.*

<table>
<tr><td rowspan="4">TOWN OF
CAPE CHARLES</td><td>AGENDA TITLE: Town Code Chapter 28 – Adoption of State Law</td><td>AGENDA DATE:
June 18, 2025</td></tr>
<tr><td>SUBJECT/PROPOSAL/REQUEST: Adopt Ordinance 20250618B To Incorporate Amendments to the Code of Virginia §46.2; and to Title 16.1, Chapter 11, Article 9 (§16.1-278 Et Seq.); and Title 18.2, Chapter 7, Article 2 (§18.2-266 Et Seq.), If Any, For Incorporation into the Cape Charles Town Code Chapter 28-Traffic and Vehicles</td><td>ITEM NUMBER:
7D</td></tr>
<tr><td>ATTACHMENTS: Ordinance 20250618B</td><td>FOR COUNCIL:
Action (X)
Information ( )</td></tr>
<tr><td>STAFF CONTACT (s):
Libby Hume, Town Clerk</td><td>REVIEWED BY:
Rick Keuroglian, Town Manager</td></tr>
</table>

BACKGROUND:

Each year a new ordinance must be passed accepting any and all amendments to the provisions and requirements set by the Code of Virginia in matters of regulation of motor vehicles and traffic in the Town of Cape Charles and any penalties for traffic violations.

DISCUSSION:

From time to time, the Code of Virginia is amended to either delete or add new safety tactics to protect those traveling on the highways, streets and roads. Changes to penalties and violations are also made. In order to have the authority to enforce these new laws, an amendment to the Town Code must be made that adopts any changes.

RECOMMENDATION:

Staff requests adoption of Ordinance 20250618B To Adopt Amendments to the Code of Virginia §46.2; and Title 16.1, Chapter 11, Article 9 (§16.1-278 Et Seq.); and Title 18.2, Chapter 7, Article 2 (§18.2-266 Et Seq.), if any, for Incorporation into the Cape Charles Town Code Chapter 28-Traffic and Vehicles by roll call vote.

ORDINANCE NO: 20250618B

TO ADOPT AMENDMENTS TO THE CODE OF VIRGINIA §46.2; AND TITLE 16.1, CHAPTER 11, ARTICLE 9 (§16.1-278 ET SEQ.); AND TITLE 18.2, CHAPTER 7, ARTICLE 2 (§ 18.2-266 ET SEQ.), IF ANY, FOR INCORPORATION INTO THE CAPE CHARLES TOWN CODE CHAPTER 28-TRAFFIC AND VEHICLES

WHEREAS, it is necessary to follow the guide set by the Code of Virginia to protect the safety and welfare of residents and guests of the Town of Cape Charles; and

WHEREAS, from time to time, the Code of Virginia is amended to protect those traveling the highways, streets and roads of the Commonwealth; and

WHEREAS, in order to have the authority to enforce these new laws, the Town Council of the Town of Cape Charles must adopt any and all amendments made by the Commonwealth of Virginia; now

THEREFORE, BE IT ORDAINED: That pursuant to the authority of the Code of Virginia, 1950, as amended, § 46.2-1313, all of the provisions and requirements of the laws of the Commonwealth contained in Code of Virginia, Title 46.2 and Code of Virginia, Article 9 (§ 16.1-278 et seq.) of Chapter 11 of Title 16.1, and of Article 2 (§ 18.2-266 et seq.) of Chapter 7 of Title 18.2 into ordinances as in force and effect on the date of the adoption of this Code, and as amended in the future, except those provisions and requirements the violation of which constitutes a felony, and except those provisions and requirements which, by their very nature, can have no application to or within the town, are hereby adopted and incorporated in this chapter by reference and made applicable within the Town. References to "highways of the state" contained in such provisions and requirements hereby adopted shall be deemed to refer to the streets, highways and other public ways within the Town. Such provisions and requirements are hereby adopted, *mutadis mutandis*, and made a part of this chapter as fully as though set forth at length herein. It shall be unlawful for any person within the Town to violate or fail, neglect or refuse to comply with any provision or requirement which is adopted by this section; provided, that in no event shall the penalty imposed for the violation of any provision or requirement hereby adopted exceed the penalty imposed for a similar offense under the Code of Virginia. This ordinance will take effect July 1, 2025.

****

Adopted by the Town Council of Cape Charles on June 18, 2025.

____
Mayor Adam Charney

ATTEST:

____
Town Clerk

TOWN OF CAPE CHARLES	**AGENDA TITLE:** June 30, 2024 Audited Financial Report	**AGENDA DATE:** June 18, 2025
	SUBJECT/PROPOSAL/REQUEST: Review of Report	**ITEM NUMBER:** 7E
	ATTACHMENTS: Audited Annual Financial Report for the Year Ended June 30, 2024 and accompanying correspondence	**FOR COUNCIL:** Action ( ) Information (X)
	STAFF CONTACT (s): Marion Sofield, Treasurer	**REVIEWED BY:** Rick Keuroglian, Town Manager

BACKGROUND:

Annual Financial Report for the Year Ended June 30, 2024

- Audit and accompanying report from Robinson, Farmer, Cox Associates, PLLC

ITEM SPECIFICS:

Correspondence from Town of Cape Charles Treasurer to Town Council and Town Manager

- Memorandum regarding audit recommendations and findings

Correspondence from Auditors:

- Communication with those charged with governance
- Management correspondence

RECOMMENDATION:

Staff recommends review of the referenced financial statements, recommendations and findings.

MUNICIPAL CORPORATION
OF
CAPE CHARLES, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

MEMORANDUM

TO: Mayor of Cape Charles
Cape Charles Town Council
Cape Charles Town Manager

FROM: Marion Sofield, Town of Cape Charles, Treasurer MCS

DATE: May 29, 2025

SUBJECT: Fiscal Year 2024 Annual Financial Report and Related Findings

On this date, Robinson, Farmer, Cox Associates, PLLC, Certified Public Accountants, provided us with our Annual Financial Report for the fiscal year ended June 30, 2024. In addition to the report, we received the attached "governance letter," and a "management correspondence," both dated May 2, 2025.

Of special note is the fact that our auditors recommended we put in place a formal year-end closing checklist so that accuracy and completeness are achieved without concern for inconsistencies, omissions, or other errors. The finance department agrees with the auditors' recommendations and is eager to complete this task.

In addition, we were issued a material weakness statement due to inadequate internal controls over credit card transactions. While not challenging this finding, I do wish to convey that what was found in portions of the "Criteria" / "Cause" statements within "Section II-Financial Statement Findings" of the Annual Financial Report, is not a complete recitation of the facts. My professional opinion is that the finance department's staff did identify potentially suspicious transactions due to knowledge of fraud detection, but management may not have reacted expediently.

Internal actions taken upon the discovery of suspicious transactions:

- an internal audit of all credit card transactions was conducted
- following a thorough review of credit card transactions, anomalies were noted, and credit card(s) were cancelled
- results of our internal review were submitted to law enforcement, who are currently investigating the documentation provided

Additional security measures and other preventative procedures implemented:

- cancelled all credit cards and contracted with a new credit card provider
- established individual spending limits for employee cardholders
- updated credit card use agreement to provide for immediate suspension upon non-compliance with reporting requirements
- continued credit card transaction reviews and coding
- additional internal controls and mandates for further comprehensive continuing education – as relevant – will be put into action

Furthermore, staff is prepared to implement any other policies or procedures that Town Council deems appropriate. In addition to the measures outlined above, the Town has hired new personnel in the roles of town manager and treasurer. Each of these executive level employees will report to Council and the citizens of Cape Charles, to ensure the highest level of transparency and security over the taxpayers' dollars with which we are entrusted.

CPAs | Consultants

Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

Communication with Those Charged with Governance

To the Honorable Members of the Municipal Corp. Council
Municipal Corporation of Cape Charles, Virginia
Cape Charles, Virginia

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Municipal Corporation of Cape Charles, Virginia for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Municipal Corporation of Cape Charles, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Municipal Corporation's financial statements were:

> Management's estimate of the uncollectible taxes receivable, accrued leave, useful lives of capital assets, depreciation expense and accumulated depreciation are based on prior year experience and specific account review and analysis for the allowance for uncollectible taxes receivable and guidance from accounting literature and other sources regarding the estimated useful lives of capital assets and depreciation methods. The net pension asset and net OPEB liability and related items are based on calculations made by an actuary contracted by the State for the Virginia Retirement System. The lessee liabilities values are based on historic contracts and estimated interest rated. We evaluated the methods, assumptions, and data used to develop the above estimates in determining that those items are reasonable in relation to the financial statements taken as a whole.

The Municipal Corporation of Cape Charles, Virginia sold their water and sewer system to Virginia-American Water Company during the year. The results of this transactions can be found in the proprietary fund statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: recording sale of water and sewer system.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 2, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We issued a material weakness for internal controls over credit card transactions. Please see finding 2024-01 in the financial statements for additional information.

<u>Other Matters</u>

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to the budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of the schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matters: (Continued)

We were engaged to report on the supporting schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical information which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Municipal Corporation Council and management of Municipal Corporation of Cape Charles, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Richmond, Virginia
May 2, 2025

ROBINSON, FARMER, COX ASSOCIATES, PLLC
CPAs | CONSULTANTS
Certified Public Accountants

DATE: May 2, 2025

MEMORANDUM TO: Town Council
Town of Cape Charles, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY24 Audit of Town of Cape Charles

In planning and performing our audit of the financial statements of the Town of Cape Charles, Virginia for the year ended June 30, 2024, we considered the Town's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls over financial reporting. This letter does not affect our report dated May 2 2025, on the financial statements of the Town of Cape Charles, Virginia.

We will review the status of these comments during our next audit engagement. We have already discussed these recommendations with appropriate members of management and will be pleased to discuss these matters in further detail at your convenience.

YEAR-END CLOSING PROCEDURES

During our audit, we noted that the Town does not have a formal year-end closing checklist in place. This absence can lead to inconsistencies and errors in the financial closing process, potentially impacting the accuracy and completeness of the financial statements. We recommend that the Town develop and implement a comprehensive year-end closing checklist. This checklist should include all necessary steps and procedures to ensure a thorough and accurate closing of the financial books.

This report is intended solely for the information and use of the Town, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

MUNICIPAL CORPORATION OF CAPE CHARLES, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

MUNICIPAL CORPORATION OF CAPE CHARLES, VIRGINIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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Independent Auditors' Report

To the Honorable Members of the Municipal Corp. Council
Municipal Corporation of Cape Charles
Cape Charles, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Municipal Corporation of Cape Charles, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Municipal Corporation of Cape Charles, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Municipal Corporation of Cape Charles, Virginia, as of and for the year ended 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Municipal Corporation of Cape Charles, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Municipal Corporation of Cape Charles, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional 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 Municipal Corporation of Cape Charles, 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 Municipal Corporation of Cape Charles, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Municipal Corporation of Cape Charles, Virginia's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is 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 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 May 2, 2025, on our consideration of Municipal Corporation of Cape Charles, 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 Municipal Corporation of Cape Charles, 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 Municipal Corporation of Cape Charles, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
May 2, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Municipal Corporation Council
To the Citizens of the Municipal Corporation of Cape Charles
Cape Charles, Virginia

As management of Municipal Corporation of Cape Charles, Virginia (the "Municipal Corp.") we offer readers of the Municipal Corp.'s financial statements this narrative overview and analysis of the financial activities of the Municipal Corp. for the fiscal year ended June 30, 2024. Please read it in conjunction with the Municipal Corp.'s basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the Municipal Corp. exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $31,344,599 (net position).

- The Municipal Corp. sold the Water and Sewer system during the current fiscal year, which resulted in a loss of $5,197,178.

Fund Financial Statements

Governmental funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other uses by $14,800,555 (Exhibit 5).

- As of the close of the current fiscal year, the Municipal Corp.'s general fund reported an ending fund balance of $18,067,063, an increase of $14,499,888 in comparison with the prior year.

- The combined long-term obligations decreased $5,222,774 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Municipal Corp.'s basic financial statements. The Municipal Corp.'s basic financial statements comprise three components:

1. Government-wide financial statements,

2. Fund financial statements, and

3. Notes to the financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

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

Both of the government-wide financial statements distinguish functions of the Municipal Corp. that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Municipal Corp. include general government, police protection, cultural events, recreation, and community development.

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 Municipal Corporation of Cape Charles, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Municipal Corp. can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Municipal Corp. has four major governmental funds – the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects fund.

Proprietary funds – Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Harbor Fund provides docking facilities and fuel sales for harbor customers. The Sanitation Fund provides refuse collection services.

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

Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedules related to pension and OPEB funding. Other supplementary information consists of detailed budgetary schedules and statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Municipal Corp.'s financial position. In the case of the Municipal Corp., assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $31,344,599 at the close of the most recent fiscal year. The following table summarizes the Municipal Corp.'s Statement of Net Position:

Municipal Corporation of Cape Charles, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	$20,424,206	$ 5,490,661	$ 446,438	$ 4,615,225	$20,870,644	$10,105,886
Capital assets	6,774,479	5,833,688	5,345,676	24,589,674	12,120,155	30,423,362
Total assets	$27,198,685	$11,324,349	$ 5,792,114	$29,204,899	$32,990,799	$40,529,248
Deferred outflows of resources:						
Pension related items	$ 119,653	$ 130,552	$ -	$ 43,517	$ 119,653	$ 174,069
OPEB related items	24,238	16,105	-	5,368	24,238	21,473
Total deferred outflows of resources	$ 143,891	$ 146,657	$ -	$ 48,885	$ 143,891	$ 195,542
Current liabilities	$ 403,958	$ 844,626	$ 546,879	$ 449,081	$ 950,837	$ 1,293,707
Long-term liabilities outstanding	317,341	900,251	-	4,639,864	317,341	5,540,115
Total liabilities	$ 721,299	$ 1,744,877	$ 546,879	$ 5,088,945	$ 1,268,178	$ 6,833,822
Deferred inflows of resources:						
Deferred revenue - prepaid taxes	$ 10,251	$ 31,718	$ -	$ -	$ 10,251	$ 31,718
Lease deferrals	4,123	6,184	-	-	4,123	6,184
Pension related items	86,175	110,542	-	36,848	86,175	147,390
OPEB related items	15,258	15,680	-	5,227	15,258	20,907
Total deferred inflows of resources	$ 115,807	$ 164,124	$ -	$ 42,075	$ 115,807	$ 206,199
Net position:						
Net investment in capital assets	$ 6,675,026	$ 5,007,046	$ 5,345,676	$20,013,819	$12,020,702	$25,020,865
Restricted:						
Debt covenants	-	-	-	258,593	-	258,593
Net pension asset	489,426	349,541	-	116,514	489,426	466,055
Unrestricted	18,934,912	4,205,418	(100,441)	3,733,838	18,834,471	7,939,256
Total net position	$26,099,364	$ 9,562,005	$ 5,245,235	$24,122,764	$31,344,599	$33,684,769

Government-wide Financial Analysis (Continued)

During the current fiscal year, the Municipal Corp.'s net position decreased by $2,340,170. The following table summarizes the Municipal Corp.'s Statement of Activities:

Municipal Corporation of Cape Charles, Virginia's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 482,538	$ 470,813	$ 2,772,817	$ 3,125,144	$ 3,255,355	$ 3,595,957
Operating grants and contributions	448,040	75,659	-	-	448,040	75,659
Capital grants and contributions	536,473	446,819	357,594	663,462	894,067	1,110,281
General revenues:						
General property taxes	1,934,275	1,821,640	-	-	1,934,275	1,821,640
Other local taxes	2,147,461	1,961,575	-	-	2,147,461	1,961,575
Grants and other contributions not restricted	66,378	68,327	228,687	-	295,065	68,327
Other general revenues	643,149	148,398	208,454	119,551	851,603	267,949
Total revenues	$ 6,258,314	$ 4,993,231	$ 3,567,552	$ 3,908,157	$ 9,825,866	$ 8,901,388
Expenses:						
General government administration	$ 1,504,838	$ 1,279,860	$ -	$ -	$ 1,504,838	$ 1,279,860
Public safety	874,738	818,082	-	-	874,738	818,082
Public works	697,154	744,797	-	-	697,154	744,797
Parks, recreation, and cultural	198,865	306,925	-	-	198,865	306,925
Community development	296,311	283,613	-	-	296,311	283,613
Interest and other fiscal charges	23,607	22,468	-	-	23,607	22,468
Enterprise funds	-	-	3,373,345	3,944,635	3,373,345	3,944,635
Total expenses	$ 3,595,513	$ 3,455,745	$ 3,373,345	$ 3,944,635	$ 6,968,858	$ 7,400,380
Special Item	$ -	$ -	$ (5,197,178)	$ -	(5,197,178)	$ -
Transfers	$13,874,558	$ 61,729	$ (13,874,558)	$ (61,729)	$ -	$ -
Change in net position	$16,537,359	$ 1,599,215	$ (18,877,529)	$ (98,207)	$ (2,340,170)	$ 1,501,008
Beginning of year	9,562,005	7,962,790	24,122,764	24,220,971	33,684,769	32,183,761
End of year	$26,099,364	$ 9,562,005	$ 5,245,235	$24,122,764	$ 31,344,599	$33,684,769

Financial Analysis of the Municipal Corp.'s Funds

As noted earlier, the Municipal Corp. used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Municipal Corp.'s governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Municipal Corp.'s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Municipal Corp.'s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Municipal Corp.'s governmental funds reported a fund balance of $19,010,822, an increase of $14,800,555 in comparison with the prior year. $17,831,171 of fund balance was unassigned. The majority of the increase in fund balance is attributable to the sale of the water and sewer system.

Proprietary Funds - The Municipal Corp.'s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to ($100,441). Total net position decreased $18,877,529. The majority of the decrease in net position was due to the sale of the water and sewer system.

General Fund Budgetary Highlights

During the year, actual revenues and other sources were more than budgetary estimates by $14,315,389. Actual expenditures and other uses were less than budgetary estimates by $517,042, resulting in a positive variance of $14,832,431.

Capital Asset and Debt Administration

Capital assets - The Municipal Corp.'s investment in capital assets for its governmental activities and business type activities as of June 30, 2024, amounts to $6,774,479 and $5,345,676, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and leases.

Additional information on the Municipal Corp.'s capital assets can be found in Note 5 of this report.

Long-term debt - At the end of the current fiscal year, the Municipal Corp. had total long-term debt outstanding of $99,453. Of this amount, $0 comprises debt backed by the full faith and credit of the Municipal Corp. The remainder of the Municipal Corp.'s debt represents amounts secured solely by specific property (notes payable and equipment leases).

During the current fiscal year, the Municipal Corp.'s total debt outstanding decreased by $5,186,467.

Additional information on the Municipal Corp.'s long-term debt can be found in Note 6 of this report.

Next Year Budget

The fiscal year 2025 total budget decreased by approximately 3.56% due to planned completion of capital project expenditures.

Requests for Information

This financial report is designed to provide a general overview of the Municipal Corporation of Cape Charles, Virginia's finances for all those with an interest in the Municipal Corp.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Municipal Corp. Manager, 2 Plum Street, Cape Charles, Virginia 23310.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Municipal Corporation of Cape Charles, Virginia
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,773,119	$ 176,014	$ 1,949,133
Investments	17,644,317	-	17,644,317
Receivables (net of allowance for uncollectibles):			
Taxes receivable	112,783	-	112,783
Accounts receivable	259,609	260,688	520,297
Lease receivable	3,569	-	3,569
Due from other governmental units	116,171	-	116,171
Inventories	-	9,736	9,736
Prepaid items	25,212	-	25,212
Net pension asset	489,426	-	489,426
Capital assets (net of accumulated depreciation):			
Land and land improvements	2,165,460	-	2,165,460
Buildings and improvements	631,265	32,575	663,840
Improvements other than buildings	-	5,190,903	5,190,903
Machinery and equipment	362,039	122,198	484,237
Lease equipment	14,189	-	14,189
Infrastructure	2,951,872	-	2,951,872
Construction in progress	649,654	-	649,654
Total assets	$ 27,198,685	$ 5,792,114	$ 32,990,799
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 119,653	$ -	$ 119,653
OPEB related items	24,238	-	24,238
Total deferred outflows of resources	$ 143,891	$ -	$ 143,891
LIABILITIES			
Accounts payable	$ 152,353	$ 139,369	$ 291,722
Accrued liabilities	124,042	-	124,042
Reconciled overdraft payable	-	407,510	407,510
Unearned revenue	127,563	-	127,563
Long-term liabilities:			
Due within one year	47,693	-	47,693
Due in more than one year	269,648	-	269,648
Total liabilities	$ 721,299	$ 546,879	$ 1,268,178
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 86,175	$ -	$ 86,175
OPEB related items	15,258	-	15,258
Lease deferrals	4,123	-	4,123
Deferred revenue - property taxes	10,251	-	10,251
Total deferred inflows of resources	$ 115,807	$ -	$ 115,807
NET POSITION			
Net investment in capital assets	$ 6,675,026	$ 5,345,676	$ 12,020,702
Restricted:			
Net pension asset	489,426	-	489,426
Unrestricted	18,934,912	(100,441)	18,834,471
Total net position	$ 26,099,364	$ 5,245,235	$ 31,344,599

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

Exhibit 2

Municipal Corporation of Cape Charles, Virginia
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	$ 1,504,838	$ 34,519	$ -	$ -	$ (1,470,319)	$ -	$ (1,470,319)
Public safety	874,738	447,356	131,987	-	(295,395)	-	(295,395)
Public works	697,154	-	311,553	-	(385,601)	-	(385,601)
Parks, recreation, and cultural	198,865	663	4,500	536,473	342,771	-	342,771
Community development	296,311	-	-	-	(296,311)	-	(296,311)
Interest on long-term debt	23,607	-	-	-	(23,607)	-	(23,607)
Total governmental activities	$ 3,595,513	$ 482,538	$ 448,040	$ 536,473	$ (2,128,462)	$ -	$ (2,128,462)
Business-type activities:							
Water and Sewer	$ 1,993,200	$ 1,602,354	$ -	$ 357,594	$ -	$ (33,252)	$ (33,252)
Harbor	1,052,693	836,173	-	-	-	(216,520)	(216,520)
Sanitation	327,452	334,290	-	-	-	6,838	6,838
Total business-type activities	$ 3,373,345	$ 2,772,817	$ -	$ 357,594	$ -	$ (242,934)	$ (242,934)
Total primary government	$ 6,968,858	$ 3,255,355	$ 448,040	$ 894,067	$ (2,128,462)	$ (242,934)	$ (2,371,396)
General revenues:							
General property taxes					$ 1,934,275	$ -	$ 1,934,275
Restaurant food taxes					872,907	-	872,907
Business license taxes					357,272	-	357,272
Hotel and motel room taxes					639,825	-	639,825
Other local taxes					277,457	-	277,457
Unrestricted revenues from use of money					298,902	208,334	507,236
Miscellaneous					344,247	120	344,367
Grants and contributions not restricted to specific programs					66,378	228,687	295,065
Gain (loss) on disposal of operations					-	(5,197,178)	(5,197,178)
Transfers					13,874,558	(13,874,558)	-
Total general revenues and transfers					$ 18,665,821	$ (18,634,595)	$ 31,226
Change in net position					$ 16,537,359	$ (18,877,529)	$ (2,340,170)
Net position - beginning					9,562,005	24,122,764	33,684,769
Net position - ending					$ 26,099,364	$ 5,245,235	$ 31,344,599

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

FUND FINANCIAL STATEMENTS

Exhibit 3

Municipal Corporation of Cape Charles, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 599,878	$ -	$ 970,188	$ 1,570,066
Investments	17,428,486	-	215,831	17,644,317
Receivables:				
Taxes receivable	112,783	-	-	112,783
Accounts receivable	247,104	-	12,505	259,609
Lease receivable	3,569	-	-	3,569
Due from other governmental units	25,438	-	90,733	116,171
Prepaid items	25,212	-	-	25,212
Total assets	$ 18,442,470	$ -	$ 1,289,257	$ 19,731,727
LIABILITIES				
Accounts payable	$ 137,471	$ 7,627	$ 7,255	$ 152,353
Accrued liabilities	124,042	-	-	124,042
Reconciled overdraft payable	-	203,053	-	203,053
Unearned revenue	-	-	127,563	127,563
Total liabilities	$ 261,513	$ 210,680	$ 134,818	$ 607,011
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 109,771	$ -	$ -	$ 109,771
Lease deferrals	4,123	-	-	4,123
Total deferred inflows of resources	$ 113,894	$ -	$ -	$ 113,894
FUND BALANCE				
Nonspendable:				
Prepaid items	$ 25,212	$ -	$ -	$ 25,212
Committed	-	-	1,154,439	1,154,439
Unassigned (deficit)	18,041,851	(210,680)	-	17,831,171
Total fund balance (deficit)	$ 18,067,063	$ (210,680)	$ 1,154,439	$ 19,010,822
Total liabilities, deferred inflows of resources and fund balance (deficit)	$ 18,442,470	$ -	$ 1,289,257	$ 19,731,727

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

Municipal Corporation of Cape Charles, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance per Exhibit 3 - Balance Sheet - Governmental Funds		$ 19,010,822
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 12,301,462	
Accumulated depreciation	(5,526,983)	6,774,479
The net pension asset is not an available resource and, therefore, is not reported in the funds.		489,426
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue.		
Unavailable property taxes		99,520
Deferred outflows of resources are not available to pay for current period expenditures, and therefore, are not reported in the funds.		
Pension related items	$ 119,653	
OPEB related items	24,238	143,891
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Bonds and notes payable	$ (85,371)	
Lease liabilities	(14,082)	
Net OPEB liability	(86,231)	
Compensated absences	(131,657)	(317,341)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (86,175)	
OPEB related items	(15,258)	(101,433)
Net position of governmental activities		$ 26,099,364

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

Municipal Corporation of Cape Charles, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	General	Special Revenue	Debt Service	Capital Projects	Total
REVENUES					
General property taxes	$ 1,883,080	$ -	$ -	$ -	$ 1,883,080
Other local taxes	2,147,461	-	-	-	2,147,461
Permits, privilege fees, and regulatory licenses	381,178	-	-	-	381,178
Fines and forfeitures	66,028	-	-	-	66,028
Revenue from the use of money and property	333,421	-	-	-	333,421
Charges for services	813	-	-	-	813
Miscellaneous	343,836	411	-	-	344,247
Recovered costs	31,257	-	-	-	31,257
Intergovernmental:					
Commonwealth	104,597	19,500	-	536,473	660,570
Federal	28,794	52,059	-	309,468	390,321
Total revenues	$ 5,320,465	$ 71,970	$ -	$ 845,941	$ 6,238,376
EXPENDITURES					
Current:					
General government administration	$ 1,454,551	$ -	$ -	$ -	$ 1,454,551
Public safety	1,051,471	15,000	-	-	1,066,471
Public works	740,294	-	-	-	740,294
Parks, recreation, and cultural	179,409	6,867	-	-	186,276
Community development	216,664	91,069	-	-	307,733
Capital projects	-	-	-	922,835	922,835
Debt service:					
Principal retirement	7,203	-	652,209	-	659,412
Interest and other fiscal charges	996	-	22,611	-	23,607
Total expenditures	$ 3,650,588	$ 112,936	$ 674,820	$ 922,835	$ 5,361,179
Excess (deficiency) of revenues over (under) expenditures	$ 1,669,877	$ (40,966)	$ (674,820)	$ (76,894)	$ 877,197
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 14,393,390	$ -	$ 1,193,652	$ 598,377	$ 16,185,419
Transfers out	(1,612,179)	(179,850)	(518,832)	-	(2,310,861)
Issuance of note payable	48,800	-	-	-	48,800
Total other financing sources (uses)	$ 12,830,011	$ (179,850)	$ 674,820	$ 598,377	$ 13,923,358
Net change in fund balance	$ 14,499,888	$ (220,816)	$ -	$ 521,483	$ 14,800,555
Fund balance - beginning	3,567,175	10,136	-	632,956	4,210,267
Fund balance - ending	$ 18,067,063	$ (210,680)	$ -	$ 1,154,439	$ 19,010,822

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

Municipal Corporation of Cape Charles, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balance - total governmental funds		$ 14,800,555
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. The following is a summary of items supporting this adjustment:		
Capital asset additions	$ 1,221,723	
Depreciation expense	(280,932)	940,791
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 changes in unavailable taxes.		
Increase (decrease) in unavailable property taxes		51,195
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:		
Principal retirement on general obligation bonds	$ 629,218	
Principal retirement on notes payable	22,991	
Principal retirement on lease liabilities	7,203	
Issuance of notes payable	(48,800)	610,612
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	$ (3,963)	
Change in OPEB related items	(15,184)	
Change in pension related items	153,353	134,206
Change in net position of governmental activities		$ 16,537,359

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

Municipal Corporation of Cape Charles, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2024

	Water and Sewer	Harbor	Sanitation	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 100,000	$ -	$ 76,014	$ 176,014
Accounts receivable, net of allowance for uncollectibles	-	229,665	31,023	260,688
Inventories	-	9,736	-	9,736
Total current assets	$ 100,000	$ 239,401	$ 107,037	$ 446,438
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Buildings and improvements	$ -	$ 32,575	$ -	$ 32,575
Improvements other than buildings	-	5,190,903	-	5,190,903
Machinery and equipment	-	122,198	-	122,198
Total capital assets	$ -	$ 5,345,676	$ -	$ 5,345,676
Total noncurrent assets	$ -	$ 5,345,676	$ -	$ 5,345,676
Total assets	$ 100,000	$ 5,585,077	$ 107,037	$ 5,792,114
LIABILITIES				
Current liabilities:				
Accounts payable	$ -	$ 86,449	$ 52,920	$ 139,369
Reconciled overdraft payable	-	407,510	-	407,510
Total current liabilities	$ -	$ 493,959	$ 52,920	$ 546,879
Total liabilities	$ -	$ 493,959	$ 52,920	$ 546,879
NET POSITION				
Net investment in capital assets	$ -	$ 5,345,676	$ -	$ 5,345,676
Unrestricted (deficit)	100,000	(254,558)	54,117	(100,441)
Total net position	$ 100,000	$ 5,091,118	$ 54,117	$ 5,245,235

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

Exhibit 8

Municipal Corporation of Cape Charles, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Water and Sewer	Harbor	Sanitation	Total
OPERATING REVENUES				
Charges for services:				
Water	$ 567,648	$ -	$ -	$ 567,648
Sewer	1,018,156	-	-	1,018,156
Harbor fees	-	368,821	-	368,821
Refuse collection	-	-	331,846	331,846
Fuel and oil sales	-	461,236	-	461,236
Penalties	16,550	-	2,444	18,994
Other revenues	-	6,116	-	6,116
Miscellaneous	120	-	-	120
Total operating revenues	$ 1,602,474	$ 836,173	$ 334,290	$ 2,772,937
OPERATING EXPENSES				
Personnel services	$ 381,181	$ 14,163	$ -	$ 395,344
Fringe benefits	219,997	3,409	-	223,406
Contractual services	235,811	274,723	307,510	818,044
Other supplies and expenses	554,846	492,905	17,570	1,065,321
Depreciation	558,560	249,686	2,372	810,618
Total operating expenses	$ 1,950,395	$ 1,034,886	$ 327,452	$ 3,312,733
Operating income (loss)	$ (347,921)	$ (198,713)	$ 6,838	$ (539,796)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental:				
Commonwealth	$ -	$ 228,687	$ -	$ 228,687
Interest income	208,334	-	-	208,334
Connection fees	53,050	-	-	53,050
Facility fees	304,544	-	-	304,544
Interest and fiscal charges	(42,805)	(17,807)	-	(60,612)
Total nonoperating revenues (expenses)	$ 523,123	$ 210,880	$ -	$ 734,003
Income (loss) before special items and transfers	$ 175,202	$ 12,167	$ 6,838	$ 194,207
SPECIAL ITEM				
Loss on sale of plant	$ (5,197,178)	$ -	$ -	$ (5,197,178)
Transfers in	-	518,832	-	518,832
Transfers out	(14,393,390)	-	-	(14,393,390)
Change in net position	$ (19,415,366)	$ 530,999	$ 6,838	(18,877,529)
Net position - beginning	19,515,366	4,560,119	47,279	24,122,764
Net position - ending	$ 100,000	$ 5,091,118	$ 54,117	$ 5,245,235

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

Municipal Corporation of Cape Charles, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Water and Sewer	Harbor	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,004,967	$ 774,526	$ 325,711	$ 2,105,204
Payments for operating expenses	(786,355)	(361,465)	(296,561)	(1,444,381)
Payments to employees	(541,863)	(17,572)	-	(559,435)
Net cash provided by (used for) operating activities	$ (323,251)	$ 395,489	$ 29,150	$ 101,388
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	$ (10,749,031)	$ -	$ -	$ (10,749,031)
Transfers from other funds	-	518,832	-	518,832
Intergovernmental	-	228,687	-	228,687
Net cash provided by (used for) noncapital financing activities	$ (10,749,031)	$ 747,519	$ -	$ (10,001,512)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	$ (519,237)	$ (627,159)	$ -	$ (1,146,396)
Principal payments on bonds	(4,014,394)	(561,461)	-	(4,575,855)
Connection fees	(111,702)	-	-	(111,702)
Facility fees	304,544	-	-	304,544
Interest payments	(66,227)	(26,692)	-	(92,919)
Sale of plant	15,050,000	-	-	15,050,000
Net cash provided by (used for) capital and related financing activities	$ 10,642,984	$ (1,215,312)	$ -	$ 9,427,672
Net increase (decrease) in cash and cash equivalents	$ (429,298)	$ (72,304)	$ 29,150	$ (472,452)
Cash and cash equivalents - beginning	529,298	72,304	46,864	648,466
Cash and cash equivalents - ending	$ 100,000	$ -	$ 76,014	$ 176,014
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (347,921)	$ (198,713)	$ 6,838	$ (539,796)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	$ 558,560	$ 249,686	$ 2,372	$ 810,618
(Increase) decrease in accounts receivable	(579,894)	(61,647)	(8,579)	(650,120)
(Increase) decrease in inventories	-	3,650	-	3,650
(Increase) decrease in net pension asset	116,514	-	-	116,514
(Increase) decrease in deferred outflows of resources	48,885	-	-	48,885
Increase (decrease) in customer deposits	(17,613)	-	-	(17,613)
Increase (decrease) in accounts payable	10,859	(4,997)	28,519	34,381
Increase (decrease) in accrued liabilities	(6,557)	-	-	(6,557)
Increase (decrease) in reconciled overdraft payable	-	407,510	-	407,510
Increase (decrease) in compensated absences	(43,178)	-	-	(43,178)
Increase (decrease) in net OPEB liability	(20,831)	-	-	(20,831)
Increase (decrease) in deferred inflows of resources	(42,075)	-	-	(42,075)
Total adjustments	$ 24,670	$ 594,202	$ 22,312	$ 641,184
Net cash provided by (used for) operating activities	$ (323,251)	$ 395,489	$ 29,150	$ 101,388

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

Note 1 — Summary of Significant Accounting Policies:

The Municipal Corporation of Cape Charles, Virginia (the "Municipal Corp.") is governed by an elected mayor and a six-member Council. The Municipal Corp. provides a full range of services for its citizens. These services include police protection, sanitation services, and utilities.

The financial statements of Municipal Corporation of Cape Charles, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). The more significant of the Municipal Corp.'s accounting policies are described below.

Financial Statements

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's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) 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 the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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). 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)

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

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

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 Municipal Corp. of Cape Charles (the primary government). Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. 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 Units. The Municipal Corp. has no blended component units at June 30, 2024.

Discretely Presented Component Units. – The Municipal Corp. has no discretely presented component units at June 30, 2024.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation *(Continued)*

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, etc.) or a business-type activity.

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

Property taxes, 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 utility and subsequently remitted to the Municipal Corp., are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Municipal Corp.

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 expenditure. 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 Municipal Corp. 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.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation *(Continued)*

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The General Fund is the primary operating fund of the Municipal Corp. 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. The General Fund is considered a major fund for reporting purposes.

The Special Revenue Fund is used to account for and report special activities. Revenues are derived primarily from recovered costs and state and federal grants. The Special Revenue Fund is considered a major fund for reporting purposes.

The Debt Service Fund is used to account for and report debt issuances and debt repayments. Revenues are derived primarily from transfers from other Municipal Corp. funds and issuances of debt. The Debt Service Fund is considered a major fund for reporting purposes.

The Capital Projects Fund is used to account for and report construction activity. Revenues are derived primarily from transfers from other Municipal Corp. funds and state and federal grants. The Capital Projects Fund is considered a major fund for reporting purposes.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The 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 account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water and Sewer, Harbor, and Sanitation Funds.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, 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 Municipal Corp'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.

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

E. Investments

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

F. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 "due to/from other funds" (i.e. the current portions of the 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 uncollectibles. The Municipal Corp. calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible sanitation billing and harbor billing amounted to $11,293 and $15,240, respectively, at June 30, 2024. The allowance for uncollectible property taxes was $29,022 at June 30, 2024.

Real and Personal Property Tax Data:

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

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The Municipal Corp. bills and collects its own property taxes. Property taxes are based upon the rate levied by Municipal Corp. Council multiplied by the taxable assessed value. The assessed value of real and personal property is determined for the Municipal Corp. by the Commissioner of Revenue of the County of Northampton.

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Municipal Corp. as land, buildings, and equipment with an initial individual cost of more than $5,000 (with the exception of land values) and an estimated useful life in excess of two years.

As the Municipal Corp. 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 and subscription 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.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease equipment, subscription assets, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-40
Improvements other than buildings	5-40
Machinery and equipment	3-20
Lease equipment	3-10
Water/sewer system	15-50
Infrastructure	25

I. 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.

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

J. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

K. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Municipal Corp. 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 Municipal Corp.'s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

L. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Corp.'s Retirement Plan and the additions to/deductions from the Municipal Corp.'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.

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 OPEB Plan and the additions to/deductions from the VRS OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

N. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities or business-type activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of items for resale. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

P. Fund Balance

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

- Nonspendable fund balance – amounts that are 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 purpose unless the government takes the same highest level action to remove or change the constraint;

- 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. Governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

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

P. Fund Balance (Continued)

Municipal Corp. 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, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Municipal Corp. 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).

Q. 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 Municipal Corp. 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 this item, 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 Municipal Corp. 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 and amounts prepaid on next year’s taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year’s taxes are reported as inflows of resources. In addition, certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

R. Leases

The Municipal Corp. has various lease assets requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Municipal Corp. 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).

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

R. Leases and Subscription-Based IT Arrangements (Continued)

Lessee

The Municipal Corp. 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.

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 Municipal Corp. uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Municipal Corp. uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.

- The lease terms include 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 receivable (lessor) or lease liability (lessee).

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

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Note 2 — Stewardship, Compliance, and Accounting:

The following procedures are used by the Municipal Corp. in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1st, the Municipal Corp. Manager submits to the Municipal Corp. 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 Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Municipal Corp. Council or Municipal Corp. Manager.

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Appropriations lapse on June 30, for all Municipal Corp. units.

7. Expenditures exceeded appropriations in the Debt Service in the General Fund and Planning and Community Development in the Special Revenue Fund at year-end.

Expenditures and Appropriations

Expenditures exceeded appropriations in the Debt Service fund for the fiscal year ended June 30, 2024.

Note 3 — Deposits and Investments:

Deposits

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

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).

Note 3 — Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The Municipal Corp.'s rated debt investments as of June 30, 2024 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The Municipal Corp.'s investment policy has an emphasis on high credit quality and known marketability. The Municipal Corp.'s policy seeks to maximize the rate of return on investments while maintaining a low level of risk.

Rated Debt Investments	Fair Quality Rating	
	AAAm	AA+f/S1
Local Government Investment Pool	$ 479,491	$ -
VML/VACO Virginia Investment Pool Stable Nav	15,853,233	-
VML/VACO Virginia Investment 1-3 Year High Quality Bond Fund	-	1,052,936
Money Market Mutual Fund	258,657	-
Total	$ 16,591,381	$ 1,052,936

Interest Rate Risk

Investment Type	Investment Maturities (in years) Fair Value	Less Than 1 Year	1-3 Years
Local Government Investment Pool	$ 479,491	$ 479,491	$ -
VML/VACO Virginia Investment Pool Stable Nav	15,853,233	15,853,233	-
VML/VACO Virginia Investment Pool 1-3 Year High Quality Bond Fund	1,052,936	-	1,052,936
Total	$ 17,385,660	$ 16,332,724	$ 1,052,936

External Investment Pools

LGIP

The value of the position in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 3 — Deposits and Investments: (Continued)

External Investment Pools (Continued)

VML/VACO Virginia Investment Pool
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Municipal Corp. has measured fair value of the above Virginia Investment Pool Investment at the net asset value (NAV). The VML/VACO Virginia Investment Pool allows the Municipal Corp. to have the option to have access to withdraw funds twice a month, with a five-day notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

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

Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date

- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices

- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

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

The Municipal Corp. has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurement Using		
Investment type	Balance June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds:				
U.S. Government Obligations	$ 258,657	$ 258,657	$ -	$ -
	$ 258,657	$ 258,657	$ -	$ -

Note 4 — Due from Other Governments:

At June 30, 2024, the Municipal Corp. has receivables from other governments as follows:

		Governmental Activities
Other Local Governments:		
County of Northampton	$	20,603
Commonwealth of Virginia:		
Communications tax		4,835
VDOT		90,733
Total due from other governments	$	116,171

Note 5 — Capital Assets:

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

Governmental Activities:		Balance July 1, 2023		Additions		Deletions		Balance June 30, 2024
Capital assets not subject to depreciation:								
Land and land improvements	$	2,165,460	$	-	$	-	$	2,165,460
Construction in progress		504,891		144,763		-		649,654
Total capital assets not subject to depreciation	$	2,670,351	$	144,763	$	-	$	2,815,114
Capital assets subject to depreciation:								
Buildings and improvements	$	3,569,336	$	26,991	$	-	$	3,596,327
Machinery and equipment		1,732,248		238,159		-		1,970,407
Infrastructure		3,073,706		811,810		-		3,885,516
Lease equipment		34,098		-		-		34,098
Total capital assets subject to depreciation	$	8,409,388	$	1,076,960	$	-	$	9,486,348
Accumulated depreciation:								
Buildings and improvements	$	2,899,484	$	65,578	$	-	$	2,965,062
Machinery and equipment		1,521,933		86,435		-		1,608,368
Infrastructure		811,545		122,099		-		933,644
Lease equipment		13,089		6,820		-		19,909
Total accumulated depreciation	$	5,246,051	$	280,932	$	-	$	5,526,983
Total capital assets subject to depreciation, net	$	3,163,337	$	796,028	$	-	$	3,959,365
Governmental activities capital assets, net	$	5,833,688	$	940,791	$	-	$	6,774,479

Note 5 — Capital Assets: (Continued)

Business-type Activities:	**Balance July 1, 2023**	**Additions**	**Deletions**	**Balance June 30, 2024**
Capital assets not subject to depreciation:				
Construction in progress	$ 209,043	$ -	$ 209,043	$ -
Capital assets subject to depreciation:				
Water and sewer system	$ 30,207,813	$ 641,564	$ 30,849,377	$ -
Buildings and improvements	755,670	-	-	755,670
Improvements other than buildings	8,267,334	699,240	-	8,966,574
Machinery and equipment	1,218,734	14,635	826,900	406,469
Total capital assets subject to depreciation	$ 40,449,551	$ 1,355,439	$ 31,676,277	$ 10,128,713
Accumulated depreciation:				
Water and sewer system	$ 10,868,433	$ 534,860	$ 11,403,293	$ -
Buildings and improvements	690,520	32,575	-	723,095
Improvements other than buildings	3,571,294	204,377	-	3,775,671
Machinery and equipment	938,673	38,806	693,208	284,271
Total accumulated depreciation	$ 16,068,920	$ 810,618	$ 12,096,501	$ 4,783,037
Total capital assets subject to depreciation, net	$ 24,380,631	$ 544,821	$ 19,579,776	$ 5,345,676
Business-type activities capital assets, net	$ 24,589,674	$ 544,821	$ 19,788,819	$ 5,345,676

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	$ 62,214
Public safety	39,194
Public works	29,496
Parks, recreation and cultural	150,028
Total governmental activities	$ 280,932
Business-type activities:	
Water and Sewer	$ 558,560
Harbor	249,686
Sanitation	2,372
Total business-type activities	$ 810,618

Note 6 — Long-term Obligations:

The following is a summary of long-term obligation transactions of the Municipal Corp. for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 127,694	$ 16,732	$ 12,769	$ 131,657	$ 12,654
Net OPEB liability	62,492	61,198	37,459	86,231	-
Lease liabilities	21,285	-	7,203	14,082	7,604
Direct borrowings and placements:					
General obligation bonds	629,218	-	629,218	-	-
Notes payable	59,562	48,800	22,991	85,371	27,435
Total obligations from governmental activities	$ 900,251	$ 126,730	$ 709,640	$ 317,341	$ 47,693
Business-type activities:					
Compensated absences	$ 43,178	$ -	$ 43,178	$ -	$ -
Net OPEB liability	20,831	-	20,831	-	-
Direct borrowings and placements:					
General obligation bonds	4,575,855	-	4,575,855	-	-
Total obligations from business-type activities	$ 4,639,864	$ -	$ 4,639,864	$ -	$ -
Total long-term obligations	$ 5,540,115	$ 126,730	$ 5,349,504	$ 317,341	$ 47,693

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Note 6 — Long-term Obligations: (Continued)

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

Year Ending June 30	Lease Liabilities Principal	Lease Liabilities Interest	Direct Borrowings Notes Payable Principal	Direct Borrowings Notes Payable Interest
2025	$ 7,604	$ 595	$ 27,435	$ 2,685
2026	5,857	184	27,529	1,927
2027	621	7	9,726	1,160
2028	-	-	10,097	789
2029	-	-	10,584	404
Total	$ 14,082	$ 786	$ 85,371	$ 6,965

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Note 6 — Long-term Obligations: (Continued)

Long-term obligations at June 30, 2024 are as follows:

		Amount Outstanding
Details of Long-term Indebtedness:		
Governmental Activities:		
Lease liabilities:		
Equipment lease - postage equipment - issued 7/1/21 through 10/1/25 @ 5.00%, quarterly payments of $830	$	4,768
Equipment lease - copier - issued 7/1/21 through 4/27/26 @ 5.99%, monthly payments of $250		5,191
Equipment lease - copier - issued 10/28/21 through 10/28/26 @ 5.35%, monthly payments of $157		4,123
Total lease liabilities	$	14,082
Direct borrowings and placements:		
Notes Payable:		
$90,000 Rural Development note issued June 23, 2021, due in annual installments of $19,234 through June, 2026, interest at 2.25%. This note is secured by equipment.	$	36,571
$48,800 Rural Development note issued November 6, 2023, due in annual installments of $10,886 through November 6, 2028, interest at 3.75%. This note is secured by a police vehicle.		48,800
Total notes payable	$	85,371

Note 6 — Long-term Obligations: (Continued)

		Amount Outstanding
Details of Long-term Indebtedness: (Continued)		
Governmental Activities: (Continued)		
Other liabilities:		
Compensated Absences (payable from the General Fund)	$	131,657
Net OPEB Liability (payable from the General Fund)	$	86,231
Total governmental activities obligations	$	317,341

The Municipal Corp. has a working capital line of credit of $500,000 with Atlantic Union Bank. Advances on the line-of-credit are collateralized by a general blanket assignment of all accounts, contracts or other receivables and proceeds. At June 30, 2024, the Municipal Corp. outstanding balance against this line of credit was $0 and the interest rate was 3.75%. The line of credit was not utilized during the year ended June 30, 2024.

Note 7 — Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue totaling $109,771 consists of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled $99,520 at June 30, 2024.

Deferred Prepaid Property Taxes – Property taxes due subsequent to June 30, 2024 but paid in advance by the taxpayers totaled $10,251 at June 30, 2024.

Note 8 — Litigation:

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

Note 9 — Risk Management and Commitments and Contingencies:

The Municipal Corp. is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipal Corp. participates with other localities in a public entity risk pool for their coverage of workers' compensation, public officials' liability and all other risks of loss. The Municipal Corp. pays an annual premium to the pools for its general insurance through member premiums. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10 — Interfund Transfers:

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

Fund	Transfers In	Transfers Out
General	$ 14,393,390	$ 1,612,179
Special Revnue	-	179,850
Debt Service	1,193,652	518,832
Capital Projects	598,377	-
Water and Sewer	-	14,393,390
Harbor	518,832	-
Total	$ 16,704,251	$ 16,704,251

Note 11 — Sale of Water and Sewer System:

The Municipal Corp. sold the water and sewer system to Virginia-American Water Company on April 24, 2024. Under the terms of the agreement, the ownership of all capital assets and related depreciation associated with the water and sewer system, which were previously shown on the Water and Sewer Fund of the financial statements, passed to Virginia-American Water Company. Upon the transfer of ownership, Virginia-American water became responsible for the operations and maintenance of the water and sewer system.

Note 12 — Deficit Fund Balance:

A deficit fund balance of $210,680 in the Special Revenue Fund is the result of a $179,850 transfer to capital projects and budgeted revenues exceeding actual revenues by $44,530. The Municipal Corp. expects the Special Revenue Fund to recover the deficit with a transfer from other funds.

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Note 13 — Pension Plan:

Plan Description

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

Benefit Structures

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

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 13 — Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	20
Inactive members:	
Vested inactive members	12
Non-vested inactive members	18
Active members active elsewhere in VRS	8
Total inactive members	38
Active members	34
Total covered employees	92

Note 13 — Pension Plan: (Continued)

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 Municipal Corp.'s contractually required employer contribution rate for the year ended June 30, 2024 was 7.67% of covered employee compensation. This rate 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 Municipal Corp. were $117,256 and $109,916 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) 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 Municipal Corp.'s net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Municipal Corp.'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% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Note 13 — Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, 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

Note 13 — Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety with Hazardous Duty Benefits employees in the Municipal Corp.'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

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-2021 Improvement Scale that is 75% of the MP-2020 rates

Note 13 — Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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Note 13 — Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	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%

*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%.

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 Municipal Corp. was also provided with an opportunity to use an alternative

Note 13 — Pension Plan: (Continued)

Discount Rate (Continued)

employer contribution rate. For the year ended June 30, 2024, 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. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	$ 4,279,439	$ 4,745,494	$ (466,055)
Changes for the year:			
Service cost	$ 192,439	$ -	$ 192,439
Interest	296,308	-	296,308
Differences between expected and actual experience	(13,349)	-	(13,349)
Contributions - employer	-	109,779	(109,779)
Contributions - employee	-	80,660	(80,660)
Net investment income	-	311,221	(311,221)
Benefit payments, including refunds	(164,259)	(164,259)	-
Administrative expenses	-	(3,017)	3,017
Other changes	-	126	(126)
Net changes	$ 311,139	$ 334,510	$ (23,371)
Balances at June 30, 2023	$ 4,590,578	$ 5,080,004	$ (489,426)

Note 13 — Pension Plan: (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Municipal Corp. using the discount rate of 6.75%, as well as what the Municipal Corp.'s net pension liability (asset) 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%)
Municipal Corp.'s Net Pension Liability (Asset)	$ 154,937	$ (489,426)	$ (1,046,516)

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

For the year ended June 30, 2024, the Municipal Corp. recognized pension expense of $86,949. At June 30, 2024, the Municipal Corp. reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 574	$ 16,333
Change of assumptions	1,823	-
Net difference between projected and actual earnings on pension plan investments	-	69,842
Employer contributions subsequent to the measurement date	117,256	-
Total	$ 119,653	$ 86,175

Note 13 — Pension Plan: (Continued)

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

$117,256 reported as deferred outflows of resources related to pensions resulting from the Municipal Corp.'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	$	(62,354)
2026		(90,877)
2027		67,475
2028		1,978
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 — 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 14 — Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (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 plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,254 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 Group Life Insurance Plan from the entity were $9,574 and $9,145 for the years ended June 30, 2024 and June 30, 2023, respectively.

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 grants and contributions not restricted to specific programs of the financial statements.

Note 14 — 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, the entity reported a liability of $86,231 for its proportionate share 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 employer's proportion was 0.00719% as compared to 0.00690% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $4,796. 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 employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,612	$ 2,618
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,465
Change in assumptions	1,843	5,974
Changes in proportionate share	4,209	3,201
Employer contributions subsequent to the measurement date	9,574	-
Total	$ 24,238	$ 15,258

Note 14 — 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)

$9,574 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 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:

Year Ended June 30		
2025	$	(271)
2026		(3,497)
2027		1,221
2028		539
2029		1,414
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:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Note 14 — Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

Actuarial Assumptions: (Continued)

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 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

Note 14 — Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2021 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

Note 14 — Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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):

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

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.

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Note 14 — Group Life Insurance (GLI) 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 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 — 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 Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	**Current Discount (6.75%)**	**1% Increase (7.75%)**
Municipal Corp's proportionate share of the GLI Plan Net OPEB Liability	$ 127,821	$ 86,231	$ 52,605

GLI Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Program'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 15 — Line of Duty Act (LODA) (OPEB Benefits):

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Municipal Corp.'s LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Municipal Corp.'s LODA premium for the year ended June 30, 2024 was $5,605.

Note 16 — Lease Receivable:

The Municipal Corp. leases land for a water tower site under a lease contract. In fiscal year 2024, the Municipal Corp. recognized lease and interest revenue in the amount of $2,350 and $50, respectively. A description of the lease is as follows:

Lease Description	Interest Rate	Installments	Start Date	End Date	Payment Frequency	Ending Balance
Water Tower	1.00%	$ 600	1/26/2021	1/26/2026	quarterly	$ 3,569

There are no variable payments for the leases receivable above.

Expected future payments at June 30, 2024 are as follows:

Year Ended	Governmental Activities		
June 30	Principal	Interest	Total
2025	$ 2,373	$ 27	$ 2,400
2026	1,196	4	1,200
Total	$ 3,569	$ 31	$ 3,600

Note 17 — 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 fiscal years 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.

REQUIRED SUPPLEMENTARY INFORMATION

Municipal Corporation of Cape Charles, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
General property taxes	$ 1,828,000	$ 1,851,587	$ 1,883,080	$ 31,493
Other local taxes	2,087,481	2,242,658	2,147,461	(95,197)
Permits, privilege fees, and regulatory licenses	293,050	300,822	381,178	80,356
Fines and forfeitures	83,266	90,464	66,028	(24,436)
Revenue from the use of money and property	81,623	102,815	333,421	230,606
Charges for services	5,850	5,850	813	(5,037)
Miscellaneous	560,249	635,694	343,836	(291,858)
Recovered costs	46,670	34,170	31,257	(2,913)
Intergovernmental:				
Commonwealth	102,605	102,406	104,597	2,191
Federal	20,875	32,000	28,794	(3,206)
Total revenues	$ 5,109,669	$ 5,398,466	$ 5,320,465	$ (78,001)
EXPENDITURES				
Current:				
General government administration	$ 1,506,188	$ 1,596,959	$ 1,454,551	$ 142,408
Public safety	1,076,477	1,126,719	1,051,471	75,248
Public works	775,271	783,743	740,294	43,449
Parks, recreation, and cultural	188,576	188,576	179,409	9,167
Community development	367,544	367,544	216,664	150,880
Debt service:				
Principal retirement	-	-	7,203	(7,203)
Interest and other fiscal charges	-	-	996	(996)
Total expenditures	$ 3,914,056	$ 4,063,541	$ 3,650,588	$ 412,953
Excess (deficiency) of revenues over (under) expenditures	$ 1,195,613	$ 1,334,925	$ 1,669,877	$ 334,952
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 14,393,390	$ 14,393,390
Transfers out	(1,555,781)	(1,716,268)	(1,612,179)	104,089
Issuance of notes payable	27,625	48,800	48,800	-
Total other financing sources (uses)	$ (1,528,156)	$ (1,667,468)	$ 12,830,011	$ 14,497,479
Net change in fund balance	$ (332,543)	$ (332,543)	$ 14,499,888	$ 14,832,431
Fund balance - beginning	332,543	332,543	3,567,175	3,234,632
Fund balance - ending	$ -	$ -	$ 18,067,063	$ 18,067,063

Exhibit 11

Municipal Corporation of Cape Charles, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2024

	Special Revenue Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Miscellaneous	$ 6,000	$ 6,000	$ 411	$ (5,589)
Intergovernmental:				
Commonwealth	19,500	19,500	19,500	-
Federal	91,000	91,000	52,059	(38,941)
Total revenues	$ 116,500	$ 116,500	$ 71,970	$ (44,530)
EXPENDITURES				
Current:				
Public safety	$ 15,000	$ 15,000	$ 15,000	$ -
Parks, recreation, and cultural	10,500	10,500	6,867	3,633
Community development	91,000	91,000	91,069	(69)
Total expenditures	$ 116,500	$ 116,500	$ 112,936	$ 3,564
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (40,966)	$ (40,966)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (179,850)	$ (179,850)	(179,850)	$ -
Total other financing sources and uses	$ (179,850)	$ (179,850)	$ (179,850)	$ -
Net change in fund balances	$ (179,850)	$ (179,850)	$ (220,816)	$ (40,966)
Fund balances - beginning	179,850	179,850	10,136	(169,714)
Fund balances - ending	$ -	$ -	$ (210,680)	$ (210,680)

Municipal Corporation of Cape Charles, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021
Total pension liability			
Service cost	$ 192,439	$ 169,128	$ 164,575
Interest	296,308	276,114	233,295
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(13,349)	(25,653)	43,690
Changes of assumptions	-	-	138,542
Benefit payments	(164,259)	(123,208)	(106,543)
Net change in total pension liability	$ 311,139	$ 296,381	$ 473,559
Total pension liability - beginning	4,279,439	3,983,058	3,509,499
Total pension liability - ending (a)	$ 4,590,578	$ 4,279,439	$ 3,983,058
Plan fiduciary net position			
Contributions - employer	$ 109,779	$ 74,981	$ 72,656
Contributions - employee	80,660	71,133	96,800
Net investment income	311,221	(7,359)	1,020,240
Benefit payments	(164,259)	(123,208)	(106,543)
Administrator charges	(3,017)	(2,906)	(2,414)
Other	126	112	97
Net change in plan fiduciary net position	$ 334,510	$ 12,753	$ 1,080,836
Plan fiduciary net position - beginning	4,745,494	4,732,741	3,651,905
Plan fiduciary net position - ending (b)	$ 5,080,004	$ 4,745,494	$ 4,732,741
Municipal Corporation's net pension liability (asset) - ending (a) - (b)	$ (489,426)	$ (466,055)	$ (749,683)
Plan fiduciary net position as a percentage of the total pension liability	110.66%	110.89%	118.82%
Covered payroll	$ 1,693,579	$ 1,504,384	$ 1,448,614
Municipal Corporation's net pension liability (asset) as a percentage of covered payroll	-28.90%	-30.98%	-51.75%

Exhibit 12

2020	2019	2018	2017	2016	2015	2014
$ 165,879	$ 151,056	$ 146,357	$ 123,278	$ 131,962	$ 117,294	$ 96,808
209,212	201,705	181,520	175,415	171,863	157,456	145,759
-	-	113,556	-	-	-	-
79,391	(142,946)	(53,377)	(45,840)	(145,730)	11,707	-
-	97,484	-	(51,731)	-	-	-
(88,851)	(89,865)	(109,532)	(118,285)	(96,412)	(64,863)	(86,097)
$ 365,631	$ 217,434	$ 278,524	$ 82,837	$ 61,683	$ 221,594	$ 156,470
3,143,868	2,926,434	2,647,910	2,565,073	2,503,390	2,281,796	2,125,326
$ 3,509,499	$ 3,143,868	$ 2,926,434	$ 2,647,910	$ 2,565,073	$ 2,503,390	$ 2,281,796
$ 77,019	$ 74,902	$ 87,168	$ 49,527	$ 57,508	$ 55,321	$ 95,752
68,463	77,128	66,054	58,943	56,761	54,670	54,200
67,944	222,304	223,601	327,947	47,286	113,899	328,807
(88,851)	(89,865)	(109,532)	(118,285)	(96,412)	(64,863)	(86,097)
(2,230)	(2,071)	(1,856)	(1,872)	(1,606)	(1,494)	(1,701)
(82)	(141)	(202)	(291)	(20)	(24)	18
$ 122,263	$ 282,257	$ 265,233	$ 315,969	$ 63,517	$ 157,509	$ 390,979
3,529,642	3,247,385	2,982,152	2,666,183	2,602,666	2,445,157	2,054,178
$ 3,651,905	$ 3,529,642	$ 3,247,385	$ 2,982,152	$ 2,666,183	$ 2,602,666	$ 2,445,157
$ (142,406)	$ (385,774)	$ (320,951)	$ (334,242)	$ (101,110)	$ (99,276)	$ (163,361)
104.06%	112.27%	110.97%	112.62%	103.94%	103.97%	107.16%
$ 1,483,394	$ 1,398,895	$ 1,364,599	$ 1,258,379	$ 1,188,982	$ 1,118,571	$ 1,085,627
-9.60%	-27.58%	-23.52%	-26.56%	-8.50%	-8.88%	-15.05%

Exhibit 13

Municipal Corporation of Cape Charles, Virginia

Schedule of Employer Contributions - Pension 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 Payroll (4)	Contributions as a % of Employee Payroll (5)
2024	$ 117,256	$ 117,256	$ -	$ 1,773,002	6.61%
2023	109,916	109,916	-	1,693,579	6.49%
2022	74,980	74,980	-	1,504,384	4.98%
2021	73,284	73,284	-	1,448,614	5.06%
2020	77,005	77,005	-	1,483,394	5.19%
2019	75,744	75,744	-	1,398,895	5.41%
2018	83,299	83,299	-	1,364,599	6.10%
2017	56,500	56,500	-	1,258,379	4.49%
2016	61,470	61,470	-	1,188,982	5.17%
2015	57,830	57,830	-	1,118,571	5.17%

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

Municipal Corporation of Cape Charles, Virginia

Notes to Required Supplementary Information
Pension 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:

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

Exhibit 15

Municipal Corporation of Cape Charles, Virginia
Schedule of Municipality's Share of Net OPEB Liability
GLI Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.00719%	$ 86,231	$ 1,693,579	5.09%	69.30%
2022	0.00690%	83,323	1,504,384	5.54%	67.21%
2021	0.00700%	81,732	1,448,614	5.64%	67.45%
2020	0.00730%	121,825	1,501,676	8.11%	52.64%
2019	0.00713%	116,023	1,398,895	8.29%	52.00%
2018	0.00718%	109,000	1,364,599	7.99%	51.22%
2017	0.00682%	103,000	1,258,379	8.19%	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.

Exhibit 16

Municipal Corporation of Cape Charles, Virginia
Schedule of Employer Contributions
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 Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 9,574	$ 9,574	$ -	$ 1,773,002	0.54%
2023	9,145	9,145	-	1,693,579	0.54%
2022	8,124	8,124	-	1,504,384	0.54%
2021	7,823	7,823	-	1,448,614	0.54%
2020	7,809	7,809	-	1,501,676	0.52%
2019	7,274	7,274	-	1,398,895	0.52%
2018	7,096	7,096	-	1,364,599	0.52%
2017	6,544	6,544	-	1,258,379	0.52%
2016	5,707	5,707	-	1,188,982	0.48%
2015	5,369	5,369	-	1,118,571	0.48%

Municipal Corporation of Cape Charles, Virginia
Notes to Required Supplementary Information
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:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Exhibit 18

Municipal Corporation of Cape Charles, Virginia
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
Debt service:				
Principal retirement	$ 130,781	$ 130,781	$ 652,209	$ (521,428)
Interest and other fiscal charges	20,327	20,327	22,611	(2,284)
Total expenditures	$ 151,108	$ 151,108	$ 674,820	$ (523,712)
Excess (deficiency) of revenues over (under) expenditures	$ (151,108)	$ (151,108)	$ (674,820)	$ (523,712)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 255,223	$ 255,223	1,193,652	$ 938,429
Transfers out	(104,115)	(104,115)	(518,832)	(414,717)
Total other financing sources and uses	$ 151,108	$ 151,108	$ 674,820	$ 523,712
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Municipal Corporation of Cape Charles, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Intergovernmental:				
Commonwealth	$ 733,483	$ 733,483	$ 536,473	$ (197,010)
Federal	-	-	309,468	309,468
Total revenues	$ 733,483	$ 733,483	$ 845,941	$ 112,458
EXPENDITURES				
Capital projects	$ 1,966,063	$ 2,091,595	$ 922,835	$ 1,168,760
Excess (deficiency) of revenues over (under) expenditures	$ (1,232,580)	$ (1,358,112)	$ (76,894)	$ 1,281,218
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,135,680	$ 912,003	$ 598,377	$ (313,626)
Total other financing sources and uses	$ 1,135,680	$ 912,003	$ 598,377	$ (313,626)
Net change in fund balances	$ (96,900)	$ (446,109)	$ 521,483	$ 967,592
Fund balances - beginning	96,900	446,109	632,956	186,847
Fund balances - ending	$ -	$ -	$ 1,154,439	$ 1,154,439

SUPPORTING SCHEDULES

Municipal Corporation of Cape Charles, Virginia
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 1,636,200	$ 1,699,653	$ 1,709,748	$ 10,095
Personal property taxes	150,800	112,635	118,593	5,958
Machinery and tools taxes	25,000	23,299	21,553	(1,746)
Penalties and interest	16,000	16,000	33,186	17,186
Total general property taxes	$ 1,828,000	$ 1,851,587	$ 1,883,080	$ 31,493
Other local taxes:				
Local sales and use taxes	$ 80,000	$ 100,000	$ 93,396	$ (6,604)
Consumers' utility taxes	61,581	49,221	64,597	15,376
Business license taxes	295,000	412,082	357,272	(54,810)
Motor vehicle licenses	29,550	26,322	29,728	3,406
Golf cart decals	20,150	39,519	27,864	(11,655)
Admissions taxes	22,000	27,985	27,551	(434)
Short term rental tax	16,000	17,712	13,433	(4,279)
Hotel and motel room taxes	680,000	638,113	639,825	1,712
Restaurant food taxes	852,500	906,477	872,907	(33,570)
Tobacco tax	30,000	24,527	20,804	(3,723)
Penalties and interest	700	700	84	(616)
Total other local taxes	$ 2,087,481	$ 2,242,658	$ 2,147,461	$ (95,197)
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	$ 293,050	$ 300,822	$ 381,178	$ 80,356
Total permits, privilege fees, and regulatory licenses	$ 293,050	$ 300,822	$ 381,178	$ 80,356
Fines and forfeitures:				
Court fines and forfeitures	$ 83,266	$ 90,464	$ 66,028	$ (24,436)
Total fines and forfeitures	$ 83,266	$ 90,464	$ 66,028	$ (24,436)
Revenue from use of money and property:				
Revenue from use of money	$ 44,473	$ 65,665	$ 301,228	$ 235,563
Revenue from use of property	37,150	37,150	32,193	(4,957)
Total revenue from use of money and property	$ 81,623	$ 102,815	$ 333,421	$ 230,606
Charges for services:				
Charges for parks and recreation	$ 3,900	$ 3,900	$ -	$ (3,900)
Charges for DMV stops and FOIA fees	950	950	150	(800)
Charges for library	1,000	1,000	663	(337)
Total charges for services	$ 5,850	$ 5,850	$ 813	$ (5,037)
Miscellaneous:				
Miscellaneous	$ 560,249	$ 635,694	$ 343,836	$ (291,858)
Total miscellaneous	$ 560,249	$ 635,694	$ 343,836	$ (291,858)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenues from local sources: (Continued)				
Recovered costs:				
County contribution for Library	$ 30,000	$ 30,000	$ 30,000	$ -
Other recovered costs	16,670	4,170	1,257	(2,913)
Total recovered costs	$ 46,670	$ 34,170	$ 31,257	$ (2,913)
Total revenue from local sources	$ 4,986,189	$ 5,264,060	$ 5,187,074	$ (76,986)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	$ 31,000	$ 30,300	$ 30,737	$ 437
Rolling stock tax	175	241	217	(24)
Personal property tax relief funds	35,424	35,424	35,424	-
Total noncategorical aid	$ 66,599	$ 65,965	$ 66,378	$ 413
Categorical aid:				
Other categorical aid:				
Law enforcement grant HB 599	$ 34,356	$ 34,356	$ 36,134	$ 1,778
Litter control	1,650	2,085	2,085	-
Total other categorical aid	$ 36,006	$ 36,441	$ 38,219	$ 1,778
Total categorical aid	$ 36,006	$ 36,441	$ 38,219	$ 1,778
Total revenue from the Commonwealth	$ 102,605	$ 102,406	$ 104,597	$ 2,191
Revenue from the federal government:				
Categorical aid:				
Other categorical aid:				
JAG grant	$ 6,000	$ 6,000	$ 2,794	$ (3,206)
USDA	14,875	26,000	26,000	-
Total other categorical aid	$ 20,875	$ 32,000	$ 28,794	$ (3,206)
Total categorical aid	$ 20,875	$ 32,000	$ 28,794	$ (3,206)
Total revenue from the federal government	$ 20,875	$ 32,000	$ 28,794	$ (3,206)
Total General Fund	$ 5,109,669	$ 5,398,466	$ 5,320,465	$ (78,001)

Municipal Corporation of Cape Charles, Virginia
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Special Activities Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	$ 6,000	$ 6,000	$ 411	$ (5,589)
Total revenue from local sources	$ 6,000	$ 6,000	$ 411	$ (5,589)
Revenue from the Commonwealth:				
Categorical aid:				
Arts grant	$ 4,500	$ 4,500	$ 4,500	$ -
Fire programs fund	15,000	15,000	15,000	-
Total categorical aid	$ 19,500	$ 19,500	$ 19,500	$ -
Total revenue from the Commonwealth	$ 19,500	$ 19,500	$ 19,500	$ -
Revenue from the federal government:				
Categorical aid:				
American Rescue Plan Act	$ 91,000	$ 91,000	$ 52,059	$ (38,941)
Total categorical aid	$ 91,000	$ 91,000	$ 52,059	$ (38,941)
Total revenue from the federal government	$ 91,000	$ 91,000	$ 52,059	$ (38,941)
Total Special Activities Fund	$ 116,500	$ 116,500	$ 71,970	$ (44,530)
Capital Projects Fund:				
General Capital Projects Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Construction funds	$ 733,483	$ 733,483	$ 536,473	$ (197,010)
Total categorical aid	$ 733,483	$ 733,483	$ 536,473	$ (197,010)
Total revenue from the Commonwealth	$ 733,483	$ 733,483	$ 536,473	$ (197,010)
Revenue from the federal government:				
Categorical aid:				
COVID-19 American Rescue Plan Act	$ -	$ -	$ 309,468	$ 309,468
Total categorical aid	$ -	$ -	$ 309,468	$ 309,468
Total revenue from the federal government	$ -	$ -	$ 309,468	$ 309,468
Total General Capital Projects Fund	$ 733,483	$ 733,483	$ 845,941	$ 112,458
Total Primary Government	$ 5,959,652	$ 6,248,449	$ 6,238,376	$ (10,073)

Municipal Corporation of Cape Charles, Virginia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2024

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	$ 53,233	$ 51,944	$ 26,258	$ 25,686
Total legislative	$ 53,233	$ 51,944	$ 26,258	$ 25,686
General and financial administration:				
Town Clerk	$ 124,015	$ 125,304	$ 94,906	$ 30,398
Town Manager	848,521	912,742	862,032	50,710
Finance	480,419	506,969	471,355	35,614
Total general and financial administration	$ 1,452,955	$ 1,545,015	$ 1,428,293	$ 116,722
Total general government administration	$ 1,506,188	$ 1,596,959	$ 1,454,551	$ 142,408
Public safety:				
Law enforcement and traffic control:				
Police	$ 909,713	$ 959,298	$ 904,662	$ 54,636
Total law enforcement and traffic control	$ 909,713	$ 959,298	$ 904,662	$ 54,636
Inspections:				
Code enforcement	$ 166,764	$ 167,421	$ 146,809	$ 20,612
Total inspections	$ 166,764	$ 167,421	$ 146,809	$ 20,612
Total public safety	$ 1,076,477	$ 1,126,719	$ 1,051,471	$ 75,248
Public works:				
Maintenance of general buildings and grounds:				
General properties	$ 775,271	$ 783,743	$ 740,294	$ 43,449
Total public works	$ 775,271	$ 783,743	$ 740,294	$ 43,449
Parks, recreation, and cultural:				
Library:				
Library administration	$ 188,576	$ 188,576	$ 179,409	$ 9,167
Total library	$ 188,576	$ 188,576	$ 179,409	$ 9,167
Total parks, recreation, and cultural	$ 188,576	$ 188,576	$ 179,409	$ 9,167

Municipal Corporation of Cape Charles, Virginia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2024

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	$ 367,544	$ 367,544	$ 216,664	$ 150,880
Total planning and community development	$ 367,544	$ 367,544	$ 216,664	$ 150,880
Total community development	$ 367,544	$ 367,544	$ 216,664	$ 150,880
Debt service:				
Principal retirement	$ -	$ -	$ 7,203	$ (7,203)
Interest and other fiscal charges	-	-	996	(996)
Total debt service	$ -	$ -	$ 8,199	$ (8,199)
Total General Fund	$ 3,914,056	$ 4,063,541	$ 3,650,588	$ 412,953
Special Revenue Fund:				
Special Activities Fund:				
Public Safety:				
Fire and rescue services:				
Fire department	$ 15,000	$ 15,000	$ 15,000	$ -
Parks, Recreation and Cultrual:				
Parks and recreation:				
Arts Enter program	$ 4,500	$ 4,500	$ 4,500	$ -
Total parks and recreation	$ 4,500	$ 4,500	$ 4,500	$ -
Library:				
Friends fo the Library	$ 6,000	$ 6,000	$ 2,367	$ 3,633
Total parks, recreation and cultural	$ 10,500	$ 10,500	$ 6,867	$ 3,633
Community Development:				
Planning and community development:				
ARPA grant expenditures	$ 91,000	$ 91,000	$ 91,069	$ (69)
Total community development	$ 91,000	$ 91,000	$ 91,069	$ (69)
Total Special Activities Fund	$ 116,500	$ 116,500	$ 112,936	$ 3,564

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
General Debt Service Fund:				
Debt service:				
Principal retirement	$ 130,781	$ 130,781	$ 652,209	$ (521,428)
Interest and other fiscal charges	20,327	20,327	22,611	(2,284)
Total General Debt Service Fund	$ 151,108	$ 151,108	$ 674,820	$ (523,712)
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Buildings and improvement	$ 995,000	$ 995,000	$ 111,024	$ 883,976
Streets and walkways	929,922	1,055,454	811,811	243,643
Contingencies	41,141	41,141	-	41,141
Total Capital Projects Fund	$ 1,966,063	$ 2,091,595	$ 922,835	$ 1,168,760
Total Primary Government	$ 6,147,727	$ 6,422,744	$ 5,361,179	$ 1,061,565

OTHER STATISTICAL INFORMATION

Table 1

Municipal Corporation of Cape Charles, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Enterprise Funds	Total
2015	$ 702,411	$ 423,254	$ 483,605	$ 284,537	$ 53,261	$ 51,195	$ 2,919,126	$ 4,917,389
2016	779,857	459,190	439,968	324,326	70,414	55,195	2,844,926	4,973,876
2017	780,254	529,272	462,247	500,987	103,487	38,410	2,714,842	5,129,499
2018	738,396	553,014	395,642	369,738	124,041	33,079	2,847,692	5,061,602
2019	976,567	580,426	520,472	288,379	63,934	31,954	2,941,117	5,402,849
2020	1,060,616	552,590	568,051	389,251	61,464	29,333	2,863,923	5,525,228
2021	1,561,687	658,500	552,730	373,047	121,252	25,278	3,067,935	6,360,429
2022	952,855	640,839	617,350	381,941	806,835	16,979	3,211,494	6,628,293
2023	1,279,860	818,082	744,797	306,925	283,613	22,468	3,944,635	7,400,380
2024	1,504,838	874,738	697,154	198,865	296,311	23,607	3,373,345	6,968,858

Table 2

Municipal Corporation of Cape Charles, Virginia
Government-wide Revenues
Last Ten Fiscal Years

	PROGRAM REVENUES			GENERAL REVENUES						
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Revenues from use of Money	Gain/(loss) on disposal of Operations	Miscellaneous(1)	Grants and Contributions Not Restricted to Specific Programs	Total
2015	$ 2,575,616	$ 61,049	$ 116,255	$ 1,250,336	$ 584,799	$ 13,962	$ -	$ 140,605	$ 82,429	$ 4,825,051
2016	2,516,334	84,851	859,789	1,352,474	657,466	30,779	-	867,091	81,037	6,449,821
2017	2,403,055	85,752	880,798	1,262,771	704,156	39,320	-	179,590	100,420	5,655,862
2018	2,450,788	73,080	216,815	1,397,163	791,977	63,242	-	410,475	83,027	5,486,567
2019	2,639,895	44,576	590,270	1,452,790	925,834	74,332	-	920,322	86,414	6,734,433
2020	2,680,536	47,489	253,439	1,379,090	877,759	52,700	-	391,250	74,508	5,756,771
2021	3,256,174	59,127	236,781	1,510,056	1,218,900	34,585	-	676,339	792,372	7,784,334
2022	3,498,764	609,668	78,754	1,749,595	1,569,161	38,584	-	758,460	69,114	8,372,100
2023	3,595,957	75,659	1,110,281	1,821,640	1,961,575	245,014	-	22,935	68,327	8,901,388
2024	3,255,355	448,040	894,067	1,934,275	2,147,461	507,236	(5,197,178)	344,367	295,065	4,628,688

Notes:
(1) Includes gain on disposal of capital assets.

Table 3

Municipal Corporation of Cape Charles, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2015	$ 710,293	$ 416,577	$ 488,941	$ 170,270	$ 57,293	$ 136,819	$ 1,980,193
2016	826,293	488,694	430,037	180,502	71,111	136,248	2,132,885
2017	804,763	532,415	493,580	211,061	103,770	1,060,008	3,205,597
2018	784,488	558,109	470,739	220,145	128,091	167,188	2,328,760
2019	929,438	586,918	475,210	246,550	67,050	150,561	2,455,727
2020	1,031,022	546,341	497,770	265,506	64,566	153,856	2,559,061
2021	1,569,936	653,183	585,624	241,603	117,151	150,668	3,318,165
2022	924,699	723,355	569,992	278,045	813,743	171,617	3,481,451
2023	1,245,601	759,864	756,860	185,499	280,142	151,578	3,379,544
2024	1,454,551	1,066,471	740,294	186,276	307,733	683,019	4,438,344

(1) Does not include capital project expenditures.

Table 4

Municipal Corporation of Cape Charles, Virginia
General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2015	$ 1,308,036	$ 584,799	$ 79,022	$ 17,193	$ 13,762	$ 2,504	$ 3,758	$ 24,368	$ 244,733	$ 2,278,175
2016	1,302,263	657,466	100,313	7,134	30,331	5,090	34,741	33,204	299,616	2,470,158
2017	1,306,460	704,156	62,835	5,034	38,138	7,070	5,695	22,426	1,033,188	3,185,002
2018	1,425,966	791,977	101,618	19,277	59,236	5,125	18,321	33,297	351,324	2,806,141
2019	1,408,353	925,834	124,531	10,271	66,585	3,827	19,731	28,103	492,725	3,079,960
2020	1,470,997	877,759	162,040	9,036	47,089	3,172	18,907	20,457	123,225	2,732,682
2021	1,519,701	1,218,900	250,254	52,373	33,986	6,455	3,440	85,994	1,077,694	4,248,797
2022	1,795,175	1,569,161	325,749	56,740	36,200	425	15,989	150,800	675,349	4,625,588
2023	1,787,303	1,961,575	367,260	96,547	128,118	4,680	22,606	60,831	590,805	5,019,725
2024	1,883,080	2,147,461	381,178	66,028	333,421	813	344,247	31,257	1,050,891	6,238,376

Table 5

Municipal Corporation of Cape Charles, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Outstanding Delinquent Taxes to Tax Levy
2015	$ 1,274,119	$ 1,192,349	93.58%	$ 91,392	$ 1,283,741	100.76%	$ 147,959	11.61%
2016	1,304,355	1,212,623	92.97%	56,558	1,269,181	97.30%	210,947	16.17%
2017	1,307,990	1,210,464	92.54%	56,477	1,266,941	96.86%	170,484	13.03%
2018	1,354,254	1,319,862	97.46%	82,403	1,402,265	103.55%	133,957	9.89%
2019	1,385,027	1,365,349	98.58%	53,176	1,418,525	102.42%	120,174	8.68%
2020	1,441,927	1,405,053	97.44%	67,313	1,472,366	102.11%	118,703	8.23%
2021	1,516,579	1,426,493	94.06%	50,925	1,477,418	97.42%	120,825	7.97%
2022	1,869,309	1,781,924	95.33%	28,858	1,810,782	96.87%	118,815	6.36%
2023	1,768,091	1,759,423	99.51%	37,087	1,796,510	101.61%	118,990	6.73%
2024	1,867,966	1,856,513	99.39%	28,805	1,885,318	100.93%	141,804	7.59%

(1) Exclusive of penalties and interest

Table 6

Municipal Corporation of Cape Charles, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Public Utility Real Estate (2)	Total
2015	$ 404,822,056	$ 11,393,551	$ 8,300	$ 3,631,182	$ 419,855,089
2016	410,160,956	12,104,739	3,500	3,705,047	425,974,242
2017	354,182,650	10,873,870	3,300	3,606,095	368,665,915
2018	355,837,200	12,203,520	-	3,651,067	371,691,787
2019	405,269,300	11,945,520	-	3,844,675	421,059,495
2020	421,169,400	12,526,920	-	3,672,005	437,368,325
2021	471,702,900	13,879,300	-	3,796,381	489,378,581
2022	486,479,500	21,662,020	-	3,702,099	511,843,619
2023	753,722,910	19,698,145	-	4,074,010	777,495,065
2024	804,736,700	21,356,075	1,700	3,384,443	829,478,918

(1) Real estate is assessed at 100% of fair market value.
(2) Assessed values are established by the State Corporation Commission.

Table 7

Municipal Corporation of Cape Charles, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Utility Real Estate
2015	$ 0.2759	$ 2.00	$ 0.2759	$ 0.2759
2016	0.2759	2.00	0.2759	0.2759
2017	0.3260	2.00	0.3260	0.3260
2018	0.3260	2.00	-	0.3260
2019	0.2945	2.00	-	0.2945
2020	0.2945	2.00	-	0.2945
2021	0.2731	2.00	-	0.2731
2022	0.3143	2.00	-	0.3143
2023	0.2159	1.00	-	0.2159
2024	0.2159	1.00	1.00	0.2159

(1) Per $100 of assessed value.

Table 8

Municipal Corporation of Cape Charles, Virginia
Computation of Legal Debt Margin
At June 30, 2024

Assessed value of real property, January 1, 2024 (1)	$	808,121,143
Debt limit: 10% of assessed value	$	80,812,114
Amount of debt applicable to debt limit:		
Gross debt (2)	$	85,371
Less: Notes secured by property		(85,371)
Net general obligation bonds and notes	$	-
Legal debt limit	$	80,812,114

(1) Assessed value of real property, including public service corporations as of January 1, 2024

(2) Includes bonded debt and long-term notes payable.

Municipal Corporation of Cape Charles, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

				Less:				
Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3) (4)	Debt Service Monies Available	Debt Payable from Enterprise Revenues (5)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015	1,009	$ 419,855,089	$ 9,611,950	$ -	$ 8,384,203	$ 1,227,747	0.29%	$ 1,217
2016	1,009	425,974,242	9,116,776	-	7,960,552	1,156,224	0.27%	1,146
2017	1,009	368,665,915	8,642,601	-	7,630,508	1,012,093	0.27%	1,003
2018	1,009	371,691,787	8,085,427	-	6,981,046	1,104,381	0.30%	1,095
2019	1,009	421,059,495	7,525,255	-	6,512,342	1,012,913	0.24%	1,004
2020	1,178	437,368,325	6,958,082	-	6,037,234	920,848	0.21%	782
2021	1,178	489,378,581	6,382,908	-	5,556,444	826,464	0.17%	702
2022	1,178	511,843,619	5,798,735	-	5,069,617	729,118	0.14%	619
2023	1,178	777,495,065	5,205,073	-	4,575,855	629,218	0.08%	534
2024	1,178	829,478,918	-	-	-	-	0.00%	-

(1) United States Census Bureau, Census
(2) From Table 6.
(3) Includes all long-term general obligation bonded debt. Excludes notes payable, lease liabilities, OPEB liability, and compensated absences.
(4) The Town sold the water and sewer system, including the assets and liabilities, in FY2024.
(5) Includes general obligation debt payable from enterprise revenues.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

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 the Municipal Corp. Council
Municipal Corporation of Cape Charles, Virginia
Cape Charles, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Municipal Corporation of Cape Charles, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Municipal Corporation of Cape Charles, Virginia's basic financial statements, and have issued our report thereon dated May 2, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Municipal Corporation of Cape Charles, 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*.

Municipal Corporation of Cape Charles' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Municipal Corporation of Cape Charles, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Municipal Corporation of Cape Charles, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no 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 the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
May 2, 2025

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:			*unmodified*	
Internal control over financial reporting:				
Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported
Noncompliance material to financial statements noted?		yes	✓	no

Section II-Financial Statement Findings

Finding: 2024-001 (Material Weakness):

Material Weakness for Fraudulent Credit Card Transactions

Finding: We identified a material weakness in the Municipal Corporation's internal control over financial reporting related to the detection and prevention of fraudulent credit card transactions.

Criteria: Effective internal controls should be in place to ensure the timely detection and prevention of fraudulent credit card transactions. This includes robust monitoring systems, regular reconciliation of transactions, and stringent verification processes.

Condition: The Town's current systems and processes failed to detect and prevent multiple instances of fraudulent credit card transactions. Specifically, there were significant delays in identifying unauthorized transactions, and the existing verification processes were insufficient to prevent these transactions from being processed.

Cause: The material weakness was primarily due to inadequate monitoring systems and a lack of comprehensive fraud detection mechanisms. Additionally, there was a deficiency in staff training regarding the identification and handling of suspicious transactions.

Effect: There is a heightened risk of material misstatement in the financial statements due to undetected fraudulent transactions. This could lead to significant financial losses.

Recommendation: We recommend the following actions: Strengthen verification process to determine the legitimacy of vendors, conduct a thorough review of the supporting invoices/receipts and provide comprehensive training for staff on recognizing and responding to potential fraud indicators.

Management's Response: Management acknowledges the finding and is committed to implementing the recommended actions. A detailed action plan will be developed and executed to enhance internal controls over credit card transactions and mitigate the risk of fraud.