



TOWN OF LURAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

TOWN OF LURAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

COUNCIL

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Ron Vickers, Vice Mayor

Charles Butler, Jr.

Jerry Dofflemyer

Jason Pettit

Jerry Sours

Alex White

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Bryan ChrismanTown Manager

Danielle BabbClerk-Treasurer

Jason A. Botkins, Litten & Sipe, LLP..... Town Attorney

Danielle Babb Clerk of Council

**TOWN OF LURAY, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS OF
THE TOWN COUNCIL
TOWN OF LURAY, 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, each major fund, and the aggregate remaining fund information of Town of Luray, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101 *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2025, the Town restated beginning balances. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Responsibilities of Management for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Luray, Virginia's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 21, 2025, on our consideration of Town of Luray, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Luray, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Luray, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
October 21, 2025

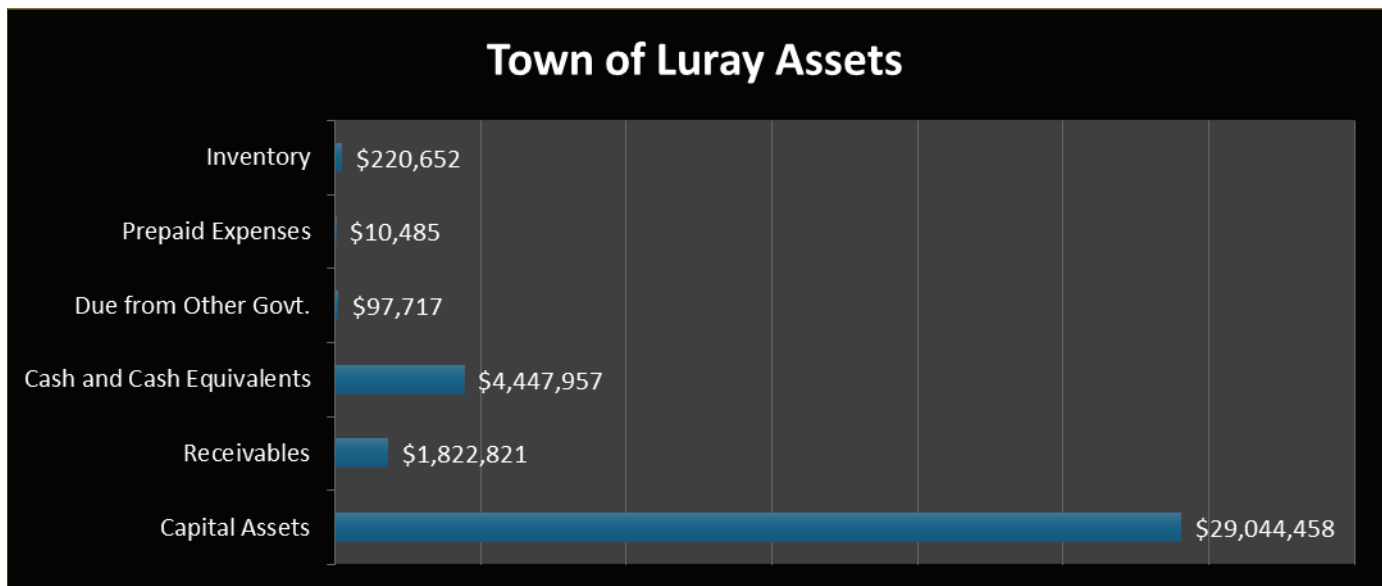
MANAGEMENT'S DISCUSSION AND ANALYSIS
Town of Luray Annual Audit Report

Fiscal Year Ended June 30, 2025

We are pleased to present the Annual Audit Report for the Town of Luray's fiscal year ending June 30, 2025. The audit was conducted by Robinson, Farmer, Cox Associates, a certified public accounting firm in Staunton, Virginia. The firm has audited our financial records and prepared statements of the governmental activities, business type activities, and each major fund. The Town received an unmodified opinion on the financial statements based on the results of this audit. Additionally, the compliance tests performed by the firm disclosed no reportable instances of noncompliance. The following management discussion provides an overall review of the Town's financial activities for the fiscal year ending June 30, 2025. The intent of the discussion and analysis is to examine the Town's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the Town's performance.

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the fiscal year ending June 30, 2025 by \$25,050,914 (net position). Of this amount, \$3,083,142 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position has decreased by \$71,190 over last fiscal year's unrestricted balance of \$3,154,332.

Assets and deferred outflows of resources decreased by \$554,822 over the previous budget year. Assets and deferred outflows of resources totaled \$37,273,214 on June 30, 2025, while liabilities and deferred inflows totaled only \$12,222,300. As you will note on the adjacent chart the largest assets are held in capital assets, this category includes land, buildings, improvements, etc.



On June 30, 2025, the Town's general fund balance is \$2,565,058. This is an increase of \$197,543 from last year's fund balance of \$2,367,515. At June 30, 2025, the fund balance available for spending at the Town of Luray's discretion amounted to \$2,486,973 (unassigned fund balance).

Luray's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding, represents approximately 87 percent of total net position. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Luray, Virginia's
Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025
Land	\$ 1,331,598	\$ 1,331,598	\$ 149,704	\$ 149,704	\$ 1,481,302	\$ 1,481,302
Buildings and improvements	8,939,469	8,939,469	-	-	8,939,469	8,939,469
Infrastructure	13,621,520	13,953,014	-	-	13,621,520	13,953,014
Utility plant in service	-	-	37,749,839	40,076,051	37,749,839	40,076,051
Equipment	3,812,608	3,772,939	-	-	3,812,608	3,772,939
Construction in progress	207,101	182,426	1,700,529	994,420	1,907,630	1,176,846
Total	\$ 27,912,296	\$ 28,179,446	\$ 39,600,072	\$ 41,220,175	\$ 67,512,368	\$ 69,399,621
Accumulated depreciation	(14,379,405)	(15,335,394)	(24,018,384)	(25,056,964)	(38,397,789)	(40,392,358)
Lease Assets:						
Equipment	\$ 30,797	\$ 78,079	\$ -	\$ -	\$ 30,797	\$ 78,079
Accumulated depreciation	\$ (17,527)	\$ (40,884)	\$ -	\$ -	\$ (17,527)	\$ (40,884)
Net capital assets	\$ 13,546,161	\$ 12,881,247	\$ 15,581,688	\$ 16,163,211	\$ 29,127,849	\$ 29,044,458

**Town of Luray, Virginia's
Net Position**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025
Current and other assets	\$ 4,559,254	\$ 4,040,647	\$ 3,154,300	\$ 2,841,393	\$ 7,713,554	\$ 6,882,040
Capital assets	13,546,161	12,881,247	15,581,688	16,163,211	29,127,849	29,044,458
Total assets	\$ 18,105,415	\$ 16,921,894	\$ 18,735,988	\$ 19,004,604	\$ 36,841,403	\$ 35,926,498
Deferred outflows of resources	\$ 769,826	\$ 999,147	\$ 216,807	\$ 347,569	\$ 986,633	\$ 1,346,716
Current and other liabilities	\$ 1,015,484	\$ 250,369	\$ 298,758	\$ 270,988	\$ 1,314,242	\$ 521,357
Long-term liabilities	2,350,787	2,485,374	7,824,826	7,608,410	10,175,613	10,093,784
Total liabilities	\$ 3,366,271	\$ 2,735,743	\$ 8,123,584	\$ 7,879,398	\$ 11,489,855	\$ 10,615,141
Deferred inflows of resources	\$ 1,383,710	\$ 1,451,642	\$ 195,424	\$ 155,517	\$ 1,579,134	\$ 1,607,159
Net investment in capital assets	\$ 13,038,566	\$ 12,469,869	\$ 8,368,258	\$ 9,304,569	\$ 21,406,824	\$ 21,774,438
Restricted (CDBG)	197,891	193,334	-	-	197,891	193,334
Unrestricted	888,803	1,070,453	2,265,529	2,012,689	3,154,332	3,083,142
Total net position	\$ 14,125,260	\$ 13,733,656	\$ 10,633,787	\$ 11,317,258	\$ 24,759,047	\$ 25,050,914

Liabilities and deferred inflows of resources total \$12,222,300 and are composed primarily of long-term debt. The remainder of the liabilities include accounts payable, customer deposits, accrued interest, and unearned tax revenue. The Town is well below the legal margin of debt. This margin is established by computing the total assessed value of real estate within the Town. Ten percent of that total less the net debt applicable to limit is considered the legal margin of debt. On June 30, 2025, the total assessed value of real estate in the Town of Luray was \$512,768,500. The legal debt margin would therefore be \$44,037,703 (\$51,276,850 ten percent of assessed value less \$7,239,147 net debt). As the above information demonstrates, Luray is well below that margin.

**Town of Luray, Virginia's
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025
Revenues:						
Program revenues:						
Charges for services	\$ 427,954	\$ 485,666	\$ 3,358,017	\$ 3,405,816	\$ 3,785,971	\$ 3,891,482
Operating grants and contributions	219,933	192,192	-	-	219,933	192,192
Capital grants and contributions	2,552,326	2,206,825	831,318	707,653	3,383,644	2,914,478
General revenues:						
Property taxes	1,726,370	1,774,483	-	-	1,726,370	1,774,483
Other local taxes	3,083,356	3,505,619	-	-	3,083,356	3,505,619
Grants and contributions not restricted to specific programs	159,891	168,533	-	-	159,891	168,533
Unrestricted investment:						
Earnings	31,281	27,357	917	-	32,198	27,357
Other	(512,169)	(525,925)	512,169	525,925	-	-
Total revenues	\$ 7,688,942	\$ 7,834,750	\$ 4,702,421	\$ 4,639,394	\$ 12,391,363	\$ 12,474,144
Expenses:						
General government administration	\$ 819,389	\$ 944,500	\$ -	\$ -	\$ 819,389	\$ 944,500
Public safety	1,892,247	1,999,599	-	-	1,892,247	1,999,599
Public works	3,931,208	3,745,330	-	-	3,931,208	3,745,330
Health and welfare	19,245	19,254	-	-	19,245	19,254
Parks, recreation, and culture	919,011	1,347,461	-	-	919,011	1,347,461
Community development	41,211	82,180	-	-	41,211	82,180
Interest on long-term debt	22,187	18,779	-	-	22,187	18,779
Business-type activities	-	-	3,481,158	3,914,219	3,481,158	3,914,219
Total expenses	\$ 7,644,498	\$ 8,157,103	\$ 3,481,158	\$ 3,914,219	\$ 11,125,656	\$ 12,071,322
Change in net position	\$ 44,444	\$ (322,353)	\$ 1,221,263	\$ 725,175	\$ 1,265,707	\$ 402,822
Net position, beginning	14,080,816	14,056,009	9,412,524	10,592,083	23,493,340	24,648,092
Net position, ending	\$ 14,125,260	\$ 13,733,656	\$ 10,633,787	\$ 11,317,258	\$ 24,759,047	\$ 25,050,914

Overview of the Financial Statements

Aside from identifying any issues related to non-compliance with standard accounting procedures, the auditors examined the Town's operations and records. As a result of this work certain yearly financial statements were composed and are included in the audit report. These statements demonstrate the overall financial position of the Town, the degree of budgetary compliance and focus on the in-flow and out-flow of resources (cash-flow) within the Town. Furthermore, they identify the balance of expendable resources at the end of the fiscal year. The auditor's financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the Town's finances. The reports are very similar to the private sector in that all current year revenue and expenses are taken into account regardless of when cash is received or paid. Two financial statements are used to present this information: 1) the *statement of net position* and 2) the *statement of activities*. The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents information showing how the Town's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The *statement of activities* presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services. Both the *statement of net position* and the *statement of activities* focus on functions that are primarily funded by taxes and intergovernmental revenues. Such activities include general government administration, public safety, public works, parks and recreation and cultural, and community development. Business-type activities of the Town include the Water and Sewer Funds. The Town's *net position* is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The preceding chart of Luray's assets provided a breakout of assets. At the end of the current fiscal year, the Town is able to report positive balances in all categories of *net position*, both for the Town as a whole and as well as for its separate governmental and business-type activities.

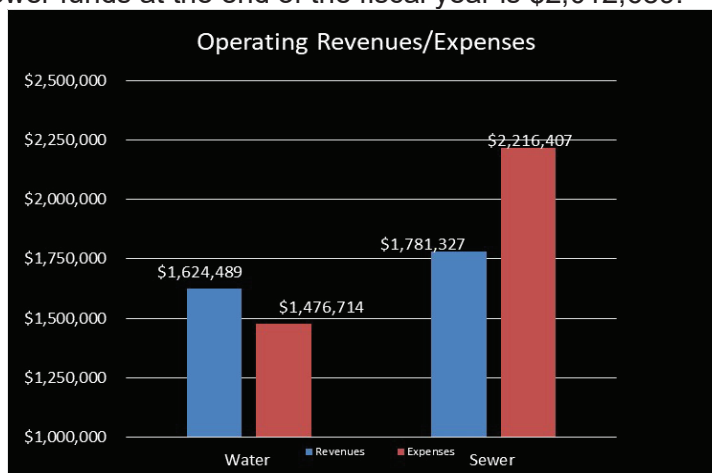
Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Luray, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Town can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as the statement of activities in the government-wide financial statements. This chart demonstrates spending distribution among the various governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on the balance of expendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financing requirements. Governmental activities decreased the Town's net position by \$322,353. Total spending in governmental funds was \$8,157,103.

Proprietary funds are the enterprise or business type funds. The Town uses enterprise funds to account for the water and sewer activities operated by the Town. The proprietary funds show operational loss of \$287,305. The water fund had an operational income of \$147,775 and the sewer fund had an operational loss of \$435,080. Overall operating expenses show an increase of \$428,132 compared to the June 30, 2024 proprietary fund statements, of that increase \$313,788 are attributable to sewer expenses. Unrestricted net position of the water and sewer funds at the end of the fiscal year is \$2,012,689.



Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Since fiduciary funds report assets held in a trustee or agency capacity for others, these funds cannot be used to support the government's own programs. The Town's fiduciary funds consist of the Federal Forfeiture Fund and State Forfeiture Fund.

Economic Factors in Next Year's Budget

- The Town of Luray will continue making improvements to the Public Works building located at 121 N. Hawksbill Street.
- The Town will update the Master Land Use Plan for the Ralph Dean Recreation Park and finalize plans for the permanent Recreation Park Office structure.
- The Town of Luray will continue promoting economic development through the Revolving Loan Program, established as a part of the Community Development Block Grant. The purpose of this program is to support ongoing efforts to revitalize the downtown area. Currently, there are two active loan participants and an additional application under review. The Town will continue to promote the program while funding is available.
- The Town continues to experience growth in the Luray Landing neighborhood with the ongoing buildout of townhomes and duplexes. Construction of single-family homes is forthcoming to complete the overall housing development project.
- Improvements are planned for the Luray Landing water infrastructure.
- Improvements are scheduled for West Main Street sewer infrastructure.
- Capital improvements are planned for the East Luray sewer pump station and forced main.
- The Town continues to see increases in transient occupancy tax and meals tax revenues as a result of economic development within the community.
- The Town will begin recognizing revenue from the newly implemented Admissions Tax, effective July 1, 2025, in accordance with the fiscal year budget and adopted rate/fee schedule.
- Following the completion of the approximately \$1.1 million dollar investment in the electronic water meter system, the Town will transition the associated loan to permanent financing. Funding from ARPA and short-term financing from Blue Ridge Bank were utilized to complete the project.
- The Town continues to support the Yagers Spring Greenway Extension in collaboration with the Hawksbill Greenway Foundation.
- The Town continues to investigate sources of Inflow and Infiltration in the sewer system that contribute to increased flows. Capital funding will be used to camera the lines, locate the source of infiltration, investigate instances of inflow from residential storm drainage, and line problem pipe sections.
- Wastewater improvements are ongoing, supported by capital project funding of \$1.6 million through Blue Ridge Bank. These improvements include sludge processing equipment replacement, UV Light disinfection system upgrades, main trunk line repairs, and manhole lining.
- The Town of Luray will implement GIS Mapping for Town Utilities.
- An amendment of \$1million dollars to the FY26 budget will be required due to the grant award from the Virginia Department of Housing and Community Development. The Town will establish the necessary revenue and expenditure accounts to record the receipt and disbursement of funds for the 15 Campbell Street project by HUB Development LLC.
- The Town of Luray will commission both a flood mitigation study and parking study.

Requests for Information

This financial report is designed to provide a general overview of the Town of Luray, Virginia's finances, for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Luray, Town Manager, 45 E. Main Street; Luray, Virginia 22835.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,427,996	\$ 2,019,961	\$ 4,447,957
Receivables (net of allowance for uncollectibles):			
Taxes receivable	911,272	-	911,272
Accounts receivable	332,243	538,581	870,824
Notes receivable	40,725	-	40,725
Due from other governmental units	97,717	-	97,717
Inventories	74,586	146,066	220,652
Prepaid expenses	3,499	6,986	10,485
Restricted:			
Cash and cash equivalents	152,609	129,799	282,408
Capital assets, net of accumulated depreciation:			
Land	1,331,598	149,704	1,481,302
Buildings and improvements	2,867,806	-	2,867,806
Land improvements	503,391	-	503,391
Machinery and equipment	1,095,477	-	1,095,477
Infrastructure	6,863,354	-	6,863,354
Utility plant in service	-	15,019,087	15,019,087
Construction in progress	182,426	994,420	1,176,846
Lease equipment	37,195	-	37,195
Total assets	<u>\$ 16,921,894</u>	<u>\$ 19,004,604</u>	<u>\$ 35,926,498</u>
DEFERRED OUTFLOWS OF RESOURCES			
Financed purchase related items	\$ 6,438	\$ -	\$ 6,438
Pension related items	673,588	332,428	1,006,016
OPEB related items	319,121	15,141	334,262
Total deferred outflows of resources	<u>\$ 999,147</u>	<u>\$ 347,569</u>	<u>\$ 1,346,716</u>
LIABILITIES			
Accounts payable	\$ 183,166	\$ 76,588	\$ 259,754
Accrued liabilities	66,968	50,866	117,834
Customers' deposits	-	129,799	129,799
Accrued interest payable	235	13,735	13,970
Long-term liabilities:			
Due within one year	222,079	483,736	705,815
Due in more than one year	2,263,295	7,124,674	9,387,969
Total liabilities	<u>\$ 2,735,743</u>	<u>\$ 7,879,398</u>	<u>\$ 10,615,141</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 845,958	\$ -	\$ 845,958
Pension related items	262,116	126,138	388,254
OPEB related items	343,568	29,379	372,947
Total deferred inflows of resources	<u>\$ 1,451,642</u>	<u>\$ 155,517</u>	<u>\$ 1,607,159</u>
NET POSITION			
Net investment in capital assets	\$ 12,469,869	\$ 9,304,569	\$ 21,774,438
Restricted for:			
Community development block grant expenditures	193,334	-	193,334
Unrestricted	1,070,453	2,012,689	3,083,142
Total net position	<u>\$ 13,733,656</u>	<u>\$ 11,317,258</u>	<u>\$ 25,050,914</u>

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

Town of Luray, Virginia

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 947,552	\$ 27,753	\$ -	\$ 6,548
Public safety	1,999,599	19,082	182,701	-
Public works	3,745,330	402,207	-	2,200,277
Health and welfare	19,254	-	-	-
Parks, recreation, and cultural	1,347,461	36,624	4,991	-
Community development	82,180	-	4,500	-
Interest on long-term debt	18,779	-	-	-
Total governmental activities	\$ 8,160,155	\$ 485,666	\$ 192,192	\$ 2,206,825
Business-type activities:				
Water	\$ 1,684,688	\$ 1,624,489	\$ -	\$ 282,666
Sewer	2,229,531	1,781,327	-	424,987
Total business-type activities	\$ 3,914,219	\$ 3,405,816	\$ -	\$ 707,653
Total primary government	\$ 12,074,374	\$ 3,891,482	\$ 192,192	\$ 2,914,478

General revenues:

General property taxes

Other local taxes:

Local sales and use tax

Consumers' utility tax

Business licenses tax

Restaurant food tax

Cigarette Tax

Transient Occupancy tax

Bank stock tax

Other local taxes

Unrestricted revenues from use of money

Miscellaneous

Gain on termination of leases

Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as previously reported

Restatement

Net position - beginning, as restated

Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (913,251)	\$ -	\$ (913,251)
(1,797,816)	-	(1,797,816)
(1,142,846)	-	(1,142,846)
(19,254)	-	(19,254)
(1,305,846)	-	(1,305,846)
(77,680)	-	(77,680)
(18,779)	-	(18,779)
<u>\$ (5,275,472)</u>	<u>\$ -</u>	<u>\$ (5,275,472)</u>
\$ -	\$ 222,467	\$ 222,467
-	(23,217)	(23,217)
<u>\$ -</u>	<u>\$ 199,250</u>	<u>\$ 199,250</u>
<u>\$ (5,275,472)</u>	<u>\$ 199,250</u>	<u>\$ (5,076,222)</u>
\$ 1,774,483	\$ -	\$ 1,774,483
315,920	-	315,920
138,163	-	138,163
539,724	-	539,724
1,308,401	-	1,308,401
151,852	-	151,852
581,526	-	581,526
340,215	-	340,215
129,818	-	129,818
27,357	-	27,357
84,736	-	84,736
3,379	-	3,379
83,470	-	83,470
(525,925)	525,925	-
<u>\$ 4,953,119</u>	<u>\$ 525,925</u>	<u>\$ 5,479,044</u>
<u>\$ (322,353)</u>	<u>\$ 725,175</u>	<u>\$ 402,822</u>
<u>\$ 14,125,260</u>	<u>\$ 10,633,787</u>	<u>\$ 24,759,047</u>
(69,251)	(41,704)	(110,955)
<u>\$ 14,056,009</u>	<u>\$ 10,592,083</u>	<u>\$ 24,648,092</u>
<u>\$ 13,733,656</u>	<u>\$ 11,317,258</u>	<u>\$ 25,050,914</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2025

Primary Government

	General Fund	Special Revenue Fund CDBG	Total
ASSETS			
Cash and cash equivalents	\$ 2,427,996	\$ -	\$ 2,427,996
Receivables (net of allowance for uncollectibles):			
Taxes receivable	911,272	-	911,272
Accounts receivable	332,243	-	332,243
Notes receivable	-	40,725	40,725
Due from other governmental units	97,717	-	97,717
Inventories	74,586	-	74,586
Prepaid items	3,499	-	3,499
Restricted assets:			
Cash and cash equivalents	-	152,609	152,609
Total assets	\$ 3,847,313	\$ 193,334	\$ 4,040,647
DEFERRED OUTFLOWS OF RESOURCES			
Financed purchase related items	\$ 6,438	\$ -	\$ 6,438
Total assets and deferred outflows of resources	\$ 3,853,751	\$ 193,334	\$ 4,047,085
LIABILITIES			
Accounts payable	\$ 183,166	\$ -	\$ 183,166
Accrued liabilities	66,968	-	66,968
Total liabilities	\$ 250,134	\$ -	\$ 250,134
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,038,559	\$ -	\$ 1,038,559
Total deferred inflows of resources	\$ 1,038,559	\$ -	\$ 1,038,559
FUND BALANCES			
Nonspendable:			
Inventory	\$ 74,586	\$ -	\$ 74,586
Prepaid items	3,499	-	3,499
Restricted:			
Community development block grant fund	-	193,334	193,334
Unassigned	2,486,973	-	2,486,973
Total fund balances	\$ 2,565,058	\$ 193,334	\$ 2,758,392
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,853,751	\$ 193,334	\$ 4,047,085

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 2,758,392
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,331,598	
Buildings and improvements	2,867,806	
Land improvements	503,391	
Machinery and equipment	1,095,477	
Infrastructure	6,863,354	
Construction in progress	182,426	
Lease equipment	<u>37,195</u>	
		12,881,247

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

Unavailable revenue - property taxes	\$ <u>192,601</u>	
		192,601

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds

Pension related items	\$ 673,588	
OPEB related items	<u>319,121</u>	
		992,709

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	\$ (349,222)	
Financed purchase	(31,283)	
Accrued interest	(235)	
Compensated absences	(303,392)	
Lease liabilities	(30,873)	
Net pension liability	(1,024,731)	
Net OPEB liabilities	<u>(745,873)</u>	
		(2,485,609)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (262,116)	
OPEB related items	<u>(343,568)</u>	
		<u>(605,684)</u>

Net position of governmental activities	<u>\$ 13,733,656</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Primary Government		
	General Fund	Special Revenue Fund CDBG	Total
REVENUES			
General property taxes	\$ 1,737,313	\$ -	\$ 1,737,313
Other local taxes	3,505,619	-	3,505,619
Permits, privilege fees, and regulatory licenses	15,991	-	15,991
Fines and forfeitures	19,082	-	19,082
Revenue from the use of money and property	55,110	-	55,110
Charges for services	422,840	-	422,840
Miscellaneous	84,736	-	84,736
Intergovernmental:			
Commonwealth	1,848,518	-	1,848,518
Federal	633,969	-	633,969
Total revenues	<u>\$ 8,323,178</u>	<u>\$ -</u>	<u>\$ 8,323,178</u>
EXPENDITURES			
Current:			
General government administration	\$ 848,898	\$ -	\$ 848,898
Public safety	1,965,254	-	1,965,254
Public works	3,205,479	-	3,205,479
Health and welfare	19,254	-	19,254
Parks, recreation, and cultural	1,380,283	-	1,380,283
Community development	77,137	4,557	81,694
Debt service:			
Principal retirement	133,858	-	133,858
Interest and other fiscal charges	18,673	-	18,673
Total expenditures	<u>\$ 7,648,836</u>	<u>\$ 4,557</u>	<u>\$ 7,653,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 674,342</u>	<u>\$ (4,557)</u>	<u>\$ 669,785</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (525,925)	\$ -	\$ (525,925)
Issuance of capital lease	36,950	-	36,950
Sale of capital assets	12,176	-	12,176
Total other financing sources (uses)	<u>\$ (476,799)</u>	<u>\$ -</u>	<u>\$ (476,799)</u>
Net change in fund balances	\$ 197,543	\$ (4,557)	\$ 192,986
Total fund balances - beginning	2,367,515	197,891	2,565,406
Total fund balances - ending	<u>\$ 2,565,058</u>	<u>\$ 193,334</u>	<u>\$ 2,758,392</u>

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

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

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

Net change in fund balances - total governmental funds	\$	192,986
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The following is a summary of items supporting this adjustment:

Capital outlays	\$	615,300	
Depreciation/amortization expense		<u>(1,251,248)</u>	(635,948)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.

Loss on disposal of assets	(33,935)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	<u>37,170</u>	37,170
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$	133,858	
Issuance of capital lease		(36,950)	
Accrued interest		(106)	
Gain on termination of leases		<u>3,379</u>	100,181

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$	(35,028)	
Pension expense		106,552	
OPEB expense		<u>(54,331)</u>	17,193

Change in net position of governmental activities	\$	<u><u>(322,353)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 June 30, 2025

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 732,278	\$ 1,287,683	\$ 2,019,961
Accounts receivable, net of allowances for uncollectibles	263,765	274,816	538,581
Due from other funds	-	75,000	75,000
Inventories	137,355	8,711	146,066
Prepaid expenses	3,493	3,493	6,986
Total current assets	<u>\$ 1,136,891</u>	<u>\$ 1,649,703</u>	<u>\$ 2,786,594</u>
Noncurrent assets:			
Restricted current assets:			
Cash and cash equivalents	\$ 129,799	\$ -	\$ 129,799
Capital assets:			
Land	114,284	35,420	149,704
Construction in progress	259,189	735,231	994,420
Utility plant in service	12,244,440	27,831,611	40,076,051
Accumulated Depreciation	(6,462,173)	(18,594,791)	(25,056,964)
Net capital assets	<u>\$ 6,155,740</u>	<u>\$ 10,007,471</u>	<u>\$ 16,163,211</u>
Total noncurrent assets	<u>\$ 6,155,740</u>	<u>\$ 10,007,471</u>	<u>\$ 16,163,211</u>
Total assets	<u>\$ 7,422,430</u>	<u>\$ 11,657,174</u>	<u>\$ 19,079,604</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 150,230	\$ 182,198	\$ 332,428
OPEB related items	6,883	8,258	15,141
Total deferred outflows of resources	<u>\$ 157,113</u>	<u>\$ 190,456</u>	<u>\$ 347,569</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 20,441	\$ 56,147	\$ 76,588
Accrued liabilities	34,787	16,079	50,866
Customers' deposits	129,799	-	129,799
Accrued interest payable	8,228	5,507	13,735
Due to other funds	75,000	-	75,000
Bonds payable - current portion, net of original issue premium	10,271	266,280	276,551
Notes payable - current portion	108,232	12,306	120,538
Compensated absences	48,298	38,349	86,647
Total current liabilities	<u>\$ 435,056</u>	<u>\$ 394,668</u>	<u>\$ 829,724</u>
Noncurrent liabilities:			
Bonds payable - net of current portion, net of original issue premium	\$ 1,083,558	\$ 838,389	\$ 1,921,947
Notes payable - net of current portion	4,220,297	319,309	4,539,606
Compensated absences - net of current portion	29,724	26,298	56,022
Net OPEB liabilities	42,497	51,031	93,528
Net pension liability	233,485	280,086	513,571
Total noncurrent liabilities	<u>\$ 5,609,561</u>	<u>\$ 1,515,113</u>	<u>\$ 7,124,674</u>
Total liabilities	<u>\$ 6,044,617</u>	<u>\$ 1,909,781</u>	<u>\$ 7,954,398</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 51,099	\$ 75,039	\$ 126,138
OPEB related items	13,371	16,008	29,379
Total deferred inflows of resources	<u>\$ 64,470</u>	<u>\$ 91,047</u>	<u>\$ 155,517</u>
NET POSITION			
Net investment in capital assets	\$ 733,382	\$ 8,571,187	\$ 9,304,569
Unrestricted (deficit)	737,074	1,275,615	2,012,689
Total net position (deficit)	<u>\$ 1,470,456</u>	<u>\$ 9,846,802</u>	<u>\$ 11,317,258</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2025

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,624,489	\$ -	\$ 1,624,489
Sewer revenues	-	1,781,327	1,781,327
Total operating revenues	<u>\$ 1,624,489</u>	<u>\$ 1,781,327</u>	<u>\$ 3,405,816</u>
OPERATING EXPENSES			
Personnel services	\$ 446,660	\$ 527,464	\$ 974,124
Fringe benefits	180,609	201,073	381,682
Contractual services	16,539	19,150	35,689
Other supplies and expenses	13,377	37,047	50,424
Rentals and leases	412	412	824
Insurance claims and expense	20,000	23,000	43,000
Other charges	390,574	778,224	1,168,798
Depreciation	408,543	630,037	1,038,580
Total operating expenses	<u>\$ 1,476,714</u>	<u>\$ 2,216,407</u>	<u>\$ 3,693,121</u>
Operating income (loss)	<u>\$ 147,775</u>	<u>\$ (435,080)</u>	<u>\$ (287,305)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (207,974)	\$ (13,124)	\$ (221,098)
Total nonoperating revenues (expenses)	<u>\$ (207,974)</u>	<u>\$ (13,124)</u>	<u>\$ (221,098)</u>
Income (loss) before contributions and transfers	<u>\$ (60,199)</u>	<u>\$ (448,204)</u>	<u>\$ (508,403)</u>
Capital contributions and construction grants	\$ 282,666	\$ 424,987	\$ 707,653
Transfers in	<u>212,272</u>	<u>313,653</u>	<u>525,925</u>
Change in net position	<u>\$ 434,739</u>	<u>\$ 290,436</u>	<u>\$ 725,175</u>
Total net position - beginning, as previously reported	\$ 1,053,410	\$ 9,580,377	\$ 10,633,787
Restatement	<u>(17,693)</u>	<u>(24,011)</u>	<u>(41,704)</u>
Total net position - beginning, as restated	<u>\$ 1,035,717</u>	<u>\$ 9,556,366</u>	<u>\$ 10,592,083</u>
Total net position - ending	<u><u>\$ 1,470,456</u></u>	<u><u>\$ 9,846,802</u></u>	<u><u>\$ 11,317,258</u></u>

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,637,852	\$ 1,799,873	\$ 3,437,725
Payments to suppliers	(518,175)	(844,536)	(1,362,711)
Payments to employees	(641,513)	(780,034)	(1,421,547)
Net cash provided by (used for) operating activities	\$ 478,164	\$ 175,303	\$ 653,467
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 212,272	\$ 313,653	\$ 525,925
Net cash provided by (used in) noncapital financing activities	\$ 212,272	\$ 313,653	\$ 525,925
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases to utility plant	\$ (580,909)	\$ (1,039,194)	\$ (1,620,103)
Proceeds from indebtedness	53,832	-	53,832
Principal payments on bonds and notes	(106,906)	(268,044)	(374,950)
Capital contributions	282,666	424,987	707,653
Interest expense	(216,117)	(41,241)	(257,358)
Net cash provided by (used for) capital and related financing activities	\$ (567,434)	\$ (923,492)	\$ (1,490,926)
Net increase (decrease) in cash and cash equivalents	\$ 123,002	\$ (434,536)	\$ (311,534)
Cash and cash equivalents (including restricted) - beginning	739,075	1,722,219	2,461,294
Cash and cash equivalents (including restricted) - ending	\$ 862,077	\$ 1,287,683	\$ 2,149,760
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 147,775	\$ (435,080)	\$ (287,305)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 408,543	\$ 630,037	\$ 1,038,580
(Increase) decrease in accounts receivable	16,363	18,546	34,909
(Increase) decrease in inventories	(38,945)	743	(38,202)
(Increase) decrease in prepaid expenses	4,833	(167)	4,666
(Increase) decrease in deferred outflows of resources	(61,112)	(69,650)	(130,762)
Increase (decrease) in customer deposits	(3,000)	-	(3,000)
Increase (decrease) in accounts payable	(43,161)	12,721	(30,440)
Increase (decrease) in net OPEB liabilities	(152)	(1,229)	(1,381)
Increase (decrease) in accrued liabilities	7,355	905	8,260
Increase (decrease) in compensated absences	17,138	(7,538)	9,600
Increase (decrease) in net pension liability	48,363	40,086	88,449
Increase (decrease) in deferred inflows of resources	(25,836)	(14,071)	(39,907)
Total adjustments	\$ 330,389	\$ 610,383	\$ 940,772
Net cash provided by (used for) operating activities	\$ 478,164	\$ 175,303	\$ 653,467

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

Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Primary Government Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 38,527
Total assets	<u>\$ 38,527</u>
NET POSITION	
Restricted:	
Restricted for asset forfeitures	\$ 38,527
Total net position	<u>\$ 38,527</u>

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

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2025

	Primary Government Custodial Funds
ADDITIONS	
Asset forfeitures	\$ 42,127
Revenue from the use of money	33
Total additions	\$ 42,160
DEDUCTIONS	
Supplies and equipment	\$ 3,633
Total deductions	\$ 3,633
Net increase (decrease) in fiduciary net position	\$ 38,527
Net position, beginning of year	-
Net position, end of year	\$ 38,527

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

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

Town of Luray, Virginia (the town) is a municipal corporation governed by an elected seven-member Town Council. The accompanying financial statements present the government and entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units - The Town has no blended component units for the fiscal year ended June 30, 2025.

Discretely Presented Component Units - The Town has no discretely presented component units for the fiscal year ended June 30, 2025.

Jointly Governed Organizations - The Luray-Page County Airport Authority operates the Luray Caverns Airport. There are five authority members in total. Two members are appointed by the Town, two are appointed by the County of Page, Virginia, and one at-large member is appointed jointly. The Town does have the ability to impose its will on the Airport Authority through its appointments of members, approval of budgets, and its ability to modify the decisions of the authority. However, the Town does not retain an ongoing financial interest or an ongoing financial responsibility in the Authority. The day-to-day activity of the airport is overseen by the Authority. The Town contributes to the insurance expense of the Authority on an annual basis, but overall this amount is immaterial to the financial statements of the Town.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

Statement of Net Position – The Statement of Net Position is designed to display the 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Government-wide and fund financial statements (continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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.

D. Measurement focus, basis of accounting, and financial statement presentation

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

The 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, proprietary, and fiduciary 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. 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 liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases 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 utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific 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.

The government reports the following major governmental funds:

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

The *special revenue fund* accounts for and reports the proceeds of the specific revenue sources that are legally restricted to expenditures for specified purposes. The CDBG fund is a special revenue fund of the Town.

The government reports the following major proprietary funds:

The *water fund* accounts for the activities of the Town's water system. The fund reports the operations of the Town's water distribution system.

The *sewer fund* accounts for the activities of the Town's sewer system. The fund reports the operations of the Town's sewage treatment plant, sewage pumping station and collection system.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the government reports the following fund type:

Fiduciary (Custodial) funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial Fiduciary funds include the Federal Forfeiture and State Forfeiture Funds.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Receivables and payables

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance (continued)

3. *Inventories and Prepaid Items*

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

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

4. *Property taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate and personal property taxes are payable in two installments on June 5th and December 5th. The Town bills and collects its own property taxes.

The taxes receivable balance at June 30, 2025 includes amounts not yet billed or received from the second half of the January 1, 2025 levy (due December 5, 2025). These items are included in unavailable revenue since these taxes are restricted for use until fiscal year 2026.

5. *Allowance for uncollectible accounts*

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$221,547 at June 30, 2025 and is composed of property taxes, refuse, and water and sewer accounts receivable. The portion of the allowance for property taxes in the amount of \$27,697 represents 3.04% of the taxes receivable balance at June 30, 2025. The portion of the allowance of \$193,850 attributable to refuse and water and sewer represents 22.26% of the accounts receivable balance at June 30, 2025.

6. *Use of estimates*

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

7. *Capital assets*

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance (continued)****7. Capital assets (continued)**

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported values excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do no 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 asset class.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Buildings improvements	40
Structures, lines, and accessories	33
Machinery and equipment	3-10
Land improvements	15
Infrastructure	30
Lease equipment	4-5

8. 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 in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance (continued)

9. Long-term obligations

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

10. Fund balance

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance (continued)

10. Fund balance (continued)

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

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

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance (continued)

12. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

13. *Pensions*

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance
(continued)**

14. Other Postemployment Benefits (OPEB) (continued)

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

15. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control for 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.

Lessee

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

Lessor

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, and deferred outflows/inflows of resources net position/fund balance (continued)

15. Leases (continued)

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 Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.

Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All funds have legally adopted budgets.
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 function level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

A. Budgetary Information (continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all Town units.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For the year ended June 30, 2025, the Town's following functions had expenditures which exceeded appropriations.

<u>Fund</u>	<u>Function</u>	<u>Excess of Expenditures over Appropriations</u>
General	Debt service	\$ 29,425

C. Deficit fund equity

At June 30, 2025, none of the Town's funds had deficit fund equity.

NOTE 3 – INTERFUND OBLIGATIONS:

Interfund receivables/payables are the net result of temporary overdrafts in the operating and payroll bank accounts of one fund which is offset by positive amounts in other funds. At June 30, 2025, interfund obligations were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Sewer	\$ 75,000	\$ -
Water	-	75,000
Total	\$ <u>75,000</u>	\$ <u>75,000</u>

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units at June 30, 2025, are as follows:

	<u>Governmental Activities</u>
<u>Commonwealth of Virginia:</u>	
Sales tax	\$ 86,558
Communications tax	8,000
Auto rental tax	821
<u>Federal Government:</u>	
Ground transportation safety grant	2,338
Total	\$ <u>97,717</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 5 – CAPITAL ASSETS:

Governmental Activities

	Balance July 1, 2024 as restated	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 1,331,598	\$ -	\$ -	\$ 1,331,598
Construction in progress	207,101	232,017	(256,692)	182,426
Total capital assets not being depreciated	\$ 1,538,699	\$ 232,017	\$ (256,692)	\$ 1,514,024
Capital assets being depreciated:				
Buildings and improvements	\$ 6,972,050	\$ -	\$ -	\$ 6,972,050
Land improvements	1,967,419	-	-	1,967,419
Machinery and equipment	3,812,608	264,231	(303,900)	3,772,939
Infrastructure	13,621,520	331,494	-	13,953,014
Total capital assets being depreciated	\$ 26,373,597	\$ 595,725	\$ (303,900)	\$ 26,665,422
Accumulated depreciation:				
Buildings and improvements	\$ (3,954,078)	\$ (150,166)	\$ -	\$ (4,104,244)
Land improvements	(1,409,516)	(54,512)	-	(1,464,028)
Machinery and equipment	(2,584,986)	(365,493)	273,017	(2,677,462)
Infrastructure	(6,430,825)	(658,835)	-	(7,089,660)
Total accumulated depreciation	\$ (14,379,405)	\$ (1,229,006)	\$ 273,017	\$ (15,335,394)
Capital assets being depreciated, net	\$ 11,994,192	\$ (633,281)	\$ (30,883)	\$ 11,330,028
Lease assets:				
Equipment	\$ 46,983	\$ 44,250	\$ (13,154)	\$ 78,079
Accumulated amortization				
Equipment	\$ (28,744)	\$ (22,242)	\$ 10,102	\$ (40,884)
Net right-to-use lease assets	\$ 18,239	\$ 22,008	\$ (3,052)	\$ 37,195
Net capital assets	\$ 13,551,130	\$ (379,256)	\$ (290,627)	\$ 12,881,247

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TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 5 – CAPITAL ASSETS: (CONTINUED)

Business-type Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Water Fund				
Capital assets not being depreciated:				
Land	\$ 114,284	\$ -	\$ -	\$ 114,284
Construction in progress (WP)	1,436,667	152,049	(1,329,527)	259,189
Total capital assets not being depreciated	\$ 1,550,951	\$ 152,049	\$ (1,329,527)	\$ 373,473
Capital assets being depreciated:				
Utility plant in service	\$ 10,486,053	\$ 1,758,387	\$ -	\$ 12,244,440
Accumulated depreciation	(6,053,630)	(408,543)	-	(6,462,173)
Capital assets being depreciated, net	\$ 4,432,423	\$ 1,349,844	\$ -	\$ 5,782,267
Net capital assets	\$ 5,983,374	\$ 1,501,893	\$ (1,329,527)	\$ 6,155,740

Sewer Fund

Capital assets not being depreciated:				
Land	\$ 35,420	\$ -	\$ -	\$ 35,420
Construction in progress (WWTP)	263,862	750,684	(279,315)	735,231
Total capital assets not being depreciated	\$ 299,282	\$ 750,684	\$ (279,315)	\$ 770,651
Capital assets being depreciated:				
Utility plant in service	\$ 27,263,786	\$ 567,825	\$ -	\$ 27,831,611
Accumulated depreciation	(17,964,754)	(630,037)	-	(18,594,791)
Capital assets being depreciated, net	\$ 9,299,032	\$ (62,212)	\$ -	\$ 9,236,820
Net capital assets	\$ 9,598,314	\$ 688,472	\$ (279,315)	\$ 10,007,471

Depreciation/amortization expense was charged to functions/programs of the Town as follows:

Governmental activities:

General government administration	\$ 112,508
Public safety	159,014
Public works	825,992
Parks, recreation, and cultural	153,248
Community development	486
Total depreciation/amortization expense-governmental activities	\$ 1,251,248

Business-type activities:

Water Fund	\$ 408,543
Sewer Fund	630,037
Total depreciation expense-business-type activities	\$ 1,038,580

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS:

Primary Government—Governmental Activities:

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

	Balance July 1, 2024 as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Direct Placements:				
Notes Payable	\$ 452,924	\$ -	\$ 103,702	\$ 349,222
Financed Purchase	40,754	-	9,471	31,283
	<u>\$ 493,678</u>	<u>\$ -</u>	<u>\$ 113,173</u>	<u>\$ 380,505</u>
Other Long-Term Obligations:				
Lease Liabilities	\$ 17,984	\$ 36,950	\$ 24,061	\$ 30,873
Compensated Absences	268,364	125,153	90,125	303,392
Net OPEB Liabilities	703,616	639,695	597,438	745,873
Net Pension Liability	941,363	1,292,854	1,209,486	1,024,731
Total Other Long-Term Obligations	<u>\$ 1,931,327</u>	<u>\$ 2,094,652</u>	<u>\$ 1,921,110</u>	<u>\$ 2,104,869</u>
Total Long-Term Obligations	<u>\$ 2,425,005</u>	<u>\$ 2,094,652</u>	<u>\$ 2,034,283</u>	<u>\$ 2,485,374</u>

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Direct Placements:		
\$500,000 Rural Development Community Facilities Loan secured by Deed of Trust on real property located at 45 E. Main Street, Luray, Virginia dated September 13, 2002, bearing interest at 4.50% per annum. Note due in monthly installments of \$2,270 through June 2044.	\$ 349,222	\$ 12,306
\$50,182 purchase of CAS Severn IBM Power10 System, financed through IBM Financing. Annual payments of \$11,021, consisting of principal, interest, and costs for maintenance services, are due through July 2027.	31,283	9,934
Subtotal Direct Borrowing and Direct Placements	<u>\$ 380,505</u>	<u>\$ 22,240</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government—Governmental Activities: (Continued)

Details of Long-term Obligations: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Lease Liabilities</u>		
\$17,641 lease for the use of a multifunction printer, issued April 12, 2022, bearing interest at 3.0%. Monthly principal and interest payments of \$384 through May 11, 2026.	\$ 4,155	\$ 4,155
\$18,751 lease for the use of a postage machine, issued March 17, 2025, bearing interest at 2.885%. Quarterly principal and interest payments of \$1,003 through February 17, 2030.	16,871	3,563
\$18,199 lease for the use of a mobile office, issued January 15, 2025, bearing interest at 2.933%. Monthly principal and interest payments of \$1,421 through January 15, 2026.	<u>9,847</u>	<u>9,847</u>
Subtotal Lease Liabilities	\$ <u>30,873</u>	\$ <u>17,565</u>
Compensated Absences	\$ 303,392	\$ 182,274
Net OPEB Liabilities	745,873	-
Net Pension Liability	<u>1,024,731</u>	<u>-</u>
Total	\$ <u>2,485,374</u>	\$ <u>222,079</u>

The Town's outstanding general obligation note from direct borrowings and direct placements related to governmental activities of \$349,222 contains a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Town has pledged to secure the payment and performance of the Town's obligation under the bond with the Town's right, title, and interest to all revenue collected by the Town. In addition, the Town note has pledged the Town Hall building on the Rural Development Community Facilities note in the event of default.

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 22,240	\$ 16,017	\$ 17,565	\$ 612
2027	23,291	14,966	3,667	345
2028	24,393	13,864	3,774	238
2029	14,081	13,159	3,884	128
2030	14,728	12,512	1,983	21
2031-2035	84,435	51,765	-	-
2036-2040	105,694	30,506	-	-
2041-2044	91,643	5,971	-	-
Total	\$ <u>380,505</u>	\$ <u>158,760</u>	\$ <u>30,873</u>	\$ <u>1,344</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities:

	Balance July 1, 2024 as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Direct Placements:				
General Obligation Bonds	\$ 2,314,520	\$ 53,832	\$ 259,002	\$ 2,109,350
Unamortized Bond Premium	122,818	-	33,670	89,148
Notes Payable	4,776,092	-	115,948	4,660,144
Total Direct Borrowings and Direct Placements	\$ 7,213,430	\$ 53,832	\$ 408,620	\$ 6,858,642
Other Long-Term Obligations:				
Compensated Absences	\$ 133,069	\$ 45,854	\$ 36,254	\$ 142,669
Net OPEB Liabilities	94,909	23,299	24,680	93,528
Net Pension Liability	425,122	679,035	590,586	513,571
Total Other Long-Term Obligations	\$ 653,100	\$ 748,188	\$ 651,520	\$ 749,768
Total Long-Term Obligations	\$ 7,866,530	\$ 802,020	\$ 1,060,140	\$ 7,608,410

Details of Long-term Obligations:

	Total Amount	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>		
General obligations bonds:		
\$2,080,038 VRA Revolving Loan, issued June 18, 2009, bearing no interest. Semi-annual payments of \$52,000 to begin July 1, 2011 and are payable through July 1, 2030.	\$ 572,010	\$ 104,002
\$1,530,000 VRA General Obligation Refunding Bond, Series 2012, issued August 2, 2012, bearing interest at 2.927% per annum, with principal and interest due semi-annually, with final maturity not later than October 1, 2029.	705,000	5,000
\$840,000 VRA General Obligation Refunding Bond, Series 2019B, issued August 14, 2019, bearing interest at 5.125% per annum, with principal and interest due semi-annually, with final maturity not later than April 1, 2026.	160,000	160,000
\$855,000 General Obligation Bond through Blue Ridge Bank, Series 2023, issued July 10, 2023, bearing interest at 4.875% per annum, with interest only payments for the first two years, and then principal and interest due annually thereafter, with final maturity not later than August 15, 2033.	672,340	-
Total general obligation bonds	\$ 2,109,350	\$ 269,002

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Direct Borrowings and Direct Placements (Continued):</u>		
Notes Payable:		
\$987,492 Rural Development Community Facilities Loan, secured by Deed of Trust on real property located at 45 E. Main Street, Luray, Virginia dated September 13, 2002 bearing interest at 4.50% per annum. Note due in monthly installments of \$4,540 through June 2043.	\$ 663,230	\$ 24,612
\$5,000,000 General Obligation Note, Series 2010, issued on November 17, 2010, bearing a 3.75% interest rate with an annual interest only payment due on November 17, 2011. Monthly payments of \$20,350 to begin on December 17, 2011 and are payable through November 17, 2050.	<u>3,996,914</u>	<u>95,926</u>
Total notes payable	\$ <u>4,660,144</u>	\$ <u>120,538</u>
Unamortized Bond Premium	\$ <u>89,148</u>	\$ <u>7,549</u>
Total direct borrowings and direct placements	\$ 6,858,642	\$ 397,089
Compensated Absences	142,669	86,647
Net OPEB Liabilities	93,528	-
Net Pension Liability	<u>513,571</u>	<u>-</u>
Total	\$ <u><u>7,608,410</u></u>	\$ <u><u>483,736</u></u>

The Town's outstanding notes and general obligation bonds from direct borrowings and direct placements related to business-type activities of \$6,858,642 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Town has pledged to secure the payment and performance of the Town's obligations under the general obligation bonds with the Town's right, title, and interest to the revenues collected by the Town. The Town has pledged to secure the payment and performance of the Town's obligation under the note payable with the Town Hall building.

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2026	\$ 269,002	\$ 75,634	\$ 120,538	\$ 178,142
2027	358,940	67,716	125,329	173,351
2028	368,325	56,084	130,311	168,369
2029	382,923	44,180	135,492	163,188
2030	392,745	31,742	140,880	157,800
2031-2035	337,415	58,404	793,089	700,311
2036-2040	-	-	964,123	529,277
2041-2045	-	-	1,055,257	325,144
2046-2050	-	-	1,094,581	126,419
2051	-	-	100,544	946
Total	\$ <u>2,109,350</u>	\$ <u>333,760</u>	\$ <u>4,660,144</u>	\$ <u>2,522,947</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 7 – COMPENSATED ABSENCES:

During fiscal year 2025, the Town implemented GASB Statement No. 101 *Compensated Absences*. Under this standard, a liability is recognized for leave when it is both attributable to services already rendered and is more likely than not to be used for time off or otherwise paid or settled. Town employees earn sick leave at the rate of one day per month and such leave if not used may be accumulated up to 120 days. Maximum payout of sick leave at retirement is \$2,500. Vacation leave is earned at various rates depending on the date of employment and number of years of service. Vacation leave accrued in one year must be taken by the end of the following year or it will be lost. Upon separation or retirement, a full-time employee shall be paid for all accrued annual leave, up to the maximum allowed. The Town has outstanding accrued compensated absences totaling \$303,392 in the governmental activities and \$142,669 in the business-type activities.

NOTE 8 – PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	45
Inactive members:	
Vested inactive members	8
Non-vested inactive members	7
Inactive members active elsewhere in VRS	26
Total inactive members	<u>41</u>
Active members	<u>49</u>
Total covered employees	<u><u>135</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2025 was 17.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$489,469 and \$340,241 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$13,577 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$3,016 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$961,363 for the year ended June 30, 2025.

Net Pension Liability

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

- All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related
- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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, Salary Scale, Line of Duty Disability, and Discount Rate	No changes

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

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, Salary Scale, Line of Duty Disability, and Discount Rate	No changes

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return (Continued)

** 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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% and 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 15,086,108	\$ 13,719,623	\$ 1,366,485
Changes for the year:			
Service cost	\$ 371,482	\$ -	\$ 371,482
Interest	1,012,880	-	1,012,880
Differences between expected and actual experience	547,392	-	547,392
Contributions - employer	-	340,241	(340,241)
Contributions - employee	-	111,479	(111,479)
Net investment income	-	1,317,005	(1,317,005)
Benefit payments, including refunds of employee contributions	(904,522)	(904,522)	-
Administrative expenses	-	(9,048)	9,048
Other changes	-	260	(260)
Net changes	\$ 1,027,232	\$ 855,415	\$ 171,817
Balances at June 30, 2024	\$ 16,113,340	\$ 14,575,038	\$ 1,538,302

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Town's Net Pension Liability	\$	3,484,629	\$	1,538,302
				\$ (66,674)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$300,459. At June 30, 2025, the Town 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	\$ 516,547	\$ 3,668
Net difference between projected and actual earnings on pension plan investments	-	384,586
Employer contributions subsequent to the measurement date	489,469	-
Total	\$ 1,006,016	\$ 388,254

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

\$489,469 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30,</u>		
2025	\$	(8,340)
2026		290,480
2027		(72,550)
2028		(81,297)
2029		-
Thereafter		-

Pension Plan Data

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% ($1.18\% \times 60\%$) and the employer component was 0.47% ($1.18\% \times 40\%$).

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions (Continued)

Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$12,924 and \$12,782 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$102,888 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.00922% as compared to 0.01017% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$325. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,228	\$ 2,513
Net difference between projected and actual earnings on GLI OPEB plan investments	-	8,672
Change of assumptions	586	5,099
Changes in proportionate share	368	11,072
Employer contributions subsequent to the measurement date	12,924	-
Total	\$ <u>30,106</u>	\$ <u>27,356</u>

\$12,924 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (6,861)
2026	(514)
2027	(1,858)
2028	(817)
2029	(124)
Thereafter	-

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for 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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – 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 be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 9 – 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, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the				
GLI Plan Net OPEB Liability	\$	160,004	\$ 102,888	\$ 56,746

GLI Plan Fiduciary Net Position

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 10 – LINE OF DUTY ACT (LODA) PROGRAM:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025); or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 10 – LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$25,375 and \$21,580 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$563,413 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.14316% as compared to 0.12845% at June 30, 2023.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$86,961. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,603	\$ 137,625
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,862
Change in assumptions	103,860	113,474
Change in proportionate share	140,818	33,730
Employer contributions subsequent to the measurement date	25,375	-
Total	<u>\$ 289,656</u>	<u>\$ 286,691</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 10 – LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)***

\$25,375 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2025	\$	6,462
2026		4,884
2027		(249)
2028		(6,791)
2029		(7,469)
Thereafter		(19,247)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97% including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 10 – LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 10 – LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Net LODA OPEB Liability

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

	LODA Program
Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	<u>\$ 393,554</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

The total LODA 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 OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 10 – LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 624,587	\$ 563,413	\$ 510,810

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 479,953	\$ 563,413	\$ 665,820

LODA OPEB Fiduciary Net Position

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 11 – MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 8 and other postemployment benefits described in Notes 9 and 10, the Town administers a single-employer defined benefit healthcare plan, the Town of Luray OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Town who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits.

Plan Membership

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

Total active employees with coverage	<u>35</u>
Total	<u><u>35</u></u>

Contributions

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

Total OPEB Liability

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% increases annually
Discount Rate	4.09%
Investment Rate of Return	Not applicable

Mortality rates for Active employees and healthy retirees were based on PUB-2010 Mortality Table using two-dimensional improvement scale MP-2021 fully generational.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 11 – MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments has been set equal to 4.09% and represents the Municipal Go AA 20-year yield curve rate as of July 1, 2024.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2024	\$ 161,600
Changes for the year:	
Service cost	\$ 12,800
Interest	6,700
Difference between expected and actual experience	(13,100)
Assumption changes	5,100
Net changes	\$ 11,500
Balances at June 30, 2025	\$ 173,100

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

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

<u>Rate</u>		
<u>1% Decrease</u> <u>(3.09%)</u>	<u>Current Discount</u> <u>Rate (4.09%)</u>	<u>1% Increase</u> <u>(5.09%)</u>
\$ 193,700	\$ 173,100	\$ 155,400

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>Healthcare Cost</u>		
<u>1% Decrease</u> <u>(6.00%)</u>	<u>Trend</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
\$ 149,500	\$ 173,100	\$ 201,800

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 11 – MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)

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

For the year ended June 30, 2025, the Town recognized OPEB expense in the amount of \$9,100. At June 30, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 32,300
Changes of assumptions	14,500	26,600
Total	<u>\$ 14,500</u>	<u>\$ 58,900</u>

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

Year Ended June 30,

2025	\$ (13,500)
2026	(12,500)
2027	(12,600)
2028	(3,700)
2029	(1,900)
Thereafter	(200)

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

NOTE 12 – SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the Town's OPEB plans as of June 30, 2025:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Plan (Note 9)	\$ 30,106	\$ 27,356	\$ 102,888	\$ 325
Line of Duty Act Program (Note 10)	289,656	286,691	563,413	86,961
Town Stand-Alone Plan (Note 11)	14,500	58,900	173,100	9,100
Totals	<u>\$ 334,262</u>	<u>\$ 372,947</u>	<u>\$ 839,401</u>	<u>\$ 96,386</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 13 – 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. Deferred/unavailable revenue is comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 192,601
2nd half assessments due in December	771,525	771,525
Prepaid property taxes due after June 30 but paid in advance by taxpayers	74,433	74,433
Total deferred/unavailable revenue	\$ 845,958	\$ 1,038,559

NOTE 14 – CONTINGENT LIABILITIES (INCLUDING FEDERALLY ASSISTED PROGRAMS – COMPLIANCE AUDITS):

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 15 – DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), 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).

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 15 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investing activities are managed under the custody of the Treasurer. The Town has no policy regarding custodial credit risk.

NOTE 16 – RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Risk Sharing Association (VRSA), a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the Association for its workers compensation insurance. The Town also joined together with other local governments in Virginia to form the VRSA a public entity risk pool currently operating as a common property and liability program for participating local governments. The Town pays annual premiums to the Pool for its automobile, liability, property, boiler and machinery, and fidelity crime coverage.

In the event of a loss deficit and depletion of all available excess insurance, these pools may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for employee health and accident insurance. Settled claims resulting from this risk have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 – LITIGATION:

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

NOTE 18 – INTERFUND TRANSFERS:

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund \$	-	\$ 525,925
Water Fund	212,272	-
Sewer Fund	313,653	-
Total	<u>\$ 525,925</u>	<u>\$ 525,925</u>

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

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

NOTE 19 – ADOPTION OF ACCOUNTING PRINCIPLES:

The Board implemented provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* during the fiscal year ended June 30, 2025. Statement No. 101 updates the recognition and measurement guidance for compensated absences to align under a unified model and amends certain previously required disclosures. Reference Note 20 for restatement of net position related to implementation of GASB No. 101.

NOTE 20 – RESTATEMENT OF BEGINNING BALANCES:

The Town restated beginning net position as follows:

	Governmental Activities	Business-type Activities	Total Primary Government
Net Position as reported at June 30, 2024	\$ 14,125,260	\$ 10,633,787	\$ 24,759,047
To adjust Compensated Absences liabilities at June 30, 2024 resulting from the implementation of GASB No. 101	(70,151)	(41,704)	(111,855)
Net correction of prior period right-of-use assets and lease liabilities for unrecorded lease agreement	900	-	900
Net Position as restated at June 30, 2024	<u>\$ 14,056,009</u>	<u>\$ 10,592,083</u>	<u>\$ 24,648,092</u>

NOTE 21 – UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 22 – SUBSEQUENT EVENTS:

In July 2025, subsequent to the end of the fiscal year, the Town entered into a note payable agreement with Blue Ridge Bank in the amount of \$1,600,000 to provide funding for sewer infrastructure improvements. The proceeds of this note will be used to support planning, design, and construction activities aimed at enhancing the Town's wastewater collection and treatment systems.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
General property taxes	\$ 1,752,537	\$ 1,752,537	\$ 1,737,313	\$ (15,224)
Other local taxes	3,376,059	3,376,059	3,505,619	129,560
Permits, privilege fees, and regulatory licenses	32,750	32,750	15,991	(16,759)
Fines and forfeitures	25,100	25,100	19,082	(6,018)
Revenue from the use of money and property	76,320	76,320	55,110	(21,210)
Charges for services	428,200	428,200	422,840	(5,360)
Miscellaneous	263,051	273,051	84,736	(188,315)
Intergovernmental:				
Commonwealth	1,851,101	1,811,101	1,848,518	37,417
Federal	826,912	825,572	633,969	(191,603)
Total revenues	<u>\$ 8,632,030</u>	<u>\$ 8,600,690</u>	<u>\$ 8,323,178</u>	<u>\$ (277,512)</u>
EXPENDITURES				
Current:				
General government administration	\$ 972,510	\$ 881,310	\$ 848,898	\$ 32,412
Public safety	2,343,098	2,297,881	1,965,254	332,627
Public works	3,523,196	3,792,713	3,205,479	587,234
Health and welfare	20,000	20,000	19,254	746
Parks, recreation, and cultural	1,484,858	1,446,858	1,380,283	66,575
Community development	80,162	80,162	77,137	3,025
Debt service:				
Principal retirement	201,999	106,899	133,858	(26,959)
Interest and other fiscal charges	16,207	16,207	18,673	(2,466)
Total expenditures	<u>\$ 8,642,030</u>	<u>\$ 8,642,030</u>	<u>\$ 7,648,836</u>	<u>\$ 993,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,000)</u>	<u>\$ (41,340)</u>	<u>\$ 674,342</u>	<u>\$ 715,682</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (525,925)	\$ (525,925)
Issuance of lease	-	-	36,950	36,950
Sale of capital assets	10,000	10,000	12,176	2,176
Total other financing sources (uses)	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (476,799)</u>	<u>\$ (486,799)</u>
Change in fund balance	\$ -	\$ (31,340)	\$ 197,543	\$ 228,883
Fund balance, beginning of year	<u>(378,275)</u>	<u>(1,353,275)</u>	<u>2,367,515</u>	<u>3,720,790</u>
Fund balance, end of year	<u><u>\$ (378,275)</u></u>	<u><u>\$ (1,384,615)</u></u>	<u><u>\$ 2,565,058</u></u>	<u><u>\$ 3,949,673</u></u>

Special Revenue Fund

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

Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
Current:				
Community development:	\$ -	\$ -	\$ 4,557	\$ (4,557)
Total expenditures	\$ -	\$ -	\$ 4,557	\$ (4,557)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (4,557)	\$ (4,557)
Change in fund balance	\$ -	\$ -	\$ (4,557)	\$ (4,557)
Fund balance, beginning of year	-	-	197,891	197,891
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,334</u>	<u>\$ 193,334</u>

Town of Luray, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 371,482	\$ 343,235	\$ 314,456	\$ 310,729
Interest	1,012,880	948,594	950,041	890,226
Differences between expected and actual experience	547,392	479,305	(553,976)	(357,398)
Changes of assumptions	-	-	-	433,730
Benefit payments	(904,522)	(789,481)	(731,983)	(679,211)
Net change in total pension liability	\$ 1,027,232	\$ 981,653	\$ (21,462)	\$ 598,076
Total pension liability - beginning	15,086,408	14,104,755	14,126,217	13,528,141
Total pension liability - ending (a)	\$ 16,113,640	\$ 15,086,408	\$ 14,104,755	\$ 14,126,217
Plan fiduciary net position				
Contributions - employer	\$ 340,241	\$ 345,484	\$ 321,145	\$ 306,405
Contributions - employee	111,479	113,481	106,030	101,654
Net investment income	1,317,005	845,793	(11,725)	2,954,606
Benefit payments, including refunds of employee contributions	(904,522)	(789,481)	(731,983)	(679,211)
Administrative expense	(9,048)	(8,530)	(8,472)	(7,417)
Other	260	339	(227)	278
Net change in plan fiduciary net position	\$ 855,415	\$ 507,086	\$ (325,232)	\$ 2,676,315
Plan fiduciary net position - beginning	13,719,923	13,212,837	13,538,069	10,861,754
Plan fiduciary net position - ending (b)	\$ 14,575,338	\$ 13,719,923	\$ 13,212,837	\$ 13,538,069
Town's net pension liability - ending (a) - (b)	\$ 1,538,302	\$ 1,366,485	\$ 891,918	\$ 588,148
Plan fiduciary net position as a percentage of the total pension liability	90.45%	90.94%	93.68%	95.84%
Covered payroll	\$ 2,366,968	\$ 2,395,642	\$ 2,210,481	\$ 2,113,672
Town's net pension liability as a percentage of covered payroll	64.99%	57.04%	40.35%	27.83%

2020	2019	2018	2017	2016	2015
\$ 288,191	\$ 269,179	\$ 253,192	\$ 263,637	\$ 239,366	\$ 221,298
806,645	780,309	785,379	754,116	728,501	749,586
821,837	61,432	(520,354)	101,929	(28,214)	(791,690)
-	345,979	-	(125,332)	-	-
(677,667)	(630,070)	(551,217)	(544,249)	(603,203)	(357,629)
\$ 1,239,006	\$ 826,829	\$ (33,000)	\$ 450,101	\$ 336,450	\$ (178,435)
12,289,135	11,462,306	11,495,306	11,045,205	10,708,755	10,887,190
\$ 13,528,141	\$ 12,289,135	\$ 11,462,306	\$ 11,495,306	\$ 11,045,205	\$ 10,708,755
\$ 228,404	\$ 222,677	\$ 197,954	\$ 201,439	\$ 290,105	\$ 295,788
102,422	99,853	94,261	101,789	98,216	100,169
209,582	699,254	745,784	1,118,816	159,197	411,708
(677,667)	(630,070)	(551,217)	(544,249)	(603,203)	(357,629)
(7,274)	(7,092)	(6,528)	(6,564)	(5,856)	(5,508)
(245)	(439)	(659)	(991)	(68)	(87)
\$ (144,778)	\$ 384,183	\$ 479,595	\$ 870,240	\$ (61,609)	\$ 444,441
11,006,532	10,622,349	10,142,754	9,272,514	9,334,123	8,889,682
\$ 10,861,754	\$ 11,006,532	\$ 10,622,349	\$ 10,142,754	\$ 9,272,514	\$ 9,334,123
\$ 2,666,387	\$ 1,282,603	\$ 839,957	\$ 1,352,552	\$ 1,772,691	\$ 1,374,632
80.29%	89.56%	92.67%	88.23%	83.95%	87.16%
\$ 2,126,567	\$ 2,049,596	\$ 1,923,099	\$ 1,940,160	\$ 1,970,110	\$ 2,008,408
125.38%	62.58%	43.68%	69.71%	89.98%	68.44%

Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2025	\$ 489,469	\$ 489,469	\$ -	\$ 2,749,825		17.80%
2024	340,241	340,241	-	2,366,968		14.37%
2023	345,501	345,501	-	2,395,642		14.42%
2022	321,145	321,145	-	2,210,481		14.53%
2021	306,405	306,405	-	2,113,672		14.50%
2020	228,403	228,403	-	2,126,567		10.74%
2019	222,677	222,677	-	2,049,596		10.86%
2018	197,954	197,954	-	1,923,099		10.29%
2017	201,439	201,439	-	1,940,160		10.38%
2016	290,105	290,105	-	1,970,110		14.73%

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

Notes to Required Supplementary Information
Pension Plan
Year Ended June 30, 2025

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

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.00922% \$	102,888 \$	2,366,968	4.35%	73.41%
2023	0.01017%	121,970	2,395,642	5.09%	69.30%
2022	0.01016%	122,336	2,210,481	5.53%	67.21%
2021	0.01020%	119,221	2,113,672	5.64%	67.45%
2020	0.01030%	172,391	2,126,567	8.11%	52.64%
2019	0.01045%	170,049	2,049,596	8.30%	52.00%
2018	0.01011%	154,000	1,923,099	8.01%	51.22%
2017	0.01052%	159,000	1,940,160	8.20%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2025	\$ 12,924	\$ 12,924	\$ -	\$ 2,749,825		0.47%
2024	12,782	12,782	-	2,366,968		0.54%
2023	12,936	12,936	-	2,395,642		0.54%
2022	11,937	11,937	-	2,210,481		0.54%
2021	11,414	11,414	-	2,113,672		0.54%
2020	11,058	11,058	-	2,126,567		0.52%
2019	11,000	11,000	-	2,049,596		0.52%
2018	10,000	10,000	-	1,923,099		0.52%
2017	10,089	10,089	-	1,940,160		0.52%
2016	10,442	10,442	-	1,970,110		0.53%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2025

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2024	0.14316%	\$ 563,413	\$ 678,560	83.03%	1.22%
2023	0.12845%	514,955	870,568	59.15%	1.31%
2022	0.13120%	496,382	774,448	64.09%	1.87%
2021	0.10940%	482,489	712,165	67.75%	1.68%
2020	0.10390%	435,024	720,296	60.40%	1.02%
2019	0.12095%	433,952	514,229	84.39%	0.79%
2018	0.11719%	368,000	677,057	54.35%	0.60%
2017	0.09995%	263,000	671,497	39.17%	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

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

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Covered - Employee Payroll (5)
2025	\$ 25,375	\$ 25,375	\$ -	\$ 755,390	3%
2024	21,580	21,580	-	678,560	3%
2023	17,046	17,046	-	870,568	2%
2022	18,064	18,064	-	774,448	2%
2021	15,064	15,064	-	712,165	2%
2020	14,115	14,115	-	720,296	2%
2019	16,233	16,233	-	514,229	3%
2018	12,482	12,482	-	677,057	2%
2017	10,780	10,780	-	671,497	2%
2016	9,858	9,858	-	666,044	1%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
Year Ended June 30, 2025

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

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

Employees in the Non-Largest Ten Locality Employers with Public Safety 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

Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 12,800	\$ 12,800	\$ 19,400	\$ 14,400	\$ 12,700	\$ 11,700	\$ 11,100	\$ 10,800
Interest	6,700	6,300	4,000	4,600	5,000	5,900	5,100	4,600
Other changes	-	-	-	-	-	-	(1,800)	-
Assumption changes	(13,100)	(11,800)	(49,600)	18,500	12,400	7,600	-	-
Differences between expected and actual experience	5,100	(3,200)	(5,300)	(22,000)	(3,600)	(29,300)	6,300	-
Benefit payments	-	-	-	-	-	-	(1,600)	(1,600)
Net change in total OPEB liability	\$ 11,500	\$ 4,100	\$ (31,500)	\$ 15,500	\$ 26,500	\$ (4,100)	\$ 19,100	\$ 13,800
Total OPEB liability - beginning	161,600	157,500	189,000	173,500	147,000	151,100	132,000	118,200
Total OPEB liability - ending	\$ 173,100	\$ 161,600	\$ 157,500	\$ 189,000	\$ 173,500	\$ 147,000	\$ 151,100	\$ 132,000
 Covered-employee payroll	 \$ 1,751,900	 \$ 1,751,900	 \$ 2,204,700	 \$ 2,204,700	 \$ 1,871,800	 \$ 1,871,800	 \$ 1,983,000	 \$ 1,983,000
 Town's total OPEB liability (asset) as a percentage of covered-employee payroll	 9.88%	 9.22%	 7.14%	 8.57%	 9.27%	 7.85%	 7.62%	 6.66%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. Additional years will be included as they become available.

Notes to Required Supplementary Information - Town OPEB
Year Ended June 30, 2025

Valuation Date: 7/1/2023
Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	4.09% as of July 1, 2024, representing the Municipal GO AA 20-year yield curve rate as of the measurement date
Healthcare Trend Rate	7.00% for fiscal year end 2025 , decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	PUB-2010 Mortality Tables, with improvement scale MP-2021 fully generational

OTHER SUPPLEMENTARY INFORMATION

Combining Statement of Fiduciary Net Position
 Custodial Funds
 Year Ended June 30, 2025

	Federal Forfeitures Fund	State Forfeitures Fund	Total
ASSETS			
Cash and cash equivalents	\$ 6,582	\$ 31,945	\$ 38,527
Total assets	<u>\$ 6,582</u>	<u>\$ 31,945</u>	<u>\$ 38,527</u>
Net Position			
Restricted:			
Restricted for asset forfeitures	\$ 6,582	\$ 31,945	\$ 38,527
Total net position	<u>\$ 6,582</u>	<u>\$ 31,945</u>	<u>\$ 38,527</u>

Combining Statement of Changes in Fiduciary Net Position
 Custodial Funds
 Year Ended June 30, 2025

	Federal Forfeitures Fund	State Forfeitures Fund	Total
ADDITIONS			
Asset forfeitures	\$ 6,876	\$ 35,251	\$ 42,127
Revenue from the use of money	6	27	33
Total additions	<u>\$ 6,882</u>	<u>\$ 35,278</u>	<u>\$ 42,160</u>
DEDUCTIONS			
Supplies and equipment	\$ 300	\$ 3,333	\$ 3,633
Total deductions	<u>\$ 300</u>	<u>\$ 3,333</u>	<u>\$ 3,633</u>
Net increase (decrease) in fiduciary net position	\$ 6,582	\$ 31,945	\$ 38,527
Net position, beginning of year	-	-	-
Net position, end of year	<u>\$ 6,582</u>	<u>\$ 31,945</u>	<u>\$ 38,527</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2025

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	\$ 1,409,660	\$ 1,409,660	\$ 1,394,894	\$ (14,766)
Real and personal public service corporation taxes	68,000	68,000	58,350	(9,650)
Personal property taxes	248,877	248,877	264,822	15,945
Mobile home taxes	1,000	1,000	790	(210)
Penalties and interest	25,000	25,000	18,457	(6,543)
Total general property taxes	\$ 1,752,537	\$ 1,752,537	\$ 1,737,313	\$ (15,224)
Other local taxes:				
Local sales and use taxes	\$ 345,000	\$ 345,000	\$ 315,920	\$ (29,080)
Consumers' utility taxes	119,000	119,000	138,163	19,163
Business license taxes	452,398	452,398	539,724	87,326
Franchise license tax	32,000	32,000	36,409	4,409
Motor vehicle licenses	65,000	65,000	58,001	(6,999)
Bank stock taxes	250,000	250,000	340,215	90,215
Transient occupancy taxes	762,248	762,248	581,526	(180,722)
Restaurant food taxes	1,160,413	1,160,413	1,308,401	147,988
Sprint right of way fees	25,000	25,000	35,408	10,408
Cigarette tax	165,000	165,000	151,852	(13,148)
Total other local taxes	\$ 3,376,059	\$ 3,376,059	\$ 3,505,619	\$ 129,560
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 32,750	\$ 32,750	\$ 15,991	\$ (16,759)
Total permits, privilege fees, and regulatory licenses	\$ 32,750	\$ 32,750	\$ 15,991	\$ (16,759)
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 19,067	\$ (5,933)
Parking fines	100	100	15	(85)
Total fines and forfeitures	\$ 25,100	\$ 25,100	\$ 19,082	\$ (6,018)
Revenue from use of money and property:				
Revenue from use of money	\$ 2,500	\$ 2,500	\$ 27,357	\$ 24,857
Revenue from use of property	73,820	73,820	27,753	(46,067)
Total revenue from use of money and property	\$ 76,320	\$ 76,320	\$ 55,110	\$ (21,210)
Charges for services:				
Charges for sanitation and waste removal	\$ 398,000	\$ 398,000	\$ 386,216	\$ (11,784)
Charges for recreation	30,200	30,200	36,624	6,424
Total charges for services	\$ 428,200	\$ 428,200	\$ 422,840	\$ (5,360)
Miscellaneous:				
Rebates and refunds	\$ 2,900	\$ 2,900	\$ 4,367	\$ 1,467
Donations	230,200	240,200	34,948	(205,252)
Miscellaneous	29,951	29,951	36,769	6,818
Greenway development grant	-	-	8,652	8,652
Total miscellaneous	\$ 263,051	\$ 273,051	\$ 84,736	\$ (188,315)
Total revenue from local sources	\$ 5,954,017	\$ 5,964,017	\$ 5,840,691	\$ (123,326)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 4,693	\$ 693
Auto rental tax	5,000	5,000	4,203	(797)
Personal property tax relief funds	74,574	74,574	74,574	-
Total noncategorical aid	<u>\$ 83,574</u>	<u>\$ 83,574</u>	<u>\$ 83,470</u>	<u>\$ (104)</u>
Categorical aid:				
Other categorical aid:				
Virginia Commission for the Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Aid to localities with police departments	149,377	149,377	154,724	5,347
Other police grants	5,000	5,000	-	(5,000)
Department of fire programs funds	20,000	20,000	24,759	4,759
Litter control grant	5,600	5,600	4,991	(609)
Recreational tree grant	5,000	5,000	-	(5,000)
Street and highway maintenance funds	1,538,000	1,538,000	1,576,074	38,074
Asset forfeiture fund	40,000	-	-	-
DMV animal friendly plate	50	50	-	(50)
Total other categorical aid	<u>\$ 1,767,527</u>	<u>\$ 1,727,527</u>	<u>\$ 1,765,048</u>	<u>\$ 37,521</u>
Total categorical aid	<u>\$ 1,767,527</u>	<u>\$ 1,727,527</u>	<u>\$ 1,765,048</u>	<u>\$ 37,521</u>
Total revenue from the Commonwealth	<u>\$ 1,851,101</u>	<u>\$ 1,811,101</u>	<u>\$ 1,848,518</u>	<u>\$ 37,417</u>
Revenue from the federal government:				
Categorical aid:				
Law Enforcement Block Grant	\$ 25,000	\$ 25,000	\$ 3,218	\$ (21,782)
Federal asset forfeiture	1,340	-	-	-
DMV - ground transportation	23,500	23,500	17,341	(6,159)
Coronavirus state and local fiscal recovery fund	762,072	762,072	613,410	(148,662)
Bulletproof vest grant	15,000	15,000	-	(15,000)
Total categorical aid	<u>\$ 826,912</u>	<u>\$ 825,572</u>	<u>\$ 633,969</u>	<u>\$ (191,603)</u>
Total revenue from the federal government	<u>\$ 826,912</u>	<u>\$ 825,572</u>	<u>\$ 633,969</u>	<u>\$ (191,603)</u>
Total General Fund	<u>\$ 8,632,030</u>	<u>\$ 8,600,690</u>	<u>\$ 8,323,178</u>	<u>\$ (277,512)</u>
Total Primary Government	<u>\$ 8,632,030</u>	<u>\$ 8,600,690</u>	<u>\$ 8,323,178</u>	<u>\$ (277,512)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2025

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 233,409	\$ 186,809	\$ 195,629	\$ (8,820)
General and financial administration:				
Town manager	\$ 123,243	\$ 78,643	\$ 140,059	\$ (61,416)
Legal services	72,000	72,000	89,860	(17,860)
Independent auditor	9,500	9,500	11,047	(1,547)
Treasurer	532,858	532,858	410,480	122,378
Total general and financial administration	\$ 737,601	\$ 693,001	\$ 651,446	\$ 41,555
Total general government administration	\$ 972,510	\$ 881,310	\$ 848,898	\$ 32,412
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,282,792	\$ 2,237,575	\$ 1,897,782	\$ 339,793
Total law enforcement and traffic control	\$ 2,282,792	\$ 2,237,575	\$ 1,897,782	\$ 339,793
Fire and rescue services:				
Volunteer emergency operations	\$ 20,000	\$ 20,000	\$ 24,759	\$ (4,759)
Total fire and rescue services	\$ 20,000	\$ 20,000	\$ 24,759	\$ (4,759)
Other protection:				
Safety Officer	\$ 40,306	\$ 40,306	\$ 42,713	\$ (2,407)
Total other protection	\$ 40,306	\$ 40,306	\$ 42,713	\$ (2,407)
Total public safety	\$ 2,343,098	\$ 2,297,881	\$ 1,965,254	\$ 332,627
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,754,110	\$ 2,095,527	\$ 2,143,921	\$ (48,394)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 397,500	\$ 432,700	\$ 432,112	\$ 588
Maintenance of general buildings and grounds:				
General properties	\$ 1,371,586	\$ 1,264,486	\$ 629,446	\$ 635,040
Total public works	\$ 3,523,196	\$ 3,792,713	\$ 3,205,479	\$ 587,234
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 20,000	\$ 20,000	\$ 19,254	\$ 746
Total health and welfare	\$ 20,000	\$ 20,000	\$ 19,254	\$ 746
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,484,858	\$ 1,446,858	\$ 1,380,283	\$ 66,575
Total parks, recreation, and cultural	\$ 1,484,858	\$ 1,446,858	\$ 1,380,283	\$ 66,575
Community development:				
Planning and community development:				
Planning Commission	\$ 80,162	\$ 80,162	\$ 77,137	\$ 3,025
Total community development	\$ 80,162	\$ 80,162	\$ 77,137	\$ 3,025

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2025 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 201,999	\$ 106,899	\$ 133,858	\$ (26,959)
Interest and other fiscal charges	16,207	16,207	18,673	(2,466)
Total debt service	\$ 218,206	\$ 123,106	\$ 152,531	\$ (29,425)
Total General Fund	\$ 8,642,030	\$ 8,642,030	\$ 7,648,836	\$ 993,194
Special Revenue Fund:				
CDBG Fund:				
Community development:				
CBDG program	\$ -	\$ -	\$ 4,557	\$ (4,557)
Total community development	\$ -	\$ -	\$ 4,557	\$ (4,557)
Total CDBG Fund	\$ -	\$ -	\$ 4,557	\$ (4,557)
Total Primary Government	\$ 8,642,030	\$ 8,642,030	\$ 7,653,393	\$ 988,637

STATISTICAL INFORMATION

STATISTICAL SECTION

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

1 - 6

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.

11 - 13

Demographic and Economic Information

This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

14

Operating Information

These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relate to the services the Town provides and the activities it performs.

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Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2001; schedules presenting government-wide information include information beginning in that year.

Town of Luray, Virginia

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities:				
Net investment in capital assets	\$ 5,526,182	\$ 5,664,357	\$ 5,967,874	\$ 9,883,229
Restricted	78,359	78,359	78,359	78,359
Unrestricted	1,661,875	2,111,217	2,143,435	1,560,958
Total governmental activities net position	<u>\$ 7,266,416</u>	<u>\$ 7,853,933</u>	<u>\$ 8,189,668</u>	<u>\$ 11,522,546</u>
Business-type activities:				
Net investment in capital assets	\$ 6,538,164	\$ 6,337,026	\$ 6,184,095	\$ 5,973,537
Unrestricted	279,110	510,127	731,804	1,031,075
Total business-type activities net position	<u>\$ 6,817,274</u>	<u>\$ 6,847,153</u>	<u>\$ 6,915,899</u>	<u>\$ 7,004,612</u>
Primary government:				
Net investment in capital assets	\$ 12,064,346	\$ 12,001,383	\$ 12,151,969	\$ 15,856,766
Restricted	78,359	78,359	78,359	78,359
Unrestricted	1,940,985	2,621,344	2,875,239	2,592,033
Total primary government net position	<u>\$ 14,083,690</u>	<u>\$ 14,701,086</u>	<u>\$ 15,105,567</u>	<u>\$ 18,527,158</u>

Table 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 10,245,382	\$ 8,968,822	\$ 10,218,806	\$ 12,607,596	\$ 13,038,566	\$ 12,469,869
78,174	198,782	198,782	197,891	197,891	193,334
619,097	1,836,008	1,353,507	1,275,329	888,803	1,070,453
<u>\$ 10,942,653</u>	<u>\$ 11,003,612</u>	<u>\$ 11,771,095</u>	<u>\$ 14,080,816</u>	<u>\$ 14,125,260</u>	<u>\$ 13,733,656</u>
\$ 5,864,942	\$ 5,830,719	\$ 6,166,014	\$ 7,973,948	\$ 8,368,258	\$ 9,304,569
1,012,415	696,819	739,997	1,438,576	2,265,529	2,012,689
<u>\$ 6,877,357</u>	<u>\$ 6,527,538</u>	<u>\$ 6,906,011</u>	<u>\$ 9,412,524</u>	<u>\$ 10,633,787</u>	<u>\$ 11,317,258</u>
\$ 16,110,324	\$ 14,799,541	\$ 16,384,820	\$ 20,581,544	\$ 21,406,824	\$ 21,774,438
78,174	198,782	198,782	197,891	197,891	193,334
1,631,512	2,532,827	2,093,504	2,713,905	3,154,332	3,083,142
<u>\$ 17,820,010</u>	<u>\$ 17,531,150</u>	<u>\$ 18,677,106</u>	<u>\$ 23,493,340</u>	<u>\$ 24,759,047</u>	<u>\$ 25,050,914</u>

Town of Luray, Virginia

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government administration	\$ 490,376	\$ 511,407	\$ 569,084	\$ 599,102
Public safety	1,050,020	1,078,372	1,181,158	1,211,140
Public works	2,286,890	2,127,714	2,370,672	2,392,859
Health and welfare	16,240	17,361	17,950	17,725
Parks, recreation and cultural	884,352	946,573	994,845	1,044,313
Community development	103,653	53,834	41,971	34,046
Interest on long-term debt	41,774	43,889	40,219	35,587
Total governmental activities expenses	\$ 4,873,305	\$ 4,779,150	\$ 5,215,899	\$ 5,334,772
Business-type activities:				
Water	\$ 1,206,662	\$ 1,315,590	\$ 1,241,892	\$ 1,367,104
Sewer	1,621,493	1,617,958	1,638,884	1,610,214
Total business-type activities expenses	\$ 2,828,155	\$ 2,933,548	\$ 2,880,776	\$ 2,977,318
Total primary government expenses	\$ 7,701,460	\$ 7,712,698	\$ 8,096,675	\$ 8,312,090
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	5,574	15,892	14,664	11,960
Public works	276,428	276,494	281,233	276,392
Parks, recreation and cultural	64,027	59,357	70,081	64,209
Operating grants and contributions	1,217,272	1,282,700	1,283,971	150,723
Capital grants and contributions	72,629	25,567	704,561	4,434,590
Total governmental activities program revenues	\$ 1,635,930	\$ 1,660,010	\$ 2,354,510	\$ 4,937,874
Business-type activities:				
Charges for services:				
Water	\$ 1,344,042	\$ 1,283,027	\$ 1,317,041	\$ 1,304,193
Sewer	1,722,166	1,672,355	1,695,722	1,756,758
Capital grants and contributions	8,610	8,045	16,535	5,080
Total business-type activities program revenues	\$ 3,074,818	\$ 2,963,427	\$ 3,029,298	\$ 3,066,031
Total primary government program revenues	\$ 4,710,748	\$ 4,623,437	\$ 5,383,808	\$ 8,003,905
Net (expenses) / revenues				
Governmental activities	\$ (3,237,345)	\$ (3,119,140)	\$ (2,861,389)	\$ (396,898)
Business-type activities	246,663	29,879	148,522	88,713
Total primary government net expenses	\$ (2,990,682)	\$ (3,089,261)	\$ (2,712,867)	\$ (308,185)

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 655,328	\$ 786,639	\$ 705,215	\$ 753,758	\$ 819,389	\$ 944,500
1,381,407	1,734,915	1,604,515	1,724,150	1,892,247	1,999,599
2,699,601	2,691,554	2,768,099	3,134,173	3,931,208	3,745,330
16,279	16,869	14,254	14,116	19,245	19,254
1,016,460	1,086,787	1,143,919	1,141,731	919,011	1,347,461
35,244	221,621	438,312	163,242	41,211	82,180
39,582	27,960	25,999	23,914	22,187	18,779
<u>\$ 5,843,901</u>	<u>\$ 6,566,345</u>	<u>\$ 6,700,313</u>	<u>\$ 6,955,084</u>	<u>\$ 7,644,498</u>	<u>\$ 8,157,103</u>
\$ 1,431,900	\$ 1,477,818	\$ 1,635,895	\$ 1,619,534	\$ 1,556,611	\$ 1,684,688
1,750,608	1,861,083	1,698,563	1,753,193	1,924,547	2,229,531
<u>\$ 3,182,508</u>	<u>\$ 3,338,901</u>	<u>\$ 3,334,458</u>	<u>\$ 3,372,727</u>	<u>\$ 3,481,158</u>	<u>\$ 3,914,219</u>
<u>\$ 9,026,409</u>	<u>\$ 9,905,246</u>	<u>\$ 10,034,771</u>	<u>\$ 10,327,811</u>	<u>\$ 11,125,656</u>	<u>\$ 12,071,322</u>
\$ -	\$ -	\$ 9,985	\$ 27,735	\$ 23,125	\$ 27,753
7,993	13,304	19,658	25,731	22,809	19,082
267,896	278,958	294,502	328,749	348,347	402,207
54,564	51,323	80,097	46,208	33,673	36,624
155,531	187,324	1,040,740	355,368	219,933	192,192
1,182,631	1,361,119	1,710,348	4,982,037	2,552,326	2,206,825
<u>\$ 1,668,615</u>	<u>\$ 1,892,028</u>	<u>\$ 3,155,330</u>	<u>\$ 5,765,828</u>	<u>\$ 3,200,213</u>	<u>\$ 2,884,683</u>
\$ 1,078,365	\$ 1,303,132	\$ 1,381,804	\$ 1,450,773	\$ 1,574,741	\$ 1,624,489
1,696,667	1,579,619	1,592,275	1,722,110	1,783,276	1,781,327
14,975	10,260	460,437	954,700	831,318	707,653
<u>\$ 2,790,007</u>	<u>\$ 2,893,011</u>	<u>\$ 3,434,516</u>	<u>\$ 4,127,583</u>	<u>\$ 4,189,335</u>	<u>\$ 4,113,469</u>
<u>\$ 4,458,622</u>	<u>\$ 4,785,039</u>	<u>\$ 6,589,846</u>	<u>\$ 9,893,411</u>	<u>\$ 7,389,548</u>	<u>\$ 6,998,152</u>
\$ (4,175,286)	\$ (4,674,317)	\$ (3,544,983)	\$ (1,189,256)	\$ (4,444,285)	\$ (5,272,420)
(392,501)	(445,890)	100,058	754,856	708,177	199,250
<u>\$ (4,567,787)</u>	<u>\$ (5,120,207)</u>	<u>\$ (3,444,925)</u>	<u>\$ (434,400)</u>	<u>\$ (3,736,108)</u>	<u>\$ (5,073,170)</u>

Town of Luray, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting - continued)

	Fiscal Year			
	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 1,498,702	\$ 1,515,039	\$ 1,502,082	\$ 1,508,914
Local sales and use taxes	168,914	206,361	192,407	195,600
Consumer utility taxes	144,071	142,047	141,750	135,645
Business licenses taxes	300,375	330,702	299,467	330,098
Restaurant food tax	670,423	708,845	685,746	681,755
Cigarette Tax	148,921	145,436	128,487	134,664
Transient occupancy tax	182,944	220,370	217,350	204,916
Bank stock tax	199,234	191,122	200,873	263,527
Other local taxes	111,071	111,896	109,387	111,357
Unrestricted grants and contributions	78,681	79,344	75,316	79,506
Unrestricted revenues from use of money	24,946	23,613	15,882	25,124
Miscellaneous	42,717	31,882	57,401	58,670
Gain on disposal of assets	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	\$ 3,570,999	\$ 3,706,657	\$ 3,626,148	\$ 3,729,776
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 3,570,999	\$ 3,706,657	\$ 3,626,148	\$ 3,729,776
Change in Net Position				
Governmental activities	\$ 451,859	\$ 845,268	\$ 3,229,250	\$ (445,510)
Business-type activities	29,879	148,522	88,713	(392,501)
Total primary government	\$ 481,738	\$ 993,790	\$ 3,317,963	\$ (838,011)

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 1,507,608	\$ 1,534,031	\$ 1,617,740	\$ 1,704,453	\$ 1,726,370	\$ 1,774,483
208,687	258,464	270,094	290,231	315,590	315,920
132,825	128,913	120,721	119,137	115,061	138,163
322,034	361,863	398,277	436,789	477,389	539,724
638,506	769,956	829,470	922,248	1,046,749	1,308,401
134,573	143,224	132,611	151,308	156,791	151,852
155,849	233,044	282,197	389,111	368,512	581,526
209,192	353,862	580,546	951,725	476,876	340,215
128,747	118,692	123,934	121,349	126,388	129,818
79,923	962,336	85,712	83,795	85,522	83,470
27,755	14,918	398	2,432	15,781	27,357
314,931	176,063	148,119	59,979	74,369	84,736
-	(224,019)	-	17,958	15,500	327
-	-	(277,353)	(1,751,538)	(512,169)	(525,925)
\$ 3,860,630	\$ 4,831,347	\$ 4,312,466	\$ 3,498,977	\$ 4,488,729	\$ 4,950,067
\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,062	119	917	-
-	-	277,353	1,751,538	512,169	525,925
\$ 9	\$ -	\$ 278,415	\$ 1,751,657	\$ 513,086	\$ 525,925
\$ 3,860,639	\$ 4,831,347	\$ 4,590,881	\$ 5,250,634	\$ 5,001,815	\$ 5,475,992
\$ (813,687)	\$ 157,030	\$ 767,483	\$ 2,309,721	\$ 44,444	\$ (322,353)
(445,881)	(445,890)	378,473	2,506,513	1,221,263	725,175
\$ (1,259,568)	\$ (288,860)	\$ 1,145,956	\$ 4,816,234	\$ 1,265,707	\$ 402,822

Town of Luray, Virginia

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business Licenses Tax	Restaurant Food Tax	Transient Occupancy Tax
2025	\$ 1,774,483	\$ 315,920	\$ 138,163	\$ 539,724	\$ 1,308,401	\$ 581,526
2024	1,726,370	315,590	115,061	477,389	1,046,749	368,512
2023	1,704,453	290,231	119,137	436,789	922,248	389,111
2022	1,617,740	270,094	120,721	398,277	829,470	282,197
2021	1,534,031	258,464	128,913	361,863	769,956	233,044
2020	1,507,608	208,687	132,825	322,034	638,506	155,849
2019	1,508,914	195,600	135,645	330,098	681,755	204,916
2018	1,502,082	192,407	141,750	299,467	685,746	217,350
2017	1,515,039	206,361	142,047	330,702	708,845	220,370
2016	1,498,702	168,914	144,071	300,375	670,423	182,944

Table 3

Cigarette Tax	Bank Stock Tax	Other Local Taxes	Total
\$ 151,852	\$ 340,215	\$ 129,818	\$ 5,280,102
156,791	476,876	126,388	4,809,726
151,308	951,725	121,349	5,086,351
132,611	580,546	123,934	4,355,590
143,224	353,862	118,692	3,902,049
134,573	209,192	128,747	3,438,021
134,664	263,527	111,357	3,566,476
128,487	200,873	109,387	3,477,549
145,436	191,122	111,896	3,571,818
148,921	199,234	111,071	3,424,655

Town of Luray, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Nonspendable	\$ 44,601	\$ 47,546	\$ 73,281	\$ 76,239
Unassigned	2,976,885	3,201,139	3,506,425	2,701,543
Total general fund	<u>\$ 3,021,486</u>	<u>\$ 3,248,685</u>	<u>\$ 3,579,706</u>	<u>\$ 2,777,782</u>
 All other governmental funds				
Restricted	\$ 78,359	\$ 78,359	\$ 78,359	\$ 78,359
Total all other governmental funds	<u>\$ 78,359</u>	<u>\$ 78,359</u>	<u>\$ 78,359</u>	<u>\$ 78,359</u>

Table 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 65,183	\$ 65,694	\$ 57,361	\$ 117,653	\$ 79,822	\$ 78,085
1,790,791	2,319,567	2,776,111	2,627,846	2,287,693	2,486,973
<u>\$ 1,855,974</u>	<u>\$ 2,385,261</u>	<u>\$ 2,833,472</u>	<u>\$ 2,745,499</u>	<u>\$ 2,367,515</u>	<u>\$ 2,565,058</u>
\$ 78,174	\$ 198,782	\$ 198,782	\$ 197,891	\$ 197,891	\$ 193,334
<u>\$ 78,174</u>	<u>\$ 198,782</u>	<u>\$ 198,782</u>	<u>\$ 197,891</u>	<u>\$ 197,891</u>	<u>\$ 193,334</u>

Town of Luray, Virginia

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
General property taxes	\$ 1,497,639	\$ 1,504,916	\$ 1,496,762	\$ 1,499,626
Other local taxes	1,925,953	2,056,779	1,975,467	2,057,562
Permits, privilege fees and regulatory licenses	15,831	12,054	10,220	8,548
Fines and forfeitures	5,574	15,892	14,664	11,960
Revenue from use of money and property	24,946	23,613	15,882	25,124
Charges for services	324,624	323,797	341,094	332,053
Miscellaneous	42,717	31,882	57,401	58,670
Intergovernmental:				
Commonwealth	1,295,400	1,351,738	1,349,908	3,934,182
Federal	73,182	35,873	713,940	730,637
Total revenues	\$ 5,205,866	\$ 5,356,544	\$ 5,975,338	\$ 8,658,362
Expenditures				
General government administration	\$ 497,894	\$ 526,471	562,217	599,673
Public safety	1,212,686	1,251,411	1,294,311	1,290,700
Public works	2,397,086	2,278,044	3,341,106	6,157,201
Health and welfare	16,240	17,361	17,950	17,725
Parks, recreation and cultural	774,703	888,836	893,347	962,582
Community development	116,124	65,689	40,466	32,541
Debt service				
Principal	420,976	217,664	343,093	340,509
Interest and other fiscal charges	38,379	41,947	40,741	59,355
Total expenditures	\$ 5,474,088	\$ 5,287,423	\$ 6,533,231	\$ 9,460,286
Excess deficiency of revenues over (under) expenditures	\$ (268,222)	\$ 69,121	\$ (557,893)	\$ (801,924)
Other financing sources (uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Issuance of leases	28,585	133,798	-	-
Proceeds from financed purchase	-	-	-	-
Notes payable issued	531,837	24,280	888,914	3,139,544
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ 560,422	\$ 158,078	888,914	3,139,544
Net change in fund balances	\$ 292,200	\$ 227,199	331,021	2,337,620
Debt service as a percentage of noncapital expenditures	9.80%	5.73%	7.91%	7.91%

Table 5

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 1,512,031	\$ 1,563,965	\$ 1,598,430	\$ 1,700,107	\$ 1,718,058	\$ 1,737,313
1,930,413	2,368,018	2,737,850	3,381,898	3,083,356	3,505,619
6,579	10,594	15,180	29,188	19,691	15,991
7,993	13,304	19,658	25,731	22,809	19,082
27,755	14,918	22,212	30,167	38,906	55,110
315,881	319,687	347,590	345,769	362,329	422,840
49,694	209,049	148,119	59,979	74,369	84,736
1,416,585	1,463,880	1,528,356	2,600,455	1,816,101	1,848,518
1,500	1,020,899	1,308,444	2,820,745	1,041,680	633,969
\$ 5,268,431	\$ 6,984,314	\$ 7,725,839	\$ 10,994,039	\$ 8,177,299	\$ 8,323,178
\$ 633,471	\$ 739,017	\$ 674,112	\$ 722,177	\$ 790,222	\$ 848,898
1,303,818	1,648,383	1,725,140	1,991,465	1,930,781	1,965,254
2,694,005	2,584,161	3,007,877	5,221,515	3,820,085	3,205,479
16,279	16,869	14,254	14,116	19,245	19,254
896,565	938,870	1,055,537	1,068,675	1,380,025	1,380,283
33,739	220,116	436,807	161,736	40,725	81,694
958,064	102,620	60,785	145,603	105,454	133,858
40,484	28,326	25,763	24,036	22,259	18,673
\$ 6,576,425	\$ 6,278,362	\$ 7,000,275	\$ 9,349,323	\$ 8,108,796	\$ 7,653,393
\$ (1,307,994)	\$ 705,952	\$ 725,564	\$ 1,644,716	\$ 68,503	\$ 669,785
\$ -	\$ 120,608	\$ -	\$ 25,780	\$ -	\$ -
-	(176,665)	(277,353)	(1,777,318)	(512,169)	(525,925)
-	-	-	-	-	36,950
-	-	-	-	50,182	-
386,001	386,001	-	-	-	-
-	-	-	17,958	15,500	12,176
\$ 386,001	\$ 329,944	\$ (277,353)	\$ (1,733,580)	\$ (446,487)	\$ (476,799)
\$ (921,993)	\$ 1,035,896	\$ 448,211	\$ (88,864)	\$ (377,984)	\$ 192,986
18.79%	2.28%	1.42%	2.67%	1.99%	2.22%

Town of Luray, Virginia

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business License Tax	Restaurant Food Tax	Transient Occupancy Tax
2025	\$ 1,737,313	\$ 315,920	\$ 138,163	\$ 539,724	\$ 1,308,401	\$ 581,526
2024	1,718,058	315,590	115,061	477,389	1,046,749	368,512
2023	1,700,107	290,231	119,137	436,789	922,248	389,111
2022	1,598,430	270,094	120,721	398,277	829,470	282,197
2021	1,563,965	258,464	128,913	361,863	769,956	233,044
2020	1,512,031	208,687	132,825	322,034	638,506	155,849
2019	1,499,626	195,600	135,645	330,098	681,755	204,916
2018	1,496,762	192,407	141,750	299,467	685,746	217,350
2017	1,504,916	206,361	142,047	330,702	708,845	220,370
2016	1,497,639	168,914	144,071	300,375	670,423	182,944

Table 6

Cigarette Tax	Bank Stock Tax	Other Local Taxes	Total
\$ 151,852	\$ 340,215	\$ 129,818	\$ 5,242,932
156,791	476,876	126,388	4,801,414
151,308	951,725	121,349	5,082,005
132,611	580,546	123,934	4,336,280
143,224	353,862	118,692	3,931,983
134,573	209,192	128,747	3,442,444
134,664	263,527	111,357	3,557,188
128,487	200,873	109,387	3,472,229
145,436	191,122	111,896	3,561,695
148,921	199,234	111,071	3,423,592

Town of Luray, Virginia

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year		Real Estate		Personal Property		Machinery and Tools		Mobile Homes		Motor Carrier
2025	\$	512,768,500	\$	48,395,500	\$	8,644,450	\$	420,180	\$	49,800
2024		506,438,700		45,695,100		8,229,820		353,400		81,580
2023		491,493,400		44,295,750		8,125,680		359,500		61,490
2022		475,662,600		47,316,665		8,131,127		346,200		68,320
2021		472,316,500		35,595,350		8,087,160		359,200		75,910
2020		431,107,300		32,730,910		8,253,130		342,900		906,920
2019		429,985,600		32,265,520		8,703,420		262,900		835,490
2018		430,164,500		32,301,710		8,631,780		264,700		956,470
2017		429,756,500		31,090,060		8,822,440		270,700		849,010
2016		428,328,900		31,130,300		8,134,130		270,700		715,290

Source: Commissioner of Revenue, County of Page, Virginia.

Table 7

	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	20,791,926	\$ 591,070,356	\$ 825,517,257	71.60%
	22,737,430	583,536,030	722,108,687	80.81%
	24,409,756	568,745,576	703,805,935	80.81%
	24,377,219	555,902,131	631,706,967	88.00%
	21,760,829	538,194,949	560,619,739	96.00%
	20,683,808	494,024,968	525,558,477	94.00%
	19,693,678	491,746,608	517,628,008	95.00%
	19,281,196	491,600,356	480,876,803	102.23%
	19,511,060	482,170,150	491,753,720	98.05%
	19,399,193	487,978,513	497,530,247	98.08%

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2025	0.280	0.62	0.28	0.62
2024	0.280	0.62	0.28	0.62
2023	0.280	0.62	0.28	0.62
2022	0.280	0.62	0.28	0.62
2021	0.267	0.62	0.28	0.62
2020	0.290	0.62	0.29	0.62
2019	0.290	0.62	0.29	0.62
2018	0.290	0.62	0.29	0.62
2017	0.290	0.62	0.29	0.62
2016	0.29	0.62	0.29	0.62

(1) Per \$100 of assessed value.

Principal Property Taxpayers
Current Year and the Period Ten Years Prior

Taxpayer	Type Business	Fiscal Year 2025		Fiscal Year 2016	
		2025 Assessed Valuation	% of Total Assessed Valuation	2016 Assessed Valuation	% of Total Assessed Valuation
Luray Caverns Corp	Commercial	\$ 15,390,300	2.60%	\$ 15,062,400	3.09%
Blue Bell Inc.	Manufacturing	6,672,500	1.13%	8,038,200	1.65%
Scott Lee Managing (WalMart)	Commercial	6,502,900	1.10%	7,432,400	1.52%
The Mimslyn Properties LLC	Commercial	6,183,900	1.05%	n/a	n/a
MV Realty, LLC (Previously Excelsior Care)	Nursing Home	5,569,000	0.94%	4,481,000	0.92%
EMCO Inc. 2006/Fibercraft 1996	Manufacturing	5,305,000	0.90%	3,609,800	0.74%
Kentland Foundation Inc.	Commercial	5,124,700	0.87%	5,275,200	1.08%
Luray Meadows	Housing Complex	4,549,100	0.77%	n/a	n/a
East Luray LLC	Commercial	3,979,300	0.67%	4,067,400	0.83%
Laurel Ridge Community College Educ. Found.	Educational	3,216,900	0.54%	n/a	n/a
		<u>\$ 62,493,600</u>	<u>10.57%</u>	<u>\$ 47,966,400</u>	<u>9.83%</u>

Source: Commissioner of Revenue, County of Page, Virginia.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 1,802,093	\$ 1,716,507	95.25%	\$ -	\$ 1,716,507	95.25%
2024	1,765,482	1,697,268	96.14%	20,560	1,717,828	97.30%
2023	1,732,523	1,643,033	94.83%	63,579	1,706,612	98.50%
2022	1,643,520	1,574,001	95.77%	52,095	1,626,096	98.94%
2021	1,506,704	1,451,194	96.32%	44,756	1,495,950	99.29%
2020	1,540,117	1,461,665	94.91%	70,905	1,532,570	99.51%
2019	1,534,386	1,450,899	94.56%	77,030	1,527,929	99.58%
2018	1,530,062	1,444,897	94.43%	78,712	1,523,609	99.58%
2017	1,522,812	1,462,323	96.03%	54,556	1,516,879	99.61%
2016	1,525,037	1,459,040	95.67%	59,932	1,518,972	99.60%

Source: Commissioner of Revenue, County of Page, Virginia and Town Treasurer's office.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Net Bonded Debt Per Capita (1)
	Other Notes/ Bonds	Leases	General Obligation Bonds	Other Notes/ Bonds	Leases				
2025	\$ 380,505	\$ 30,873	\$ 2,198,498	\$ 4,660,144	\$ -	\$ 7,270,020	1.02%	\$ 1,506	
2024	493,678	13,917	2,437,338	4,776,092	-	7,721,025	1.08%	1,599	
2023	542,076	20,791	2,184,527	4,887,111	-	7,634,505	1.18%	1,550	
2022	680,983	27,487	2,557,584	4,994,369	-	8,260,423	1.32%	1,710	
2021	741,768	-	2,934,776	5,097,532	-	8,550,248	1.43%	1,760	
2020	836,008	8,380	3,336,082	5,196,756	-	9,377,226	1.63%	1,930	
2019	1,400,202	16,249	3,674,114	5,292,192	-	10,382,757	1.80%	2,155	
2018	1,701,920	55,039	4,078,128	5,383,987	-	11,219,074	2.10%	2,292	
2017	1,107,157	103,981	4,469,465	5,472,279	-	11,152,882	2.08%	2,278	
2016	1,252,273	18,451	4,843,232	5,557,204	-	11,671,160	2.23%	2,393	

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14.

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2025	\$ 7,239,147	\$ -	\$ 7,239,147	1.22%	\$ 1,499
2024	7,707,108	-	7,707,108	1.32%	1,596
2023	7,613,714	-	7,613,714	1.34%	1,546
2022	8,232,936	-	8,232,936	1.48%	1,704
2021	8,550,248	-	8,550,248	1.59%	1,760
2020	9,111,348	-	9,111,348	1.69%	1,879
2019	10,162,872	-	10,162,872	2.06%	2,092
2018	10,939,233	-	10,939,233	2.22%	2,271
2017	11,048,901	-	11,048,901	2.29%	2,257
2016	11,652,709	-	11,652,709	2.39%	2,389

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.

(3) Includes all long-term general obligation bonded deb and notes; excludes revenue bonds, leases, and compensated absences.

Town of Luray, VirginiaLegal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 42,832,890	\$ 42,975,650	\$ 43,016,450	\$ 42,998,560
Total net debt applicable to limit	<u>11,385,576</u>	<u>10,802,934</u>	<u>10,939,233</u>	<u>10,162,872</u>
Legal debt margin	<u>\$ 31,447,314</u>	<u>\$ 32,172,716</u>	<u>\$ 32,077,217</u>	<u>\$ 32,835,688</u>
Total net debt applicable to the limit as a percentage of debt limit	26.58%	25.14%	25.43%	23.64%

Table 13

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 43,110,730	\$ 47,231,650	\$ 47,566,260	\$ 49,149,340	\$ 50,643,870	\$ 51,276,850
<u>9,111,348</u>	<u>8,550,248</u>	<u>8,232,936</u>	<u>7,613,714</u>	<u>7,707,108</u>	<u>7,239,147</u>
<u>\$ 33,999,382</u>	<u>\$ 38,681,402</u>	<u>\$ 39,333,324</u>	<u>\$ 41,535,626</u>	<u>\$ 42,936,762</u>	<u>\$ 44,037,703</u>
21.13%	18.10%	17.31%	17.31%	17.31%	14.12%

Legal Debt Margin Calculation for Fiscal Year 2025

Total assessed value	\$ <u>512,768,500</u>
Debt limit (10% of total assessed value)	\$ 51,276,850
Net debt applicable to limit	<u>7,239,147</u>
Legal debt margin	<u>\$ 44,037,703</u>

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Town Population	County Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemploy- ment Rate (1)
2025	4,829	23,669	\$ 794,094,950	\$ 33,550	3.90%
2024	4,828	23,753	716,057,938	30,146	3.10%
2023	4,926	23,610	649,015,290	27,489	2.90%
2022	4,831	23,709	624,044,589	26,321	3.20%
2021	4,858	23,709	596,755,530	25,170	4.90%
2020	4,848	23,902	598,051,942	25,021	9.00%
2019	4,858	23,933	575,756,181	24,057	3.30%
2018	4,817	23,731	538,290,273	22,683	3.80%
2017	4,895	23,586	524,576,226	22,241	5.60%
2016	4,878	23,719	523,786,677	22,083	4.60%

Source: Weldon Cooper Center for Public Service, Bureau of Labor Statistics, and www.census.gov/quickfacts.

(1) Data available for the County of Page, Virginia.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2025			Fiscal Year 2016		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Page County Public Schools	587	1	5.10%	597	1	6.46%
County of Page, Virginia	276	2	2.40%	200	7	2.17%
Delaware North (Prev. Aramark)	266	3	2.31%	331	2	3.58%
Walmart	250	4	2.17%	191	8	2.07%
Valley Health (Page Memorial Hospital)	246	5	2.14%	208	5	2.25%
Anderson Storm Door Division	200	6	1.74%	n/a	n/a	n/a
Luray Caverns Corp	200	7	1.74%	201	6	2.18%
Skyview Springs Health & Rehab	122	8	1.06%	n/a	n/a	n/a
Kontoor Brands	105	9	0.91%	n/a	n/a	n/a
Town of Luray, Virginia	78	10	0.68%	69	10	0.52%
Totals	<u>2,330</u>		<u>20.26%</u>	<u>1,797</u>		<u>19.23%</u>

Source: Weldon Cooper Center for Public Service

Town of Luray, Virginia

Full-time Equivalent Town Government Employees by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2016	2017	2018	2019	2020
General government	9	8	9	9	9
Public safety					
Police department	11	11	11	11	13
Public works					
General maintenance	12	12	12	12	12
Waste Water Treatment Plant	5	5	5	6	6
Culture and recreation					
Parks and recreation	6	6	7	7	7
Community development					
Planning	1	0	0	0	0
Totals	44	42	44	45	47

Source: Individual Town departments.

Table 16

Fiscal Year				
2021	2022	2023	2024	2025
9	9	9	9	8
13	14	16	16	16
12	12	11	12	12
6	7	8	8	8
7	8	8	9	9
0	0	0	0	1
47	50	52	54	54

Town of Luray, Virginia

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2016	2017	2018	2019	2020
Public safety					
Police department:					
Calls for service	n/a	n/a	n/a	n/a	n/a
Physical arrests	194	303	375	364	264
Traffic violations	197	311	243	240	226
Fire and rescue:					
Number of calls answered	947	1,055	1,038	1,035	441
Public works					
General maintenance:					
Trucks/vehicles	18	18	18	18	19
Culture and recreation					
Parks and recreation:					
Youth sports participants	815	800	800	775	458
Community development					
Planning:					
Zoning permits issued	76	97	93	113	138

Source: Individual Town departments.

Table 17

Fiscal Year				
2021	2022	2023	2024	2025
n/a	4,572	4,474	4,174	4,022
307	539	513	343	285
473	626	497	308	424
723	87	197	395	432
19	19	19	20	22
356	771	915	967	980
175	153	182	272	187

Town of Luray, Virginia

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2016	2017	2018	2019	2020
General government					
Administration buildings	19	19	19	19	19
Vehicles	2	2	2	1	1
Public safety					
Police department:					
Patrol units	8	10	10	11	11
Other vehicles		2	2	1	1
Public works					
General maintenance:					
Trucks/vehicles	18	18	18	18	19
Waste Water Treatment Plant:					
Vehicles	4	4	4	4	4
Culture and recreation					
Parks and recreation:					
Vehicles	10	9	9	10	12
Parks acreage	190	190	190	190	190
Swimming pools	1	1	1	1	1

Source: Individual Town departments.

Table 18

Fiscal Year				
2021	2022	2023	2024	2025
19 1	19 1	19 1	19 2	24 2
12 1	16 1	19 1	20 1	21 1
19 6	20 5	21 5	21 8	22 5
12 190 1	12 190 1	12 190 1	13 190 1	13 190 0

COMPLIANCE



**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**

**THE HONORABLE MEMBERS OF
THE TOWN COUNCIL
TOWN OF LURAY, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Luray, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Luray, Virginia's basic financial statements, and have issued our report thereon dated October 21, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
October 21, 2025