



TOWN OF LURAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

TOWN OF LURAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

COUNCIL

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

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**TOWN OF LURAY, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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, and each major fund of Town of Luray, Virginia, as of and for the year ended June 30, 2022, 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, and each major fund of Town of Luray, Virginia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Principles

As described in Note 1 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statements Nos. 87, *Leases* and 92, *Omnibus 2020*. 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.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 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 December 1, 2022, 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 Associates

Staunton, Virginia
December 1, 2022

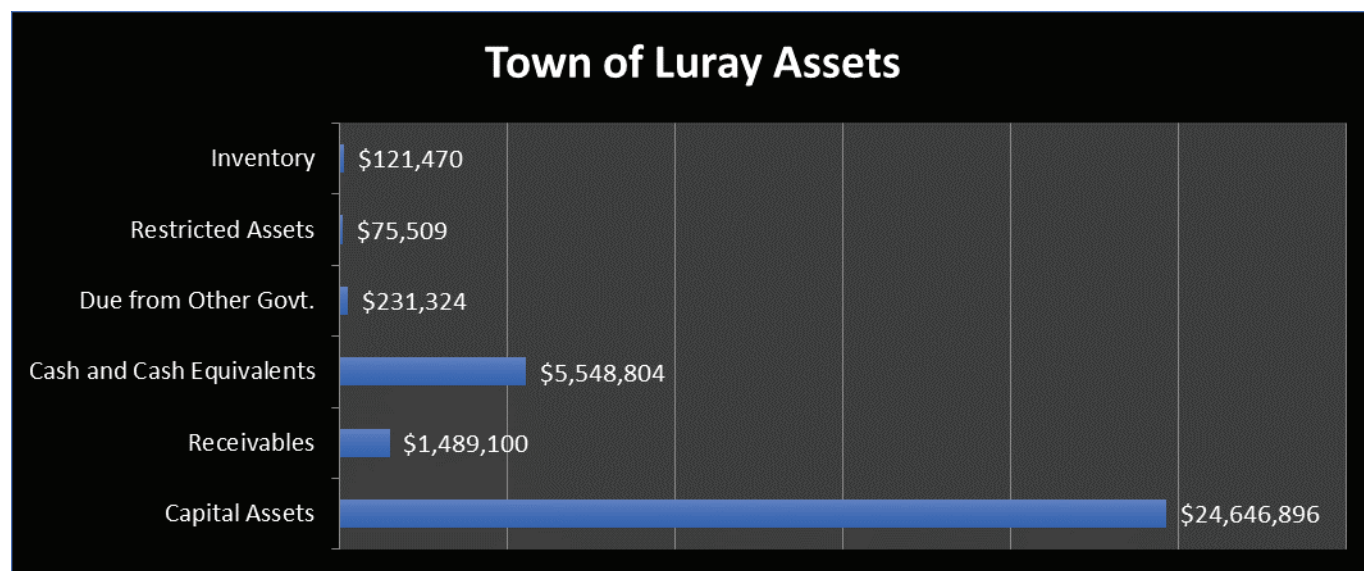
MANAGEMENT'S DISCUSSION AND ANALYSIS
Town of Luray Annual Audit Report

Fiscal Year Ending June 30, 2022

We are pleased to present the Annual Audit Report for the Town of Luray's fiscal year ending June 30, 2022. 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, 2022. 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, 2022 by \$18,677,106 (net position). Of this amount, \$2,093,504 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position has increased by \$482,246 over last fiscal year's unrestricted balance of \$1,611,258.

Assets and deferred outflows of resources decreased by \$419,941 over the previous budget year. Assets and deferred outflows of resources totaled \$33,385,998 on June 30, 2022, while liabilities and deferred inflows only \$14,708,892. As you will note on the adjacent chart the largest assets are held in capital assets, this category includes land, buildings, improvements, etc.



At June 30, 2022, the Town's general fund balance is \$2,833,472. This is an increase of \$448,211 over last year's fund balance of \$2,385,261. At June 30, 2022, the fund balance available for spending at the Town of Luray's discretion amounted to \$2,776,111 (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 is 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, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022
Land	\$ 1,079,110	\$ 1,229,607	\$ 149,704	\$ 149,704	\$ 1,228,814	\$ 1,379,311
Buildings and improvements	7,995,732	8,382,549	-	-	7,995,732	8,382,549
Infrastructure	11,170,028	11,170,028	-	-	11,170,028	11,170,028
Utility plant in service	-	-	35,019,848	35,675,750	35,019,848	35,675,750
Equipment	2,470,261	2,733,439	-	-	2,470,261	2,733,439
Construction in progress	89,032	109,428	126,600	176,750	215,632	286,178
Total	\$ 22,804,163	\$ 23,625,051	\$ 35,296,152	\$ 36,002,204	\$ 58,100,315	\$ 59,627,255
Accumulated depreciation	(12,165,404)	(12,725,246)	(21,442,983)	(22,282,584)	(33,608,387)	(35,007,830)
Lease Assets:						
Equipment	\$ -	\$ 30,797	\$ -	\$ -	\$ -	\$ 30,797
Accumulated depreciation	\$ -	\$ (3,326)	\$ -	\$ -	\$ -	\$ (3,326)
Net capital assets	\$ 10,638,759	\$ 10,927,276	\$ 13,853,169	\$ 13,719,620	\$ 24,491,928	\$ 24,646,896

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022
Current and other assets	\$ 6,087,765	\$ 5,854,085	\$ 1,587,939	\$ 1,628,038	\$ 7,675,704	\$ 7,482,123
Capital assets	10,638,759	10,927,276	13,853,169	13,719,620	24,491,928	24,646,896
Total assets	\$ 16,726,524	\$ 16,781,361	\$ 15,441,108	\$ 15,347,658	\$ 32,167,632	\$ 32,129,019
Deferred outflows of resources	\$ 1,126,753	\$ 903,020	\$ 503,586	\$ 353,959	\$ 1,630,339	\$ 1,256,979
Current and other liabilities	\$ 2,658,154	\$ 1,873,785	\$ 226,148	\$ 219,495	\$ 2,884,302	\$ 2,093,280
Long-term liabilities	3,279,739	1,921,375	9,175,696	7,943,927	12,455,435	9,865,302
Total liabilities	\$ 5,937,893	\$ 3,795,160	\$ 9,401,844	\$ 8,163,422	\$ 15,339,737	\$ 11,958,582
Deferred inflows of resources	\$ 911,772	\$ 2,118,126	\$ 15,312	\$ 632,184	\$ 927,084	\$ 2,750,310
Net investment in capital assets	\$ 8,968,822	\$ 10,218,806	\$ 5,830,719	\$ 6,166,014	\$ 14,799,541	\$ 16,384,820
Restricted (CDBG)	198,782	198,782	-	-	198,782	198,782
Unrestricted	1,836,008	1,353,507	696,819	739,997	2,532,827	2,093,504
Total net position	\$ 11,003,612	\$ 11,771,095	\$ 6,527,538	\$ 6,906,011	\$ 17,531,150	\$ 18,677,106

Liabilities and deferred inflows of resources total \$14,708,892 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, 2022, the total assessed value of real estate in the Town of Luray was \$475,662,600. The legal debt margin would therefore be \$39,333,324 (\$47,566,260 ten percent of assessed value less \$8,232,936 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, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022
Revenues:						
Program revenues:						
Charges for services	\$ 343,585	\$ 404,242	\$ 2,882,751	\$ 2,974,079	\$ 3,226,336	\$ 3,378,321
Operating grants and contributions	187,324	1,040,740	-	-	187,324	1,040,740
Capital grants and contributions	1,361,119	1,710,348	10,260	460,437	1,371,379	2,170,785
General revenues:						
Property taxes	1,534,031	1,617,740	-	-	1,534,031	1,617,740
Other local taxes	2,368,018	2,737,850	-	-	2,368,018	2,737,850
Grants and contributions not restricted to specific programs	962,336	85,712	-	-	962,336	85,712
Unrestricted investment:						
Earnings	14,918	398	-	-	14,918	398
Other	(144,027)	(129,234)	96,071	278,415	(47,956)	149,181
Total revenues	\$ 6,627,304	\$ 7,467,796	\$ 2,989,082	\$ 3,712,931	\$ 9,616,386	\$ 11,180,727
Expenses:						
General government administration	\$ 786,639	\$ 705,215	\$ -	\$ -	\$ 786,639	\$ 705,215
Public safety	1,734,915	1,604,515	-	-	1,734,915	1,604,515
Public works	2,691,554	2,768,099	-	-	2,691,554	2,768,099
Health and welfare	16,869	14,254	-	-	16,869	14,254
Parks, recreation, and culture	1,086,787	1,143,919	-	-	1,086,787	1,143,919
Community development	221,621	438,312	-	-	221,621	438,312
Interest on long-term debt	27,960	25,999	-	-	27,960	25,999
Business-type activities	-	-	3,338,901	3,334,458	3,338,901	3,334,458
Total expenses	\$ 6,566,345	\$ 6,700,313	\$ 3,338,901	\$ 3,334,458	\$ 9,905,246	\$ 10,034,771
Change in net position	\$ 60,959	\$ 767,483	\$ (349,819)	\$ 378,473	\$ (288,860)	\$ 1,145,956
Net position, beginning	10,942,653	11,003,612	6,877,357	6,527,538	17,820,010	17,531,150
Net position, ending	\$ 11,003,612	\$ 11,771,095	\$ 6,527,538	\$ 6,906,011	\$ 17,531,150	\$ 18,677,106

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.

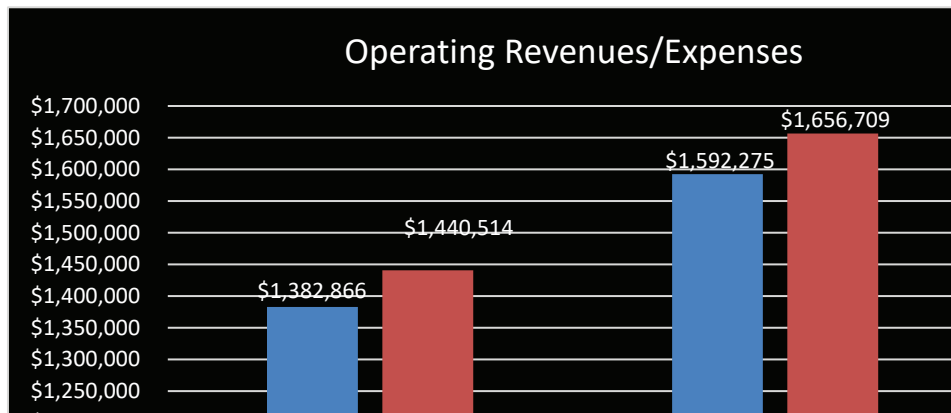
The Town's *net position* is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The preceding chart of Luray's assets provided a breakout of assets. At the end of the current fiscal year, the Town is able to report positive balances in all categories 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 increased the Town's net position by \$767,483. Total spending in governmental funds was \$6,700,313.



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 fund shows an operational loss of \$122,082. The water fund had an operational loss of \$57,648 and the sewer funds an operational loss of \$64,434. Overall operating expenses show an increase of \$11,811 compared to the June 30, 2021 proprietary fund statements. Unrestricted net position of the water and sewer funds at the end of the fiscal year is \$739,997.

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 has no fiduciary funds at this time.

Economic Factors in Next Year's Budget

- The Town will continue to promote economic development through the Revolving Loan Program which was established as a part of the Community Development Block Grant. The purpose of the Revolving Loan Program is an ongoing effort to revitalize the downtown area.
- The Town will continue work on the Memorial Drive Improvement Project. Further work on this corridor will continue in the coming years. This is funded with VDOT Revenue Sharing and local funds.
- The Town will receive just over \$5,000,000 in American Rescue Plan Act funding by the fiscal year 22-23. The Town intends to focus funding on water and sewer infrastructure investments.
- Projected ARPA improvements include water and wastewater equipment and infrastructure upgrades. Additionally, the Town will invest in a million dollar sanitary sewer pump station replacement for the Luray Landing neighborhood.
- The Town intends to utilize \$ 550,000 in ARPA funding to implement an electronic water meter system. The Town plans to use financing for the remainder of the cost.
- The Town plans to continue to pursue the design phase of the Yagers Spring Greenway Extension in collaboration with the Hawksbill Greenway Foundation.
- The Town plans to utilize a Ready Set Go Grant from VDOT for planning of a pedestrian trail project connecting the schools and Ralph Dean Recreation Park.

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, 2022

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 4,442,480	\$ 1,106,324	\$ 5,548,804
Receivables (net of allowance for uncollectibles):			
Taxes receivable	865,331	-	865,331
Accounts receivable	169,750	454,019	623,769
Due from other governmental units	231,324	-	231,324
Inventories	53,775	67,695	121,470
Prepaid expenses	3,586	-	3,586
Accrued interest receivable	7	-	7
Lease receivable	12,323	-	12,323
Restricted:			
Cash and cash equivalents	75,509	-	75,509
Capital assets, net of accumulated depreciation:			
Land	1,229,607	149,704	1,379,311
Buildings and improvements	2,757,211	-	2,757,211
Land improvements	675,345	-	675,345
Machinery and equipment	554,549	-	554,549
Infrastructure	5,573,665	-	5,573,665
Utility plant in service	-	13,393,166	13,393,166
Construction in progress	109,428	176,750	286,178
Lease equipment	27,471	-	27,471
Total assets	\$ 16,781,361	\$ 15,347,658	\$ 32,129,019
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ -	\$ 6,572	\$ 6,572
Pension related items	616,107	325,689	941,796
OPEB related items	286,913	21,698	308,611
Total deferred outflows of resources	\$ 903,020	\$ 353,959	\$ 1,256,979
LIABILITIES			
Accounts payable	\$ 177,826	\$ 35,921	\$ 213,747
Accrued liabilities	37,657	32,750	70,407
Retainage Payable	23,420	8,225	31,645
Customers' deposits	-	118,889	118,889
Accrued interest payable	324	23,710	24,034
Unearned revenue	1,634,558	-	1,634,558
Long-term liabilities:			
Due within one year	45,604	480,301	525,905
Due in more than one year	1,875,771	7,463,626	9,339,397
Total liabilities	\$ 3,795,160	\$ 8,163,422	\$ 11,958,582
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 793,277	\$ -	\$ 793,277
Pension related items	1,111,209	601,945	1,713,154
OPEB related items	201,320	30,239	231,559
Lease related items	12,320	-	12,320
Total deferred inflows of resources	\$ 2,118,126	\$ 632,184	\$ 2,750,310
NET POSITION			
Net investment in capital assets	\$ 10,218,806	\$ 6,166,014	\$ 16,384,820
Restricted for:			
Community development block grant expenditures	198,782	-	198,782
Unrestricted	1,353,507	739,997	2,093,504
Total net position	\$ 11,771,095	\$ 6,906,011	\$ 18,677,106

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

Town of Luray, Virginia

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 705,215	\$ 9,985	\$ 11,719	\$ -
Public safety	1,604,515	19,658	286,779	-
Public works	2,768,099	294,502	725,158	1,283,313
Health and welfare	14,254	-	-	-
Parks, recreation, and cultural	1,143,919	80,097	12,584	-
Community development	438,312	-	4,500	427,035
Interest on long-term debt	25,999	-	-	-
Total governmental activities	<u>\$ 6,700,313</u>	<u>\$ 404,242</u>	<u>\$ 1,040,740</u>	<u>\$ 1,710,348</u>
Business-type activities:				
Water	\$ 1,635,895	\$ 1,381,804	\$ -	\$ 179,857
Sewer	1,698,563	1,592,275	-	280,580
Total business-type activities	<u>\$ 3,334,458</u>	<u>\$ 2,974,079</u>	<u>\$ -</u>	<u>\$ 460,437</u>
Total primary government	<u>\$ 10,034,771</u>	<u>\$ 3,378,321</u>	<u>\$ 1,040,740</u>	<u>\$ 2,170,785</u>

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

Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

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
\$ (683,511)	\$ -	\$ (683,511)
(1,298,078)	-	(1,298,078)
(465,126)	-	(465,126)
(14,254)	-	(14,254)
(1,051,238)	-	(1,051,238)
(6,777)	-	(6,777)
(25,999)	-	(25,999)
<u>\$ (3,544,983)</u>	<u>\$ -</u>	<u>\$ (3,544,983)</u>
\$ -	\$ (74,234)	\$ (74,234)
-	174,292	174,292
<u>\$ -</u>	<u>\$ 100,058</u>	<u>\$ 100,058</u>
<u>\$ (3,544,983)</u>	<u>\$ 100,058</u>	<u>\$ (3,444,925)</u>
\$ 1,617,740	\$ -	\$ 1,617,740
270,094	-	270,094
120,721	-	120,721
398,277	-	398,277
829,470	-	829,470
132,611	-	132,611
282,197	-	282,197
580,546	-	580,546
123,934	-	123,934
398	-	398
148,119	1,062	149,181
85,712	-	85,712
(277,353)	277,353	-
<u>\$ 4,312,466</u>	<u>\$ 278,415</u>	<u>\$ 4,590,881</u>
\$ 767,483	\$ 378,473	\$ 1,145,956
11,003,612	6,527,538	17,531,150
<u>\$ 11,771,095</u>	<u>\$ 6,906,011</u>	<u>\$ 18,677,106</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2022

	Primary Government		
	General Fund	Special Revenue Fund	Total
		CDBG	
ASSETS			
Cash and cash equivalents	\$ 4,442,480	\$ -	\$ 4,442,480
Receivables (net of allowance for uncollectibles):			
Taxes receivable	865,331	-	865,331
Accounts receivable	169,750	-	169,750
Due from other governmental units	84,631	146,693	231,324
Inventories	53,775	-	53,775
Prepaid items	3,586	-	3,586
Accrued interest receivable	7	-	7
Lease receivable	12,323	-	12,323
Restricted assets:			
Cash and cash equivalents	-	75,509	75,509
Total assets	<u>\$ 5,631,883</u>	<u>\$ 222,202</u>	<u>\$ 5,854,085</u>
LIABILITIES			
Accounts payable	\$ 177,826	\$ -	\$ 177,826
Accrued liabilities	37,657	-	37,657
Retainage payable	-	23,420	23,420
Unearned revenue	1,634,558	-	1,634,558
Total liabilities	<u>\$ 1,850,041</u>	<u>\$ 23,420</u>	<u>\$ 1,873,461</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 936,050	\$ -	\$ 936,050
Lease related items	12,320	-	12,320
Total deferred inflows of resources	<u>\$ 948,370</u>	<u>\$ -</u>	<u>\$ 948,370</u>
FUND BALANCES			
Nonspendable:			
Inventory	\$ 53,775	\$ -	\$ 53,775
Prepaid items	3,586	-	3,586
Restricted:			
Community development block grant fund	-	198,782	198,782
Unassigned	2,776,111	-	2,776,111
Total fund balances	<u>\$ 2,833,472</u>	<u>\$ 198,782</u>	<u>\$ 3,032,254</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,631,883</u>	<u>\$ 222,202</u>	<u>\$ 5,854,085</u>

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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 3,032,254

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,229,607	
Buildings and improvements	2,757,211	
Land improvements	675,345	
Machinery and equipment	554,549	
Infrastructure	5,573,665	
Construction in progress	109,428	
Lease equipment	<u>27,471</u>	
		10,927,276

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>142,773</u>	
		142,773

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

Pension related items	\$ 616,107	
OPEB related items	<u>286,913</u>	
		903,020

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

Notes payable	\$ (680,983)	
Accrued interest	(324)	
Compensated absences	(141,321)	
Lease liabilities	(27,487)	
Net pension liability	(383,312)	
Net OPEB liabilities	<u>(688,272)</u>	
		(1,921,699)

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

Pension related items	\$ (1,111,209)	
OPEB related items	<u>(201,320)</u>	
		<u>(1,312,529)</u>

Net position of governmental activities \$ 11,771,095

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, 2022

	Primary Government		
	General Fund	Special Revenue Fund CDBG	Total
REVENUES			
General property taxes	\$ 1,598,430	\$ -	\$ 1,598,430
Other local taxes	2,737,850	-	2,737,850
Permits, privilege fees, and regulatory licenses	15,180	-	15,180
Fines and forfeitures	19,658	-	19,658
Revenue from the use of money and property	22,212	-	22,212
Charges for services	347,590	-	347,590
Miscellaneous	148,119	-	148,119
Intergovernmental:			
Commonwealth	1,528,356	-	1,528,356
Federal	881,409	427,035	1,308,444
Total revenues	\$ 7,298,804	\$ 427,035	\$ 7,725,839
EXPENDITURES			
Current:			
General government administration	\$ 674,112	\$ -	\$ 674,112
Public safety	1,725,140	-	1,725,140
Public works	3,007,877	-	3,007,877
Health and welfare	14,254	-	14,254
Parks, recreation, and cultural	1,055,537	-	1,055,537
Community development	9,772	427,035	436,807
Debt service:			
Principal retirement	60,785	-	60,785
Interest and other fiscal charges	25,763	-	25,763
Total expenditures	\$ 6,573,240	\$ 427,035	\$ 7,000,275
Excess (deficiency) of revenues over (under) expenditures	\$ 725,564	\$ -	\$ 725,564
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (277,353)	\$ -	\$ (277,353)
Total other financing sources (uses)	\$ (277,353)	\$ -	\$ (277,353)
Net change in fund balances	\$ 448,211	\$ -	\$ 448,211
Fund balances beginning	2,385,261	198,782	2,584,043
Fund balances ending	\$ 2,833,472	\$ 198,782	\$ 3,032,254

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, 2022

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

Net change in fund balances - total governmental funds	\$	448,211
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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	\$	838,529	
Depreciation/amortization expense		<u>(563,168)</u>	
			275,361

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	<u>19,310</u>	
			19,310

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	\$	64,095	
Accrued interest		(43)	
Lease issued		<u>(17,641)</u>	
			46,411

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	\$	8,090	
Pension expense		9,279	
OPEB expense		<u>(39,179)</u>	
			<u>(21,810)</u>

Change in net position of governmental activities	\$	<u><u>767,483</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, 2022

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 158,409	\$ 947,915	\$ 1,106,324
Accounts receivable, net of allowances for uncollectibles	222,862	231,157	454,019
Due from other funds	-	75,000	75,000
Inventories	55,838	11,857	67,695
Total current assets	<u>\$ 437,109</u>	<u>\$ 1,265,929</u>	<u>\$ 1,703,038</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 114,284	\$ 35,420	\$ 149,704
Construction in progress	-	176,750	176,750
Utility plant in service	10,097,410	25,578,340	35,675,750
Accumulated Depreciation	(5,528,403)	(16,754,181)	(22,282,584)
Net capital assets	<u>\$ 4,683,291</u>	<u>\$ 9,036,329</u>	<u>\$ 13,719,620</u>
Total noncurrent assets	<u>\$ 4,683,291</u>	<u>\$ 9,036,329</u>	<u>\$ 13,719,620</u>
Total assets	<u>\$ 5,120,400</u>	<u>\$ 10,302,258</u>	<u>\$ 15,422,658</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 6,572	\$ -	\$ 6,572
Pension related items	143,645	182,044	325,689
OPEB related items	9,868	11,830	21,698
Total deferred outflows of resources	<u>\$ 160,085</u>	<u>\$ 193,874</u>	<u>\$ 353,959</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,683	\$ 32,238	\$ 35,921
Retainage payable	-	8,225	8,225
Accrued liabilities	24,559	8,191	32,750
Customers' deposits	118,889	-	118,889
Accrued interest payable	11,039	12,671	23,710
Due to other funds	75,000	-	75,000
Bonds payable - current portion, net of original issue premium	48,373	324,684	373,057
Notes payable - current portion	96,489	10,755	107,244
Total current liabilities	<u>\$ 378,032</u>	<u>\$ 396,764</u>	<u>\$ 774,796</u>
Noncurrent liabilities:			
Bonds payable - net of current portion, net of original issue premium	\$ 480,133	\$ 1,704,394	\$ 2,184,527
Notes payable - net of current portion	4,532,751	354,374	4,887,125
Compensated absences	35,666	49,034	84,700
Net OPEB liabilities	46,526	55,912	102,438
Net pension liability	90,355	114,481	204,836
Total noncurrent liabilities	<u>\$ 5,185,431</u>	<u>\$ 2,278,195</u>	<u>\$ 7,463,626</u>
Total liabilities	<u>\$ 5,563,463</u>	<u>\$ 2,674,959</u>	<u>\$ 8,238,422</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 269,755	\$ 332,190	\$ 601,945
OPEB related items	13,636	16,603	30,239
Total deferred inflows of resources	<u>\$ 283,391</u>	<u>\$ 348,793</u>	<u>\$ 632,184</u>
NET POSITION			
Net investment in capital assets	\$ (467,883)	\$ 6,633,897	\$ 6,166,014
Unrestricted (deficit)	(98,486)	838,483	739,997
Total net position (deficit)	<u>\$ (566,369)</u>	<u>\$ 7,472,380</u>	<u>\$ 6,906,011</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, 2022

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,381,804	\$ -	\$ 1,381,804
Sewer revenues	-	1,592,275	1,592,275
Miscellaneous	1,062	-	1,062
Total operating revenues	<u>\$ 1,382,866</u>	<u>\$ 1,592,275</u>	<u>\$ 2,975,141</u>
OPERATING EXPENSES			
Personnel services	\$ 372,825	\$ 411,873	\$ 784,698
Fringe benefits	192,809	199,679	392,488
Contractual services	12,270	14,036	26,306
Other supplies and expenses	52,790	26,954	79,744
Insurance claims and expense	14,500	18,500	33,000
Other charges	539,903	401,483	941,386
Depreciation	255,417	584,184	839,601
Total operating expenses	<u>\$ 1,440,514</u>	<u>\$ 1,656,709</u>	<u>\$ 3,097,223</u>
Operating income (loss)	<u>\$ (57,648)</u>	<u>\$ (64,434)</u>	<u>\$ (122,082)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (195,381)	\$ (41,854)	\$ (237,235)
Total nonoperating revenues (expenses)	<u>\$ (195,381)</u>	<u>\$ (41,854)</u>	<u>\$ (237,235)</u>
Income (loss) before contributions and transfers	<u>\$ (253,029)</u>	<u>\$ (106,288)</u>	<u>\$ (359,317)</u>
Capital contributions and construction grants	179,857	280,580	460,437
Transfers in	-	277,353	277,353
Change in net position	<u>\$ (73,172)</u>	<u>\$ 451,645</u>	<u>\$ 378,473</u>
Total net position (deficit) - beginning	<u>(493,197)</u>	<u>7,020,735</u>	<u>6,527,538</u>
Total net position (deficit) - ending	<u><u>(566,369)</u></u>	<u><u>7,472,380</u></u>	<u><u>6,906,011</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, 2022

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,376,690	\$ 1,606,078	\$ 2,982,768
Payments to suppliers	(627,820)	(455,605)	(1,083,425)
Payments to employees	(566,789)	(601,496)	(1,168,285)
Other receipts (payments)	1,062	-	1,062
Net cash provided by (used for) operating activities	\$ 183,143	\$ 548,977	\$ 732,120
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 277,353	\$ 277,353
Net cash provided by (used in) noncapital financing activities	\$ -	\$ 277,353	\$ 277,353
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases to utility plant	\$ (25,782)	\$ (678,645)	\$ (704,427)
Principal payments on bonds and notes	(136,428)	(310,257)	(446,685)
Capital contributions	179,857	280,580	460,437
Interest expense	(200,317)	(70,606)	(270,923)
Net cash provided by (used for) capital and related financing activities	\$ (182,670)	\$ (778,928)	\$ (961,598)
Net increase (decrease) in cash and cash equivalents	\$ 473	\$ 47,402	\$ 47,875
Cash and cash equivalents - beginning	157,936	900,513	1,058,449
Cash and cash equivalents - ending	\$ 158,409	\$ 947,915	\$ 1,106,324
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (57,648)	\$ (64,434)	\$ (122,082)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 255,417	\$ 584,184	\$ 839,601
(Increase) decrease in accounts receivable	(1,564)	13,803	12,239
(Increase) decrease in inventories	(4,513)	(6,158)	(10,671)
(Increase) decrease in prepaid expenses	3,104	3,104	6,208
(Increase) decrease in deferred outflows of resources	72,897	81,412	154,309
Increase (decrease) in customer deposits	(3,550)	-	(3,550)
Increase (decrease) in accounts payable	(6,948)	8,422	1,474
Increase (decrease) in net OPEB liabilities	(7,731)	(10,599)	(18,330)
Increase (decrease) in accrued liabilities	(5,637)	2,739	(2,898)
Increase (decrease) in compensated absences	1,850	(1,796)	54
Increase (decrease) in net pension liability	(335,481)	(397,657)	(733,138)
Increase (decrease) in deferred inflows of resources	272,947	335,957	608,904
Total adjustments	\$ 240,791	\$ 613,411	\$ 854,202
Net cash provided by (used for) operating activities	\$ 183,143	\$ 548,977	\$ 732,120

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

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022.

Discretely Presented Component Units - The Town has no discretely presented component units for the fiscal year ended June 30, 2022.

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. In fiscal year 2011, the Town incurred a moral obligation in the amount of \$836,300 to repay USDA debt. The debt was issued to the Economic Development Authority of Page County, Virginia for the benefit of the Luray-Page County Airport Authority. During FY22, this debt was paid in full.

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, 2022 (CONTINUED)

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

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

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

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

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

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 and proprietary 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, 2022 (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.

Special revenue funds account for and report 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, 2022 (CONTINUED)

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

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

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."

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 prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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

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, 2022 includes amounts not yet billed or received from the second half of the January 1, 2022 levy (due December 5, 2022). These items are included in unavailable revenue since these taxes are restricted for use until fiscal year 2023.

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 \$173,678 at June 30, 2022 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 \$29,082 represents 1.93% of the total levies for the previous year. The portion of the allowance attributable to refuse and water and sewer represents 22.70% of the accounts receivable balance at June 30, 2022.

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, 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.

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)**

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
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.

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 discount, 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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

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

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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

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.

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 on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 (continued)*

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, OPEB and leases. 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

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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

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).

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).

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)

The Town monitors changes in circumstances that would require a 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.

F. Adoption of Accounting Principles

The Town implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. GASB Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources our outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Governmental Activities	General Fund
Lessee activity:		
Lease assets	\$ 13,156	\$ -
Lease liabilities	\$ 13,156	\$ -
Lessor activity		
Lease receivable	\$ 18,139	\$ 18,139
Deferred inflows of resources - lease	\$ 18,139	\$ 18,139

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

1. Prior to 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.
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, 2022, the CDBG fund had expenditures which exceeded appropriations by \$23,418.

C. Deficit fund equity

At June 30, 2022, the water fund had a net position deficit of (\$566,369).

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2022, 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, 2022, are as follows:

	<u>Governmental Activities</u>
<u>Commonwealth of Virginia:</u>	
Sales tax	\$ 71,610
Communications tax	8,831
Railroad rolling stock tax	8
VDOT revenue sharing	2,446
Other noncategorical aid	1,736
<u>Federal Government:</u>	
Community development block grant	146,693
Total	<u>\$ 231,324</u>

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TOWN OF LURAY, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)**

NOTE 5 – CAPITAL ASSETS:

Governmental Activities

	Balance July 1, 2021	GASB 87 Adjustment	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 1,079,110	\$ -	\$ 150,497	\$ -	\$ 1,229,607
Construction in progress	89,032	-	33,596	(13,200)	109,428
Total capital assets not being depreciated	\$ 1,168,142	\$ -	\$ 184,093	\$ (13,200)	\$ 1,339,035
Capital assets being depreciated:					
Buildings and improvements	\$ 6,443,294	\$ -	\$ -	\$ -	\$ 6,443,294
Land improvements	1,552,438	-	386,817	-	1,939,255
Infrastructure	11,170,028	-	-	-	11,170,028
Machinery and equipment	2,470,261	-	263,178	-	2,733,439
Total capital assets being depreciated	\$ 21,636,021	\$ -	\$ 649,995	\$ -	\$ 22,286,016
Accumulated depreciation:					
Buildings and improvements	\$ (3,553,142)	\$ -	\$ (132,941)	\$ -	\$ (3,686,083)
Land improvements	(1,226,819)	-	(37,091)	-	(1,263,910)
Infrastructure	(5,383,863)	-	(212,500)	-	(5,596,363)
Machinery and equipment	(2,001,580)	-	(177,310)	-	(2,178,890)
Total accumulated depreciation	\$ (12,165,404)	\$ -	\$ (559,842)	\$ -	\$ (12,725,246)
Capital assets being depreciated, net	\$ 9,470,617	\$ -	\$ 90,153	\$ -	\$ 9,560,770
Lease assets:					
Equipment	\$ -	\$ 13,156	\$ 17,641	\$ -	\$ 30,797
Accumulated amortization					
Equipment	\$ -	\$ -	\$ (3,326)	\$ -	\$ (3,326)
Net right-to-use lease assets	\$ -	\$ 13,156	\$ 14,315	\$ -	\$ 27,471
Net capital assets	\$ 10,638,759	\$ -	\$ 288,561	\$ (13,200)	\$ 10,927,276

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TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5 – CAPITAL ASSETS: (CONTINUED)

Business-type Activities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Water Fund				
Capital assets not being depreciated:				
Land	\$ 114,284	\$ -	\$ -	\$ 114,284
Total capital assets not being depreciated	\$ 114,284	\$ -	\$ -	\$ 114,284
Capital assets being depreciated:				
Utility plant in service	\$ 10,071,628	\$ 25,782	\$ -	\$ 10,097,410
Accumulated depreciation	(5,272,986)	(255,417)	-	(5,528,403)
Capital assets being depreciated, net	\$ 4,798,642	\$ (229,635)	\$ -	\$ 4,569,007
Net capital assets	\$ 4,912,926	\$ (229,635)	\$ -	\$ 4,683,291

Sewer Fund

Capital assets not being depreciated:				
Land	\$ 35,420	\$ -	\$ -	\$ 35,420
Construction in progress (WWTP)	126,600	176,750	(126,600)	176,750
Total capital assets not being depreciated	\$ 162,020	\$ 176,750	\$ (126,600)	\$ 212,170
Capital assets being depreciated:				
Utility plant in service	\$ 24,948,220	\$ 630,120	\$ -	\$ 25,578,340
Accumulated depreciation	(16,169,997)	(584,184)	-	(16,754,181)
Capital assets being depreciated, net	\$ 8,778,223	\$ 45,936	\$ -	\$ 8,824,159
Net capital assets	\$ 8,940,243	\$ 222,686	\$ (126,600)	\$ 9,036,329

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

Governmental activities:

General government administration	\$ 31,210
Public safety	68,544
Public works	358,848
Parks, recreation, and cultural	103,061
Community development	1,505
Total depreciation/amortization expense-governmental activities	\$ 563,168

Business-type activities:

Water Fund	\$ 255,417
Sewer Fund	584,184
Total depreciation expense-business-type activities	\$ 839,601

TOWN OF LURAY, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022.

	Balance July 1, 2021	Adjustments	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Direct Placements:					
Notes Payable	\$ 741,768	\$ -	\$ -	\$ 60,785	\$ 680,983
Other Long-Term Obligations:					
Lease Liabilities	\$ -	\$ 13,156	\$ 17,641	\$ 3,310	\$ 27,487
Compensated Absences	149,411	-	-	8,090	141,321
Net OPEB Liabilities	660,147	-	464,034	435,909	688,272
Net Pension Liability	1,728,413	-	1,079,546	2,424,647	383,312
Total Other Long-Term Obligations	\$ 2,537,971	\$ 13,156	\$ 1,561,221	\$ 2,871,956	\$ 1,240,392
Total Long-Term Obligations	\$ 3,279,739	\$ 13,156	\$ 1,561,221	\$ 2,932,741	\$ 1,921,375

Details of Long-term Obligations:

	Total Amount	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>		
\$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.	\$ 383,483	\$ 10,755
\$131,158 General Obligation Note, Series 2019, issued on July 7, 2020 to refinance the existing General Obligation Note, Series 2015, bearing a 2.750% interest rate per annum. Note due in quarterly installments of \$7,049 through July 7, 2025.	74,850	28,154
\$327,000 General Obligation Note, Series 2014, issued on September 30, 2014 to finance real estate acquisition, bearing interest at 1.69%. Interest only payments are due quarterly and a final payment of all principal and interest will be due on September 30, 2024.	222,650	-
Subtotal Direct Borrowing and Direct Placements	\$ 680,983	\$ 38,909
<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.	\$ 16,920	\$ 4,118
\$10,567 lease for the use of a postage machine, issued April 30, 2021, bearing interest at 3.0%. Quarterly principal and interest payments of \$684 through April 29, 2026.	10,567	2,577
Subtotal Lease Liabilities	\$ 27,487	\$ 6,695
Compensated Absences	\$ 141,321	\$ -
Net OPEB Liabilities	688,272	-
Net Pension Liability	383,312	-
Total	\$ 1,921,375	\$ 45,604

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government—Governmental Activities: (Continued)

The Town's outstanding general obligation notes from direct borrowings and direct placements related to governmental activities of \$680,983 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 bonds 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
2023	\$ 38,909	\$ 24,501	\$ 6,695	\$ 646
2024	39,403	23,232	6,874	468
2025	252,958	17,273	7,057	284
2026	12,306	14,934	6,861	96
2027	12,872	14,368	-	-
2028	13,463	13,777	-	-
2029	14,081	13,159	-	-
2030	14,728	12,512	-	-
2031	15,405	11,835	-	-
2032	16,113	11,127	-	-
2033	16,853	10,387	-	-
2034	17,627	9,613	-	-
2035	18,437	8,803	-	-
2036	19,284	7,956	-	-
2037	20,170	7,070	-	-
2038	21,096	6,144	-	-
2039	22,065	5,175	-	-
2040	23,079	4,161	-	-
2041	24,139	3,101	-	-
2042	25,248	1,992	-	-
2043	30,756	831	-	-
2044	11,991	45	-	-
Total	\$ 680,983	\$ 221,996	\$ 27,487	\$ 1,494

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Direct Borrowings and Direct Placements:				
General Obligation Bonds	\$ 2,710,948	\$ -	\$ 343,522	\$ 2,367,426
Unamortized Bond Premium	223,828	-	33,670	190,158
Notes Payable	5,097,532	-	103,163	4,994,369
Total Direct Borrowings and Direct Placements	\$ 8,032,308	\$ -	\$ 480,355	\$ 7,551,953
Other Long-Term Obligations:				
Compensated Absences	\$ 84,646	\$ 54	\$ -	\$ 84,700
Net OPEB Liabilities	120,768	25,876	44,206	102,438
Net Pension Liability	937,974	578,763	1,311,901	204,836
Total Other Long-Term Obligations	\$ 1,143,388	\$ 604,693	\$ 1,356,107	\$ 391,974
Total Long-Term Obligations	\$ 9,175,696	\$ 604,693	\$ 1,836,462	\$ 7,943,927

Details of Long-term Obligations:

	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:		
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.	\$ 884,016	\$ 104,002
\$372,381 VRA Revolving Loan, issued June 7, 2004, bearing interest at 3.50% per annum. Semi-annual payments of \$13,303 to begin July 1, 2004 and are payable through July 1, 2023. The Town remitted the first payment prior to June 30, 2004.	38,410	25,385
\$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.	860,000	75,000
\$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.	585,000	135,000
Total general obligation bonds	\$ 2,367,426	\$ 339,387

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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.	\$ 730,258	\$ 21,510
\$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>4,264,111</u>	<u>85,734</u>
Total notes payable	\$ <u>4,994,369</u>	\$ <u>107,244</u>
Unamortized Bond Premium	\$ <u>190,158</u>	\$ <u>33,670</u>
Total direct borrowings and direct placements	\$ 7,551,953	\$ 480,301
Compensated Absences	84,700	-
Net OPEB Liabilities	102,438	-
Net Pension Liability	<u>204,836</u>	<u>-</u>
Total	\$ <u><u>7,943,927</u></u>	\$ <u><u>480,301</u></u>

The Town's outstanding notes and general obligation bonds from direct borrowings and direct placements related to business-type activities of \$7,551,953 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, 2022 (CONTINUED)**NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government-Business-type Activities: (Continued)**

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2023	\$ 339,387	\$ 63,649	\$ 107,244	\$ 191,436
2024	332,029	51,862	111,503	187,177
2025	259,002	42,153	115,932	182,748
2026	269,002	33,953	120,538	178,142
2027	269,002	26,034	125,329	173,351
2028	274,002	18,787	130,311	168,369
2029	284,002	11,481	135,492	163,188
2030	289,002	3,866	140,880	157,800
2031	51,998	-	146,484	152,196
2032	-	-	152,313	146,367
2033	-	-	158,375	140,305
2034	-	-	164,680	134,000
2035	-	-	171,237	127,443
2036	-	-	178,057	120,623
2037	-	-	185,151	113,529
2038	-	-	192,529	106,151
2039	-	-	200,202	98,478
2040	-	-	208,184	90,496
2041	-	-	216,486	82,194
2042	-	-	225,121	73,559
2043	-	-	230,064	64,577
2044	-	-	188,203	55,997
2045	-	-	195,383	48,817
2046	-	-	202,837	41,363
2047	-	-	210,576	33,624
2048	-	-	218,610	25,590
2049	-	-	226,950	17,250
2050	-	-	235,608	8,592
2051	-	-	100,090	946
Total	\$ 2,367,426	\$ 251,785	\$ 4,994,369	\$ 3,084,308

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 7 – COMPENSATED ABSENCES:

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 \$141,321 in the governmental activities and \$84,700 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, 2022 (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, 2022 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	40
Inactive members:	
Vested inactive members	5
Non-vested inactive members	5
Inactive members active elsewhere in VRS	<u>29</u>
Total inactive members	39
Active members	<u>44</u>
Total covered employees	<u><u>123</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, 2022 was 14.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$321,145 and \$306,405 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020, 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, 2021.

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020, 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, 2021.

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.39%</u>

* The above allocation provides a one-year expected return of 7.39%. 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 6.94%, including expected inflation of 2.5%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 13,528,141	\$ 10,861,754	\$ 2,666,387
Changes for the year:			
Service cost	\$ 310,729	\$ -	\$ 310,729
Interest	890,226	-	890,226
Differences between expected and actual experience	(357,398)	-	(357,398)
Changes of assumptions	433,730	-	433,730
Contributions - employer	-	306,405	(306,405)
Contributions - employee	-	101,654	(101,654)
Net investment income	-	2,954,606	(2,954,606)
Benefit payments, including refunds of employee contributions	(679,211)	(679,211)	-
Administrative expenses	-	(7,417)	7,417
Other changes	-	278	(278)
Net changes	\$ 598,076	\$ 2,676,315	\$ (2,078,239)
Balances at June 30, 2021	\$ 14,126,217	\$ 13,538,069	\$ 588,148

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 Net Pension Liability	\$	2,382,374	\$ 588,148	\$ (896,288)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$325,974. At June 30, 2022, 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	\$ 305,165	\$ 235,419
Change of assumptions	305,284	-
Net difference between projected and actual earnings on pension plan investments	-	1,467,533
Change in proportionate share	10,202	10,202
Employer contributions subsequent to the measurement date	321,145	-
Total	\$ 941,796	\$ 1,713,154

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

\$321,145 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, 2023. 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>	
2023	\$ (35,059)
2024	(269,391)
2025	(341,887)
2026	(446,166)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022 (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 \$8,722 as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$11,937 and \$11,414 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$119,221 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01020% as compared to 0.01030% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$2,697. 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,598	\$ 908
Net difference between projected and actual earnings on GLI OPEB plan investments	-	28,456
Change of assumptions	6,573	16,312
Changes in proportionate share	2,835	6,957
Employer contributions subsequent to the measurement date	<u>11,937</u>	<u>-</u>
Total	<u>\$ 34,943</u>	<u>\$ 52,633</u>

\$11,937 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$	(8,061)
2024		(5,998)
2025		(4,641)
2026		(8,992)
2027		(1,935)
Thereafter		-

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020, 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, 2021. 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, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2022 (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 secotr 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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	\$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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, 2022 (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	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2021, 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 100% of the actuarially determined contribution rate. From July 1, 2021 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	\$ 174,187	\$ 119,221	\$ 74,834

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022 (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; 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$18,064 and \$15,064 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$482,489 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity's proportion was 0.10940% as compared to 0.10390% at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$46,908. 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, 2022, 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	\$ 40,227	\$ 73,053
Net difference between projected and actual earnings on LODA OPEB program investments	-	2,794
Change in assumptions	133,521	23,080
Change in proportionate share	51,356	42,899
Employer contributions subsequent to the measurement date	18,064	-
Total	\$ <u>243,168</u>	\$ <u>141,826</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)***

\$18,064 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, 2023. 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>		
2023	\$	13,562
2024		13,690
2025		13,728
2026		13,768
2027		11,797
Thereafter		16,733

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16% including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 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, 2022 (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, 2021, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	7,553
LODA Net OPEB Liability (Asset)	<u><u>\$ 440,989</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%

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 2.16% 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 2.16% 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. 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, 2021, 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, 2022 (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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 555,040	\$ 482,489	\$ 424,842

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 7.00% decreasing to 4.75%, 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 (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 395,895	\$ 482,489	\$ 593,521

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022 (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, 2021 (the measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	45
Total	<u>45</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. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2022 was \$0.

Total OPEB Liability

The Town's total OPEB liability was measured as of July 1, 2021. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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	1.92%
Investment Rate of Return	Not applicable

Mortality rates for Active employees and healthy retirees were based on RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2021.

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 1.92% and represents the Municipal Go AA 20-year yield curve rate as of July 1, 2021.

Changes in Total OPEB Liability

		<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$	173,500
Changes for the year:		
Service cost		14,400
Interest		4,600
Difference between expected and actual experience		(22,000)
Assumption changes		18,500
Net changes		<u>15,500</u>
Balances at June 30, 2022	\$	<u><u>189,000</u></u>

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	<u>Rate</u>		
	<u>1% Decrease (0.92%)</u>	<u>Current Discount Rate (1.92%)</u>	<u>1% Increase (2.92%)</u>
\$	210,800	\$ 189,000	\$ 169,600

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rates:

	<u>Rates</u>		
	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$	163,300	\$ 189,000	\$ 220,100

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the Town recognized OPEB expense in the amount of \$24,100. At June 30, 2022, 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	\$ 2,300	\$ 36,500
Changes of assumptions	28,200	600
Total	<u>\$ 30,500</u>	<u>\$ 37,100</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

2023	\$ (1,900)
2024	(1,900)
2025	(2,300)
2026	(500)
2027	500
Thereafter	(500)

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, 2022:

	<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)	\$ 34,943	\$ 52,633	\$ 119,221	\$ 2,697
Line of Duty Act Program (Note 10)	243,168	141,826	482,489	46,908
Town Stand-Alone Plan (Note 11)	30,500	37,100	189,000	24,100
Totals	<u>\$ 308,611</u>	<u>\$ 231,559</u>	<u>\$ 790,710</u>	<u>\$ 73,705</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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:

	<u>Government-wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 142,773
2nd half assessments due in December	711,233	711,233
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>82,044</u>	<u>82,044</u>
Total deferred/unavailable revenue	\$ <u>793,277</u>	\$ <u>936,050</u>

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).

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, 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, 2022 consisted of the following:

	Transfers In	Transfers Out
General Fund \$	-	\$ 277,353
Sewer Fund	277,353	-
Total	\$ <u>277,353</u>	\$ <u>277,353</u>

NOTE 19 – LEASE RECEIVABLE:

The Town entered into a noncancellable lease agreement for the Luray Depot with a lease term of 3 years and interest rate of 1.319% as the discount rate for leases. The lease agreement requires monthly payments of \$500. The Town recognized lease revenue of \$5,819 and interest revenue of \$192. As of June 30, 2022, the lease receivable balance was \$12,323.

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 20 – COMMITMENTS AND CONTINGENCIES:

The Town's active construction projects as of June 30, 2022 are as follows:

Project	Original Contract Amount	Amount Spent as of June 30, 2022	Amount of Contract Remaining at Year End
Luray Landing Sewer Pump Station	\$ 1,174,344	\$ 156,275	\$ 1,018,069
Luray Meadows	630,000	553,882	76,118

NOTE 21 – UPCOMING PRONOUNCEMENTS:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
General property taxes	\$ 1,540,300	\$ 1,540,300	\$ 1,598,430	\$ 58,130
Other local taxes	2,005,902	2,005,902	2,737,850	731,948
Permits, privilege fees, and regulatory licenses	5,000	5,000	15,180	10,180
Fines and forfeitures	8,700	8,700	19,658	10,958
Revenue from the use of money and property	69,420	69,420	22,212	(47,208)
Charges for services	339,300	339,300	347,590	8,290
Miscellaneous	51,500	51,500	148,119	96,619
Intergovernmental:				
Commonwealth	1,758,924	1,758,924	1,528,356	(230,568)
Federal	5,000	2,520,284	881,409	(1,638,875)
Total revenues	\$ 5,784,046	\$ 8,299,330	\$ 7,298,804	\$ (1,000,526)
EXPENDITURES				
Current:				
General government administration	\$ 692,746	\$ 732,732	\$ 674,112	\$ 58,620
Public safety	1,579,195	1,726,678	1,725,140	1,538
Public works	2,641,295	3,438,249	3,007,877	430,372
Health and welfare	16,500	16,500	14,254	2,246
Parks, recreation, and cultural	1,427,510	1,445,149	1,055,537	389,612
Community development	26,850	10,072	9,772	300
Debt service:				
Principal retirement	108,750	109,331	60,785	48,546
Interest and other fiscal charges	111,200	90,619	25,763	64,856
Total expenditures	\$ 6,604,046	\$ 7,569,330	\$ 6,573,240	\$ 996,090
Excess (deficiency) of revenues over (under) expenditures	\$ (820,000)	\$ 730,000	\$ 725,564	\$ (4,436)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (1,550,000)	\$ (277,353)	\$ 1,272,647
Issuance of notes payable	495,000	495,000	-	(495,000)
Total other financing sources (uses)	\$ 495,000	\$ (1,055,000)	\$ (277,353)	\$ 777,647
Change in fund balance	\$ (325,000)	\$ (325,000)	\$ 448,211	\$ 773,211
Fund balance, beginning of year	-	-	2,385,261	2,385,261
Fund balance, end of year	\$ (325,000)	\$ (325,000)	\$ 2,833,472	\$ 3,158,472

Special Revenue Fund

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

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental:				
Federal	\$ 400,000	\$ 400,000	\$ 427,035	\$ 27,035
Total revenues	\$ 400,000	\$ 400,000	\$ 427,035	\$ 27,035
EXPENDITURES				
Current:				
Community development:	\$ 400,000	\$ 403,617	\$ 427,035	\$ (23,418)
Total expenditures	\$ 400,000	\$ 403,617	\$ 427,035	\$ (23,418)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,617)	\$ -	\$ 3,617
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 3,617	\$ -	\$ (3,617)
Total other financing sources (uses)	\$ -	\$ 3,617	\$ -	\$ (3,617)
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	-	-	198,782	198,782
Fund balance, end of year	\$ -	\$ -	\$ 198,782	\$ 198,782

Town of Luray, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios
Pension Plans
For Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019
Total pension liability			
Service cost	\$ 310,729	\$ 288,191	\$ 269,179
Interest	890,226	806,645	780,309
Differences between expected and actual experience	(357,398)	821,837	61,432
Changes of assumptions	433,730	-	345,979
Benefit payments	(679,211)	(677,667)	(630,070)
Net change in total pension liability	\$ 598,076	\$ 1,239,006	\$ 826,829
Total pension liability - beginning	13,528,141	12,289,135	11,462,306
Total pension liability - ending (a)	<u>\$ 14,126,217</u>	<u>\$ 13,528,141</u>	<u>\$ 12,289,135</u>
Plan fiduciary net position			
Contributions - employer	\$ 306,405	\$ 228,404	\$ 222,677
Contributions - employee	101,654	102,422	99,853
Net investment income	2,954,606	209,582	699,254
Benefit payments, including refunds of employee contributions	(679,211)	(677,667)	(630,070)
Administrative expense	(7,417)	(7,274)	(7,092)
Other	278	(245)	(439)
Net change in plan fiduciary net position	\$ 2,676,315	\$ (144,778)	\$ 384,183
Plan fiduciary net position - beginning	10,861,754	11,006,532	10,622,349
Plan fiduciary net position - ending (b)	<u>\$ 13,538,069</u>	<u>\$ 10,861,754</u>	<u>\$ 11,006,532</u>
Town's net pension liability - ending (a) - (b)	\$ 588,148	\$ 2,666,387	\$ 1,282,603
Plan fiduciary net position as a percentage of the total pension liability	95.84%	80.29%	89.56%
Covered payroll	\$ 2,113,672	\$ 2,126,567	\$ 2,049,596
Town's net pension liability as a percentage of covered payroll	27.83%	125.38%	62.58%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

2018	2017	2016	2015	2014
\$ 253,192	\$ 263,637	\$ 239,366	\$ 221,298	\$ 210,184
785,379	754,116	728,501	749,586	710,918
(520,354)	101,929	(28,214)	(791,690)	-
-	(125,332)	-	-	-
(551,217)	(544,249)	(603,203)	(357,629)	(379,757)
\$ (33,000)	\$ 450,101	\$ 336,450	\$ (178,435)	\$ 541,345
11,495,306	11,045,205	10,708,755	10,887,190	10,345,845
\$ 11,462,306	\$ 11,495,306	\$ 11,045,205	\$ 10,708,755	\$ 10,887,190
\$ 197,954	\$ 201,439	\$ 290,105	\$ 295,788	\$ 312,158
94,261	101,789	98,216	100,169	116,821
745,784	1,118,816	159,197	411,708	1,212,124
(551,217)	(544,249)	(603,203)	(357,629)	(379,757)
(6,528)	(6,564)	(5,856)	(5,508)	(6,430)
(659)	(991)	(68)	(87)	64
\$ 479,595	\$ 870,240	\$ (61,609)	\$ 444,441	\$ 1,254,980
10,142,754	9,272,514	9,334,123	8,889,682	7,634,702
\$ 10,622,349	\$ 10,142,754	\$ 9,272,514	\$ 9,334,123	\$ 8,889,682
\$ 839,957	\$ 1,352,552	\$ 1,772,691	\$ 1,374,632	\$ 1,997,508
92.67%	88.23%	83.95%	87.16%	81.65%
\$ 1,923,099	\$ 1,940,160	\$ 1,970,110	\$ 2,008,408	\$ 1,918,614
43.68%	69.71%	89.98%	68.44%	103.44%

Schedule of Employer Contributions

Pension Plans

Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
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%
2015	295,788	295,788	-	2,008,408		14.73%
2014	312,158	312,158	-	1,918,614		16.27%
2013	311,043	311,043	-	1,911,756		16.27%

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

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2021

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)
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, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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%
2015	10,645	10,645	-	2,008,408	0.53%
2014	10,169	10,169	-	1,918,614	0.53%
2013	10,132	10,132	-	1,911,756	0.53%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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, 2021

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)
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, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
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%
2015	9,858	9,858	-	678,595	1%
2014	10,439	10,439	-	629,165	2%
2013	9,483	9,483	-	641,016	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, 2022

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, 2020 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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 14,400	\$ 12,700	\$ 11,700	\$ 11,100	\$ 10,800
Interest	4,600	5,000	5,900	5,100	4,600
Other changes	-	-	-	(1,800)	-
Assumption changes	18,500	12,400	7,600	-	-
Differences between expected and actual experience	(22,000)	(3,600)	(29,300)	6,300	-
Benefit payments	-	-	-	(1,600)	(1,600)
Net change in total OPEB liability	\$ 15,500	\$ 26,500	\$ (4,100)	\$ 19,100	\$ 13,800
Total OPEB liability - beginning	173,500	147,000	151,100	132,000	118,200
Total OPEB liability - ending	\$ 189,000	\$ 173,500	\$ 147,000	\$ 151,100	\$ 132,000
 Covered-employee payroll	 \$ 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	 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, 2022

Valuation Date: 7/1/2021
 Measurement Date: 7/1/2021

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	1.92% as of July 1, 2021
Healthcare Trend Rate	7.00% for fiscal year end 2022 decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% as of July 1, 2021
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2021.

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2022

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	\$ 1,283,600	\$ 1,283,600	\$ 1,293,818	\$ 10,218
Real and personal public service corporation taxes	60,000	60,000	65,339	5,339
Personal property taxes	175,000	175,000	216,114	41,114
Mobile home taxes	700	700	817	117
Penalties and interest	21,000	21,000	22,342	1,342
Total general property taxes	\$ 1,540,300	\$ 1,540,300	\$ 1,598,430	\$ 58,130
Other local taxes:				
Local sales and use taxes	\$ 225,000	\$ 225,000	\$ 270,094	\$ 45,094
Consumers' utility taxes	135,000	135,000	120,721	(14,279)
Business license taxes	319,902	319,902	398,277	78,375
Franchise license tax	34,000	34,000	30,880	(3,120)
Motor vehicle licenses	61,000	61,000	56,212	(4,788)
Bank stock taxes	210,000	210,000	580,546	370,546
Transient occupancy taxes	193,000	193,000	282,197	89,197
Restaurant food taxes	675,000	675,000	829,470	154,470
Sprint right of way fees	20,000	20,000	36,842	16,842
Cigarette tax	133,000	133,000	132,611	(389)
Total other local taxes	\$ 2,005,902	\$ 2,005,902	\$ 2,737,850	\$ 731,948
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 5,000	\$ 5,000	\$ 15,180	\$ 10,180
Total permits, privilege fees, and regulatory licenses	\$ 5,000	\$ 5,000	\$ 15,180	\$ 10,180
Fines and forfeitures:				
Court fines and forfeitures	\$ 8,500	\$ 8,500	\$ 19,512	\$ 11,012
Parking fines	200	200	146	(54)
Total fines and forfeitures	\$ 8,700	\$ 8,700	\$ 19,658	\$ 10,958
Revenue from use of money and property:				
Revenue from use of money	\$ 9,000	\$ 9,000	\$ 398	\$ (8,602)
Revenue from use of property	60,420	60,420	21,814	(38,606)
Total revenue from use of money and property	\$ 69,420	\$ 69,420	\$ 22,212	\$ (47,208)
Charges for services:				
Charges for sanitation and waste removal	\$ 279,000	\$ 279,000	\$ 279,322	\$ 322
Charges for recreation	60,300	60,300	68,268	7,968
Total charges for services	\$ 339,300	\$ 339,300	\$ 347,590	\$ 8,290
Miscellaneous:				
Rebates and refunds	\$ 700	\$ 700	\$ 6,171	\$ 5,471
Donations	10,500	10,500	129,135	118,635
Miscellaneous	34,100	34,100	12,813	(21,287)
Greenway development grant	1,200	1,200	-	(1,200)
Sale of equipment	5,000	5,000	-	(5,000)
Total miscellaneous	\$ 51,500	\$ 51,500	\$ 148,119	\$ 96,619
Total revenue from local sources	\$ 4,020,122	\$ 4,020,122	\$ 4,889,039	\$ 868,917

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (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	\$ 4,100	\$ 4,100	\$ 3,893	\$ (207)
Auto rental tax	900	900	7,245	6,345
Personal property tax relief funds	74,574	74,574	74,574	-
Total noncategorical aid	<u>\$ 79,574</u>	<u>\$ 79,574</u>	<u>\$ 85,712</u>	<u>\$ 6,138</u>
Other categorical aid:				
Virginia Commission for the Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
VDOT Revenue Sharing - Valley Health	325,000	325,000	26,139	(298,861)
Aid to localities with police departments	140,000	140,000	129,187	(10,813)
Other police grants	-	-	1,237	1,237
Department of fire programs funds	17,000	17,000	19,812	2,812
Litter control grant	2,300	2,300	3,611	1,311
Street and highway maintenance funds	1,180,500	1,180,500	1,215,174	34,674
Asset forfeiture fund	10,000	10,000	921	(9,079)
Brownfield grant	-	-	42,000	42,000
DMV animal friendly plate	50	50	63	13
Total other categorical aid	<u>\$ 1,679,350</u>	<u>\$ 1,679,350</u>	<u>\$ 1,442,644</u>	<u>\$ (236,706)</u>
Total categorical aid	<u>\$ 1,679,350</u>	<u>\$ 1,679,350</u>	<u>\$ 1,442,644</u>	<u>\$ (236,706)</u>
Total revenue from the Commonwealth	<u>\$ 1,758,924</u>	<u>\$ 1,758,924</u>	<u>\$ 1,528,356</u>	<u>\$ (230,568)</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ -	\$ -	\$ 1,371	\$ 1,371
Coronavirus state and local fiscal recovery fund	-	2,515,284	880,038	(1,635,246)
Bulletproof vest grant	5,000	5,000	-	(5,000)
Total categorical aid	<u>\$ 5,000</u>	<u>\$ 2,520,284</u>	<u>\$ 881,409</u>	<u>\$ (1,638,875)</u>
Total revenue from the federal government	<u>\$ 5,000</u>	<u>\$ 2,520,284</u>	<u>\$ 881,409</u>	<u>\$ (1,638,875)</u>
Total General Fund	<u>\$ 5,784,046</u>	<u>\$ 8,299,330</u>	<u>\$ 7,298,804</u>	<u>\$ (1,000,526)</u>
Special Revenue Fund:				
CDBG:				
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ 400,000	\$ 400,000	\$ 427,035	\$ 27,035
Total categorical aid	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 427,035</u>	<u>\$ 27,035</u>
Total revenue from the federal government	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 427,035</u>	<u>\$ 27,035</u>
Total CDBG Fund	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 427,035</u>	<u>\$ 27,035</u>
Total Primary Government	<u>\$ 6,184,046</u>	<u>\$ 8,699,330</u>	<u>\$ 7,725,839</u>	<u>\$ (973,491)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2022

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 172,237	\$ 181,717	\$ 181,627	\$ 90
General and financial administration:				
Town manager	\$ 117,881	\$ 120,082	\$ 92,220	\$ 27,862
Legal services	55,000	66,938	66,646	292
Independent auditor	7,150	7,150	7,083	67
Treasurer	339,228	356,845	326,536	30,309
Total general and financial administration	\$ 519,259	\$ 551,015	\$ 492,485	\$ 58,530
Board of elections:				
Electoral board and officials	\$ 1,250	\$ -	\$ -	\$ -
Total board of elections	\$ 1,250	\$ -	\$ -	\$ -
Total general government administration	\$ 692,746	\$ 732,732	\$ 674,112	\$ 58,620
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,533,465	\$ 1,675,069	\$ 1,673,531	\$ 1,538
Total law enforcement and traffic control	\$ 1,533,465	\$ 1,675,069	\$ 1,673,531	\$ 1,538
Fire and rescue services:				
Volunteer emergency operations	\$ 17,500	\$ 19,812	\$ 19,812	\$ -
Total fire and rescue services	\$ 17,500	\$ 19,812	\$ 19,812	\$ -
Other protection:				
Safety Officer	\$ 28,230	\$ 31,797	\$ 31,797	\$ -
Total other protection	\$ 28,230	\$ 31,797	\$ 31,797	\$ -
Total public safety	\$ 1,579,195	\$ 1,726,678	\$ 1,725,140	\$ 1,538
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,872,212	\$ 1,772,863	\$ 1,716,095	\$ 56,768
Sanitation and waste removal:				
Refuse collection and disposal	\$ 279,000	\$ 319,312	\$ 318,512	\$ 800
Maintenance of general buildings and grounds:				
General properties	\$ 490,083	\$ 1,346,074	\$ 973,270	\$ 372,804
Total public works	\$ 2,641,295	\$ 3,438,249	\$ 3,007,877	\$ 430,372
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 16,500	\$ 16,500	\$ 14,254	\$ 2,246
Total health and welfare	\$ 16,500	\$ 16,500	\$ 14,254	\$ 2,246
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,427,510	\$ 1,445,149	\$ 1,055,537	\$ 389,612
Total parks, recreation, and cultural	\$ 1,427,510	\$ 1,445,149	\$ 1,055,537	\$ 389,612
Community development:				
Planning and community development:				
Planning Commission	\$ 26,850	\$ 10,072	\$ 9,772	\$ 300
Total community development	\$ 26,850	\$ 10,072	\$ 9,772	\$ 300

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 108,750	\$ 109,331	\$ 60,785	\$ 48,546
Interest and other fiscal charges	111,200	90,619	25,763	64,856
Total debt service	\$ 219,950	\$ 199,950	\$ 86,548	\$ 113,402
Total General Fund	\$ 6,604,046	\$ 7,569,330	\$ 6,573,240	\$ 996,090
Special Revenue Fund:				
CDBG Fund:				
Community development:				
CBDG program	\$ 400,000	\$ 403,617	\$ 427,035	\$ (23,418)
Total community development	\$ 400,000	\$ 403,617	\$ 427,035	\$ (23,418)
Total CDBG Fund	\$ 400,000	\$ 403,617	\$ 427,035	\$ (23,418)
 Total Primary Government	 \$ 7,004,046	 \$ 7,972,947	 \$ 7,000,275	 \$ 972,672

STATISTICAL INFORMATION

Town of Luray, Virginia

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 5,745,435	\$ 5,793,353	\$ 5,785,314	\$ 5,526,182
Restricted	91,435	78,566	78,399	78,359
Unrestricted	2,386,033	2,344,212	1,069,049	1,661,875
Total governmental activities net position	<u>\$ 8,222,903</u>	<u>\$ 8,216,131</u>	<u>\$ 6,932,762</u>	<u>\$ 7,266,416</u>
Business-type activities:				
Net investment in capital assets	\$ 6,792,425	\$ 6,787,088	\$ 6,688,986	\$ 6,538,164
Unrestricted	472,871	622,239	(118,375)	279,110
Total business-type activities net position	<u>\$ 7,265,296</u>	<u>\$ 7,409,327</u>	<u>\$ 6,570,611</u>	<u>\$ 6,817,274</u>
Primary government:				
Net investment in capital assets	\$ 12,537,860	\$ 12,580,441	\$ 12,474,300	\$ 12,064,346
Restricted	91,435	78,566	78,399	78,359
Unrestricted	2,858,904	2,966,451	950,674	1,940,985
Total primary government net position	<u>\$ 15,488,199</u>	<u>\$ 15,625,458</u>	<u>\$ 13,503,373</u>	<u>\$ 14,083,690</u>

Table 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 5,664,357	\$ 5,967,874	\$ 9,883,229	\$ 10,245,382	\$ 8,968,822	\$ 10,218,806
78,359	78,359	78,359	78,174	198,782	198,782
2,111,217	2,143,435	1,560,958	619,097	1,836,008	1,353,507
<u>\$ 7,853,933</u>	<u>\$ 8,189,668</u>	<u>\$ 11,522,546</u>	<u>\$ 10,942,653</u>	<u>\$ 11,003,612</u>	<u>\$ 11,771,095</u>
\$ 6,337,026	\$ 6,184,095	\$ 5,973,537	\$ 5,864,942	\$ 5,830,719	\$ 6,166,014
510,127	731,804	1,031,075	1,012,415	696,819	739,997
<u>\$ 6,847,153</u>	<u>\$ 6,915,899</u>	<u>\$ 7,004,612</u>	<u>\$ 6,877,357</u>	<u>\$ 6,527,538</u>	<u>\$ 6,906,011</u>
\$ 12,001,383	\$ 12,151,969	\$ 15,856,766	\$ 16,110,324	\$ 14,799,541	\$ 16,384,820
78,359	78,359	78,359	78,174	198,782	198,782
2,621,344	2,875,239	2,592,033	1,631,512	2,532,827	2,093,504
<u>\$ 14,701,086</u>	<u>\$ 15,105,567</u>	<u>\$ 18,527,158</u>	<u>\$ 17,820,010</u>	<u>\$ 17,531,150</u>	<u>\$ 18,677,106</u>

Town of Luray, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government administration	\$ 607,559	\$ 618,941	\$ 559,526	\$ 490,376
Public safety	1,146,605	1,146,412	1,141,749	1,050,020
Public works	2,063,184	2,081,369	2,091,393	2,286,890
Health and welfare	18,625	20,768	18,501	16,240
Parks, recreation and cultural	956,077	932,451	904,215	884,352
Community development	102,796	122,476	105,981	103,653
Interest on long-term debt	30,621	31,611	36,851	41,774
Total governmental activities expenses	\$ 4,925,467	\$ 4,954,028	\$ 4,858,216	\$ 4,873,305
Business-type activities:				
Water	\$ 1,141,888	\$ 1,157,276	\$ 1,259,401	\$ 1,206,662
Sewer	1,575,688	1,556,848	1,689,150	1,621,493
Total business-type activities expenses	\$ 2,717,576	\$ 2,714,124	\$ 2,948,551	\$ 2,828,155
Total primary government expenses	\$ 7,643,043	\$ 7,668,152	\$ 7,806,767	\$ 7,701,460
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	14,144	12,112	16,390	5,574
Public works	277,493	270,711	262,098	276,428
Parks, recreation and cultural	35,300	45,485	51,812	64,027
Operating grants and contributions	1,126,002	1,157,138	1,196,572	1,217,272
Capital grants and contributions	74,281	208,033	172,730	72,629
Total governmental activities program revenues	\$ 1,527,220	\$ 1,693,479	\$ 1,699,602	\$ 1,635,930
Business-type activities:				
Charges for services:				
Water	\$ 1,191,472	\$ 1,281,618	\$ 1,199,345	\$ 1,344,042
Sewer	1,557,240	1,568,612	1,598,892	1,722,166
Capital grants and contributions	9,890	7,925	7,305	8,610
Total business-type activities program revenues	\$ 2,758,602	\$ 2,858,155	\$ 2,805,542	\$ 3,074,818
Total primary government program revenues	\$ 4,285,822	\$ 4,551,634	\$ 4,505,144	\$ 4,710,748
Net (expenses) / revenues				
Governmental activities	\$ (3,398,247)	\$ (3,260,549)	\$ (3,158,614)	\$ (3,237,345)
Business-type activities	41,026	144,031	(143,009)	246,663
Total primary government net expenses	\$ (3,357,221)	\$ (3,116,518)	\$ (3,301,623)	\$ (2,990,682)

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 511,407	\$ 569,084	\$ 599,102	\$ 655,328	\$ 786,639	\$ 705,215
1,078,372	1,181,158	1,211,140	1,381,407	1,734,915	1,604,515
2,127,714	2,370,672	2,392,859	2,699,601	2,691,554	2,768,099
17,361	17,950	17,725	16,279	16,869	14,254
946,573	994,845	1,044,313	1,016,460	1,086,787	1,143,919
53,834	41,971	34,046	35,244	221,621	438,312
43,889	40,219	35,587	39,582	27,960	25,999
<u>\$ 4,779,150</u>	<u>\$ 5,215,899</u>	<u>\$ 5,334,772</u>	<u>\$ 5,843,901</u>	<u>\$ 6,566,345</u>	<u>\$ 6,700,313</u>
\$ 1,315,590	\$ 1,241,892	\$ 1,367,104	\$ 1,431,900	\$ 1,477,818	\$ 1,635,895
1,617,958	1,638,884	1,610,214	1,750,608	1,861,083	1,698,563
<u>\$ 2,933,548</u>	<u>\$ 2,880,776</u>	<u>\$ 2,977,318</u>	<u>\$ 3,182,508</u>	<u>\$ 3,338,901</u>	<u>\$ 3,334,458</u>
<u>\$ 7,712,698</u>	<u>\$ 8,096,675</u>	<u>\$ 8,312,090</u>	<u>\$ 9,026,409</u>	<u>\$ 9,905,246</u>	<u>\$ 10,034,771</u>
\$ -	\$ -	\$ -	\$ -	\$ -	9,985
15,892	14,664	11,960	7,993	13,304	19,658
276,494	281,233	276,392	267,896	278,958	294,502
59,357	70,081	64,209	54,564	51,323	80,097
1,282,700	1,283,971	150,723	155,531	187,324	1,040,740
25,567	704,561	4,434,590	1,182,631	1,361,119	1,710,348
<u>\$ 1,660,010</u>	<u>\$ 2,354,510</u>	<u>\$ 4,937,874</u>	<u>\$ 1,668,615</u>	<u>\$ 1,892,028</u>	<u>\$ 3,155,330</u>
\$ 1,283,027	\$ 1,317,041	\$ 1,304,193	\$ 1,078,365	\$ 1,303,132	\$ 1,381,804
1,672,355	1,695,722	1,756,758	1,696,667	1,579,619	1,592,275
8,045	16,535	5,080	14,975	10,260	460,437
<u>\$ 2,963,427</u>	<u>\$ 3,029,298</u>	<u>\$ 3,066,031</u>	<u>\$ 2,790,007</u>	<u>\$ 2,893,011</u>	<u>\$ 3,434,516</u>
<u>\$ 4,623,437</u>	<u>\$ 5,383,808</u>	<u>\$ 8,003,905</u>	<u>\$ 4,458,622</u>	<u>\$ 4,785,039</u>	<u>\$ 6,589,846</u>
\$ (3,119,140)	\$ (2,861,389)	\$ (396,898)	\$ (4,175,286)	\$ (4,674,317)	\$ (3,544,983)
29,879	148,522	88,713	(392,501)	(445,890)	100,058
<u>\$ (3,089,261)</u>	<u>\$ (2,712,867)</u>	<u>\$ (308,185)</u>	<u>\$ (4,567,787)</u>	<u>\$ (5,120,207)</u>	<u>\$ (3,444,925)</u>

Town of Luray, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting - continued)

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 1,312,095	\$ 1,382,004	\$ 1,443,186	\$ 1,498,702
Local sales and use taxes	159,355	156,643	168,298	168,914
Consumer utility taxes	149,709	147,712	148,027	144,071
Business licenses taxes	297,759	278,404	284,248	300,375
Restaurant food tax	589,201	586,310	634,526	670,423
Cigarette Tax	145,997	137,920	141,497	148,921
Transient occupancy tax	160,217	157,008	155,698	182,944
Bank stock tax	-	-	164,956	199,234
Other local taxes	233,560	245,431	136,646	111,071
Unrestricted grants and contributions	78,820	79,277	83,678	78,681
Unrestricted revenues from use of of money and property	20,827	19,234	20,282	24,946
Miscellaneous	12,358	62,041	197,481	42,717
Gain on disposal of assets	-	1,793	-	-
Transfers	-	-	-	-
Total governmental activities	\$ 3,159,898	\$ 3,253,777	\$ 3,578,523	\$ 3,570,999
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 3,159,898	\$ 3,253,777	\$ 3,578,523	\$ 3,570,999
Change in Net Position				
Governmental activities	\$ (100,651)	\$ 95,163	\$ 341,178	\$ 451,859
Business-type activities	144,031	(143,009)	246,663	29,879
Total primary government	\$ 43,380	\$ (47,846)	\$ 587,841	\$ 481,738

Table 2

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 1,515,039	\$ 1,502,082	\$ 1,508,914	\$ 1,507,608	\$ 1,534,031	\$ 1,617,740	
206,361	192,407	195,600	208,687	258,464	270,094	
142,047	141,750	135,645	132,825	128,913	120,721	
330,702	299,467	330,098	322,034	361,863	398,277	
708,845	685,746	681,755	638,506	769,956	829,470	
145,436	128,487	134,664	134,573	143,224	132,611	
220,370	217,350	204,916	155,849	233,044	282,197	
191,122	200,873	263,527	209,192	353,862	580,546	
111,896	109,387	111,357	128,747	118,692	123,934	
79,344	75,316	79,506	79,923	962,336	85,712	
23,613	15,882	25,124	27,755	14,918	398	
31,882	57,401	58,670	314,931	176,063	148,119	
-	-	-	-	(224,019)	-	
-	-	-	-	-	(277,353)	
\$ 3,706,657	\$ 3,626,148	\$ 3,729,776	\$ 3,860,630	\$ 4,831,347	\$ 4,312,466	
\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -	
-	-	-	-	-	1,062	
-	-	-	-	-	277,353	
\$ -	\$ -	\$ -	\$ 9	\$ -	\$ 278,415	
\$ 3,706,657	\$ 3,626,148	\$ 3,729,776	\$ 3,860,639	\$ 4,831,347	\$ 4,590,881	
\$ 845,268	\$ 3,229,250	\$ (445,510)	\$ (813,687)	\$ 157,030	\$ 767,483	
148,522	88,713	(392,501)	(445,881)	(445,890)	378,473	
\$ 993,790	\$ 3,317,963	\$ (838,011)	\$ (1,259,568)	\$ (288,860)	\$ 1,145,956	

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
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
2015	1,443,186	168,298	148,027	284,248	634,526	155,698
2014	1,382,004	156,643	147,712	278,404	586,310	157,008
2013	1,312,095	159,355	149,709	297,759	589,201	160,217

Table 3

Cigarette Tax	Bank Stock Tax	Other Local Taxes	Total
\$ 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
141,497	164,956	136,646	3,277,082
137,920	-	245,431	3,091,432
145,997	-	233,560	3,047,893

Town of Luray, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable	\$ 43,228	\$ 35,366	\$ 33,898	\$ 44,601
Unassigned	2,399,080	2,363,277	2,695,348	2,976,885
Total general fund	<u>\$ 2,442,308</u>	<u>\$ 2,398,643</u>	<u>\$ 2,729,246</u>	<u>\$ 3,021,486</u>
All other governmental funds				
Restricted	\$ 91,435	\$ 78,566	\$ 78,399	\$ 78,359
Total all other governmental funds	<u>\$ 91,435</u>	<u>\$ 78,566</u>	<u>\$ 78,399</u>	<u>\$ 78,359</u>

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 47,546	\$ 73,281	\$ 76,239	\$ 65,183	\$ 65,694	\$ 57,361
3,201,139	3,506,425	2,701,543	1,790,791	2,319,567	2,776,111
<u>\$ 3,248,685</u>	<u>\$ 3,579,706</u>	<u>\$ 2,777,782</u>	<u>\$ 1,855,974</u>	<u>\$ 2,385,261</u>	<u>\$ 2,833,472</u>
\$ 78,359	\$ 78,359	\$ 78,359	\$ 78,174	\$ 198,782	\$ 198,782
<u>\$ 78,359</u>	<u>\$ 78,359</u>	<u>\$ 78,359</u>	<u>\$ 78,174</u>	<u>\$ 198,782</u>	<u>\$ 198,782</u>

Town of Luray, Virginia

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
General property taxes	\$ 1,259,426	\$ 1,374,297	\$ 1,460,424	\$ 1,497,639
Other local taxes	1,735,798	1,709,428	1,833,896	1,925,953
Permits, privilege fees and regulatory licenses	8,080	3,975	5,525	15,831
Fines and forfeitures	14,144	12,112	16,390	5,574
Revenue from use of money and property	20,827	19,234	20,282	24,946
Charges for services	304,713	312,221	308,385	324,624
Miscellaneous	20,693	62,041	197,481	42,717
Intergovernmental:				
Commonwealth	1,187,492	1,227,420	1,260,758	1,295,400
Federal	83,276	217,028	192,222	73,182
Total revenues	<u>\$ 4,634,449</u>	<u>\$ 4,937,756</u>	<u>\$ 5,295,363</u>	<u>\$ 5,205,866</u>
Expenditures				
General government administration	\$ 571,040	\$ 572,595	\$ 531,344	\$ 497,894
Public safety	1,123,134	1,131,285	1,218,678	1,212,686
Public works	2,204,613	2,309,081	2,639,203	2,397,086
Health and welfare	18,625	20,768	18,501	16,240
Parks, recreation and cultural	837,140	778,724	772,907	774,703
Community development	112,356	119,967	108,668	116,124
Debt service				
Principal	448,362	32,603	210,672	420,976
Interest and other fiscal charges	30,621	31,060	36,612	38,379
Total expenditures	<u>\$ 5,345,891</u>	<u>\$ 4,996,083</u>	<u>\$ 5,536,585</u>	<u>\$ 5,474,088</u>
Excess deficiency of revenues over (under) expenditures	<u>\$ (711,442)</u>	<u>\$ (58,327)</u>	<u>\$ (241,222)</u>	<u>\$ (268,222)</u>
Other financing sources (uses)				
Transfers in	\$ 804	\$ -	\$ -	\$ -
Transfers out	(804)	-	-	-
Issuance of leases	-	-	-	28,585
Notes payable issued	341,158	-	571,658	531,837
Total other financing sources (uses)	<u>\$ 341,158</u>	<u>\$ -</u>	<u>\$ 571,658</u>	<u>\$ 560,422</u>
Net change in fund balances	<u>\$ (370,284)</u>	<u>\$ (58,327)</u>	<u>\$ 330,436</u>	<u>\$ 292,200</u>
Debt service as a percentage of noncapital expenditures	9.84%	1.29%	4.68%	9.80%

Table 5

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,504,916	\$ 1,496,762	\$ 1,499,626	\$ 1,512,031	\$ 1,563,965	\$ 1,598,430
2,056,779	1,975,467	2,057,562	1,930,413	2,368,018	2,737,850
12,054	10,220	8,548	6,579	10,594	15,180
15,892	14,664	11,960	7,993	13,304	19,658
23,613	15,882	25,124	27,755	14,918	22,212
323,797	341,094	332,053	315,881	319,687	347,590
31,882	57,401	58,670	49,694	209,049	148,119
1,351,738	1,349,908	3,934,182	1,416,585	1,463,880	1,528,356
35,873	713,940	730,637	1,500	1,020,899	1,308,444
\$ 5,356,544	\$ 5,975,338	\$ 8,658,362	\$ 5,268,431	\$ 6,984,314	\$ 7,725,839
\$ 526,471	562,217	599,673	\$ 633,471	\$ 739,017	\$ 674,112
1,251,411	1,294,311	1,290,700	1,303,818	1,648,383	1,725,140
2,278,044	3,341,106	6,157,201	2,694,005	2,584,161	3,007,877
17,361	17,950	17,725	16,279	16,869	14,254
888,836	893,347	962,582	896,565	938,870	1,055,537
65,689	40,466	32,541	33,739	220,116	436,807
217,664	343,093	340,509	958,064	102,620	60,785
41,947	40,741	59,355	40,484	28,326	25,763
\$ 5,287,423	\$ 6,533,231	\$ 9,460,286	\$ 6,576,425	\$ 6,278,362	\$ 7,000,275
\$ 69,121	\$ (557,893)	\$ (801,924)	\$ (1,307,994)	\$ 705,952	\$ 725,564
\$ -	\$ -	\$ -	\$ -	\$ 120,608	\$ -
-	-	-	-	(176,665)	(277,353)
133,798	-	-	-	-	-
24,280	888,914	3,139,544	386,001	386,001	-
\$ 158,078	888,914	3,139,544	\$ 386,001	\$ 329,944	\$ (277,353)
\$ 227,199	331,021	2,337,620	\$ (921,993)	1,035,896	448,211
5.73%	7.91%	7.91%	18.79%	2.28%	1.42%

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
2022	\$ 1,598,430	\$ 270,094	\$ 120,721	\$ 398,277	\$ 829,470
2021	1,563,965	258,464	128,913	361,863	769,956
2020	1,512,031	208,687	132,825	322,034	638,506
2019	1,499,626	195,600	135,645	330,098	681,755
2018	1,496,762	192,407	141,750	299,467	685,746
2017	1,504,916	206,361	142,047	330,702	708,845
2016	1,497,639	168,914	144,071	300,375	670,423
2015	1,460,424	168,298	148,027	284,248	634,526
2014	1,374,297	156,643	147,712	278,404	586,310
2013	1,259,426	159,355	149,709	297,759	589,201

Table 6

Transient Occupancy Tax	Cigarette Tax	Bank Stock Tax	Other Local Taxes	Total
\$ 282,197	\$ 132,611	\$ 580,546	\$ 123,934	\$ 4,336,280
233,044	143,224	353,862	118,692	3,931,983
155,849	134,573	209,192	128,747	3,442,444
204,916	134,664	263,527	111,357	3,557,188
217,350	128,487	200,873	109,387	3,472,229
220,370	145,436	191,122	111,896	3,561,695
182,944	148,921	199,234	111,071	3,423,592
155,698	141,497	164,956	136,646	3,294,320
157,008	137,920	-	245,431	3,083,725
160,217	145,997	-	233,560	2,995,224

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
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
2015		440,341,200		29,390,060		6,627,770		298,100		784,460
2014		439,895,000		29,474,560		6,319,380		298,100		683,640
2013		439,923,500		29,361,610		8,166,920		295,700		748,100

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
\$	24,377,219	\$ 555,902,131	\$ 631,706,967	88.00%
	21,760,829	538,194,949	584,994,510	92.00%
	20,683,808	494,024,968	514,609,342	96.00%
	19,693,678	491,746,608	523,134,689	94.00%
	19,281,196	491,600,356	517,474,059	95.00%
	19,511,060	482,170,150	491,753,720	98.05%
	19,399,193	487,978,513	497,530,247	98.08%
	20,312,493	497,754,083	499,641,442	98.03%
	18,374,869	495,045,549	504,855,208	98.06%
	17,918,474	496,414,304	498,631,218	98.03%

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
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	0.290	0.62	0.29	0.62
2015	.280/.290	0.40/.62	0.28/.29	0.40/.62
2014	0.280	0.40	0.28	0.40
2013	.240/.280	0.40	.24/.28	0.40

(1) Per \$100 of assessed value.

Principal Property Taxpayers
Current Year and the Period Ten Years Prior

Taxpayer	Type Business	Fiscal Year 2022		Fiscal Year 2013	
		2022 Assessed Valuation	% of Total Assessed Valuation	2013 Assessed Valuation	% of Total Assessed Valuation
Luray Caverns Corp	Commercial	\$ 15,225,900	2.74%	\$ 13,029,100	2.62%
Blue Bell Inc.	Manufacturing	6,672,500	1.20%	8,094,300	1.63%
Scott Lee Managing (WalMart)	Commercial	5,611,100	1.01%	6,943,700	1.40%
MV Realty, LLC (Previously Excelsior Care)	Nursing Home	5,569,000	1.00%	4,021,300	0.81%
The Mimslyn Properties LLC	Commercial	5,897,700	1.06%	4,288,100	0.86%
EMCO Inc. 2006/Fibercraft 1996	Manufacturing	5,305,000	0.95%	3,683,200	0.74%
Kentland Foundation Inc.	Commercial	4,967,900	0.89%	5,257,400	1.06%
East Luray LLC	Commercial	3,967,300	0.71%	4,032,200	0.81%
10 Wallace Ave LLC	Commercial	2,137,000	0.38%	3,465,200	0.70%
Baker Development/ (Land Developers)	Land Developers	1,863,200	0.34%	2,702,400	0.54%
Luray Village	Housing Complex	1,830,800	0.33%	1,724,700	0.35%
Mehta Prop.LLC 2006/Zalesca Inc.1996	Commercial	1,648,000	0.30%	1,495,400	0.30%
Rugby Square Associates	Housing Complex	1,743,500	0.31%	1,573,500	0.32%
		<u>\$ 62,438,900</u>	<u>11.23%</u>	<u>\$ 60,310,500</u>	<u>12.15%</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
2022	\$ 1,643,520	\$ 1,574,001	95.77%	\$ -	\$ 1,574,001	95.77%
2021	1,506,704	1,451,194	96.32%	16,167	1,467,361	97.39%
2020	1,540,117	1,461,665	94.91%	54,446	1,516,111	98.44%
2019	1,534,386	1,450,899	94.56%	68,308	1,519,207	99.01%
2018	1,530,062	1,444,897	94.43%	74,397	1,519,294	99.30%
2017	1,522,812	1,462,323	96.03%	52,340	1,514,663	99.46%
2016	1,525,037	1,459,040	95.67%	62,978	1,522,018	99.80%
2015	1,465,110	1,418,204	96.80%	44,182	1,462,386	99.81%
2014	1,399,552	1,348,052	96.32%	48,771	1,396,823	99.81%
2013	1,307,657	1,239,362	94.78%	66,103	1,305,465	99.83%

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				Net Bonded
Fiscal Year	Other Notes/ Bonds	Leases	General Obligation Bonds	Other Notes/ Bonds	Leases	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
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
2015	1,131,278	-	5,209,525	5,638,892	-	11,979,695	2.15%	2,465
2014	770,292	-	5,563,448	5,717,462	-	12,051,202	2.23%	2,480
2013	802,895	-	5,918,097	5,793,330	-	12,180,685	2.08%	2,488

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)
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	1.84%	1,879
2019	10,162,872	-	10,162,872	2.07%	2,104
2018	10,939,233	-	10,939,233	2.23%	2,271
2017	11,048,901	-	11,048,901	2.29%	2,257
2016	11,652,709	-	11,652,709	2.39%	2,389
2015	11,979,695	-	11,979,695	2.41%	2,465
2014	12,051,202	-	12,051,202	2.43%	2,480
2013	12,180,685	-	12,180,685	2.45%	2,488

(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 debt; excludes revenue bonds, leases, and compensated absences.

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

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 43,992,350	\$ 43,989,500	\$ 44,034,120	\$ 42,832,890
Total net debt applicable to limit	<u>12,180,685</u>	<u>11,741,739</u>	<u>11,691,398</u>	<u>11,385,576</u>
Legal debt margin	<u>\$ 31,811,665</u>	<u>\$ 32,247,761</u>	<u>\$ 32,342,722</u>	<u>\$ 31,447,314</u>
Total net debt applicable to the limit as a percentage of debt limit	27.69%	26.69%	26.55%	26.58%

Table 13

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 42,975,650	\$ 43,016,450	\$ 42,998,560	\$ 43,110,730	\$ 47,231,650	\$ 47,566,260
10,802,934	10,939,233	10,162,872	9,111,348	8,550,248	8,232,936
\$ <u>32,172,716</u>	\$ <u>32,077,217</u>	\$ <u>32,835,688</u>	\$ <u>33,999,382</u>	\$ <u>38,681,402</u>	\$ <u>39,333,324</u>
25.14%	25.43%	23.64%	21.13%	18.10%	17.31%

Legal Debt Margin Calculation for Fiscal Year 2022

Total assessed value	\$ <u>475,662,600</u>
Debt limit (10% of total assessed value)	\$ 47,566,260
Net debt applicable to limit	<u>8,232,936</u>
Legal debt margin	\$ <u><u>39,333,324</u></u>

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Town Population	County Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
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%
2015	4,860	24,083	556,895,292	23,124	6.90%
2014	4,860	24,079	539,971,575	22,425	7.60%
2013	4,896	24,215	586,027,215	24,201	8.20%

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 2022			Fiscal Year 2013		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Page County Public Schools	558	1	10.69%	637	1	11.42%
County of Page, Virginia	257	2	4.92%	184	8	3.30%
Emco, Inc.	278	3	5.32%	187	7	3.35%
Delaware North (Prev. Aramark)	277	4	5.30%	610	2	10.93%
Walmart	253	5	4.84%	190	6	3.41%
Luay Caverns Corp	200	6	3.83%	210	4	3.76%
Valley Health (Page Memorial Hospital)	200	7	3.83%	200	5	3.58%
Kontoor Brands	147	8	2.82%	227	3	4.07%
Town of Luray, Virginia	77	9	1.47%	54	10	0.97%
Valley Care Management	55	10	1.05%	178	9	3.19%
Totals	<u>2,302</u>		<u>44.08%</u>	<u>2,677</u>		<u>47.98%</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				
	2013	2014	2015	2016	2017
General government	9	9	9	9	8
Public safety					
Police department	11	12	11	11	11
Public works					
General maintenance	12	12	12	12	12
Waste Water Treatment Plant	5	6	6	5	5
Culture and recreation					
Parks and recreation	5	6	6	6	6
Community development					
Planning	1	1	1	1	0
Totals	43	46	45	44	42

Source: Individual Town departments.

Table 16

Fiscal Year				
2018	2019	2020	2021	2022
9	9	9	9	9
11	11	13	13	14
12	12	12	12	12
5	6	6	6	7
7	7	7	7	8
0	0	0	0	0
44	45	47	47	50

Town of Luray, Virginia

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Public safety					
Police department:					
Calls for service	n/a	n/a	n/a	n/a	n/a
Physical arrests	208	89	64	194	303
Traffic violations	178	261	213	197	311
Fire and rescue:					
Number of calls answered	1,005	908	946	947	1,055
Public works					
General maintenance:					
Trucks/vehicles	17	17	17	18	18
Culture and recreation					
Parks and recreation:					
Youth sports participants	625	900	800	815	800
Community development					
Planning:					
Zoning permits issued	81	67	62	76	97

Source: Individual Town departments.

Table 17

Fiscal Year				
2018	2019	2020	2021	2022
n/a	n/a	n/a	n/a	4,572
375	364	264	307	539
243	240	226	473	626
1,038	1,035	441	723	87
18	18	19	19	19
800	775	458	356	771
93	113	138	175	153

Town of Luray, Virginia

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017
General government					
Administration buildings	18	19	19	19	19
Vehicles	1	2	2	2	2
Public safety					
Police department:					
Patrol units	8	8	8	8	10
Other vehicles					2
Public works					
General maintenance:					
Trucks/vehicles	17	17	17	18	18
Waste Water Treatment Plant:					
Vehicles	5	4	4	4	4
Culture and recreation					
Parks and recreation:					
Vehicles	9	10	10	10	9
Parks acreage	190	190	190	190	190
Swimming pools	1	1	1	1	1

Source: Individual Town departments.

Table 18

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
19 2	19 1	19 1	19 1	19 1
10 2	11 1	11 1	12 1	16 1
18 4	18 4	19 4	19 6	20 5
9 190 1	10 190 1	12 190 1	12 190 1	12 190 1

COMPLIANCE



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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, and each major fund of Town of Luray, Virginia, as of and for the year ended June 30, 2022, 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 December 1, 2022.

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 Associates

Staunton, Virginia
December 1, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Luray, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Luray, Virginia's major federal programs for the year ended June 30, 2022. Town of Luray, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Luray, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Luray, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Luray, Virginia's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 1, 2022

Town of Luray, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development Pass Through Payments: Virginia Department of Housing and Community Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 427,035
Total Department of Housing and Urban Development			\$ 427,035
Environmental Protection Agency Pass Through Payments: Virginia Department of Forestry Chesapeake Bay Program	66.466	Not available	\$ 1,371
Total Environmental Protection Agency			\$ 1,371
Department of Treasury: Direct Payments: COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	Not applicable	880,038
Total Department of Treasury			\$ 880,038
Total Expenditures of Federal Awards			\$ 1,308,444

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Luray, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Luray, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the Town of Luray, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Luray, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through identifying numbers are presented where available.

NOTE C - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE D - LOANS

The Town did not have any loans or loan guarantees which are subject to reporting requirements in the current year.

NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds

General fund

Special revenue fund - CDBG

Total primary government

\$ 881,409

427,035

\$ 1,308,444

Total federal expenditures per the Schedule of Expenditures of
Federal awards

\$ 1,308,444

Town of Luray, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

Assistance Listing #

Name of Federal Program or Cluster

21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Year Findings

There were no prior year findings.