

*Town of Orange, Virginia*



*Financial Report*  
*For The Year Ended June 30, 2024*

**TOWN OF ORANGE, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

## TOWN OF ORANGE, VIRGINIA

### DIRECTORY OF OFFICIALS

#### COUNCIL

---

Jeremiah Pent	Martha Roby, Mayor	
Jason Cashell	Frederick W. "Rick" Sherman, Jr., Vice-Mayor	Donna Waugh-Robinson

#### OFFICIALS

---

Greg Woods	Town Manager
Dianna Gomez	Director of Finance
Wendy J. Chewning	Town Clerk

**TOWN OF ORANGE, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

---

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>Front Cover</b>	1
<b>Title Page</b>	2
<b>Directory of Officials</b>	3
<b>Table of Contents</b>	4-5
 <b>Independent Auditors' Report</b>	 6-8
<b>Management's Discussion and Analysis</b>	9-14
 <b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1 Statement of Net Position	17
Exhibit 2 Statement of Activities	18-19
 <b>Fund Financial Statements:</b>	
Exhibit 3 Balance Sheet—Governmental Funds	21
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	23
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Exhibit 7 Statement of Net Position—Proprietary Funds	25
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	26
Exhibit 9 Statement of Cash Flows—Proprietary Funds	27
 <b>Notes to Financial Statements</b>	 28-75
 <b><u>Required Supplementary Information:</u></b>	
Exhibit 10 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund	77
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	78-79
Exhibit 12 Schedule of Employer Contributions—Pension	80
Exhibit 13 Notes to Required Supplementary Information—Pension	81
Exhibit 14 Schedule of Changes in Total OPEB Liability—Health Insurance	82
Exhibit 15 Notes to Required Supplementary Information—OPEB—Health Insurance	83
Exhibit 16 Schedule of Town's Share of Net OPEB Liability—Group Life Insurance	84
Exhibit 17 Schedule of Employer Contributions—Group Life Insurance	85
Exhibit 18 Notes to Required Supplementary Information—Group Life Insurance	86

**TOWN OF ORANGE, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**TABLE OF CONTENTS (CONTINUED)**

	<u>Page</u>
<b><u>Required Supplementary Information: (Continued)</u></b>	
Exhibit 19 Schedule of Town's Share of Net OPEB Liability—LODA	87
Exhibit 20 Schedule of Employer Contributions—LODA	88
Exhibit 21 Notes to Required Supplementary Information—LODA	89
<b><u>Other Supplementary Information:</u></b>	
<b>Individual Financial Statements:</b>	
<b>Discretely Presented Component Unit-Industrial Development Authority:</b>	
Exhibit 22 Statement of Net Position—Proprietary Fund	91
Exhibit 23 Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Fund	92
Exhibit 24 Statement of Cash Flows—Proprietary Fund	93
<b>Supporting Schedules:</b>	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	95-97
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Funds	98-99
<b><u>Other Statistical Information:</u></b>	
Table 1 Net Position by Component—Last Ten Fiscal Years	101
Table 2 Changes in Net Position— Last Ten Fiscal Years	102-103
Table 3 Governmental Activities Tax Revenues by Source—Last Ten Fiscal Years	104
Table 4 Fund Balances of Governmental Funds—Last Ten Fiscal Years	105
Table 5 Changes in Fund Balances of Governmental Funds—Last Ten Fiscal Years	106
Table 6 General Governmental Revenues by Source—Last Ten Fiscal Years	107
Table 7 Assessed Value and Estimated Actual Value of Taxable Property—Last Ten Fiscal Years	108
Table 8 Property Tax Rates—Last Ten Fiscal Years	109
Table 9 Property Tax Levies and Collections—Last Ten Fiscal Years	110
Table 10 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	111
<b><u>Compliance:</u></b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113-114
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	115-117
Schedule of Expenditures of Federal Awards	118
Notes to Schedule of Expenditures of Federal Awards	119
Schedule of Findings and Questioned Costs	120



# ROBINSON, FARMER, COX ASSOCIATES, PLLC

---

*Certified Public Accountants*

---

## Independent Auditors' Report

---

**To the Honorable Members of the Town Council  
Town of Orange, Virginia**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Orange, 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 Orange, 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 Orange, 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 Orange, Virginia's basic financial statements. The accompanying individual financial statements and supporting 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 individual financial statements and supporting schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the 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 November 13, 2024, on our consideration of Town of Orange, 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 Orange, 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 Orange, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 13, 2024





### **Management's Discussion and Analysis**

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

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$27.4 million (*net position*). Of this amount, \$2.3 million (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$2,494,623, of which the governmental activities accounted for an increase of \$1,749,018 and business-type activities accounted for an increase of \$745,605.
- The total ending fund balance for the Town's governmental funds is \$4,935,167, an increase of \$43,708 over the prior year. The ending fund balance of the general fund was \$4,857,352 and is equal to 68% of the Town's fiscal year 2024 general fund expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5.1 million, or 71% of general fund expenditures less any capital outlay projects funded with bond proceeds.

#### **Overview of the Financial Statements**

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

#### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Town may have used previously accumulated funds.

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

## Overview of the Financial Statements: (Continued)

### Government-wide financial statements: (Continued)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government administration, public safety, and public works. The business-type activities are for public utilities. The government-wide financial statements can be found on pages 10 through 12 of this report.

### Fund financial statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains three governmental funds, a General Fund, a Special Revenue Fund, and a Capital Projects Fund. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

The Town maintains one type of **Proprietary Fund**. The Town uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

### Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 66 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and the schedules related to pension and OPEB funding. Required supplementary information can be found on pages 67 through 79 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27.4 million at the close of the most recent fiscal year. A large portion of the Town's net position (\$24.9 million, 91% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

The following table summarizes the Town's Statement of Net Position:

**Town of Orange, Virginia**  
**Summary of Net Position**  
**As of June 30, 2024 and June 30, 2023**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 8,110,730	\$ 8,227,610	\$ 2,488,847	\$ 3,076,104	\$ 10,599,577	\$ 11,303,714
Capital assets	7,135,829	6,924,390	26,811,991	25,267,071	33,947,820	32,191,461
Total assets	<u>\$ 15,246,559</u>	<u>\$ 15,152,000</u>	<u>\$ 29,300,838</u>	<u>\$ 28,343,175</u>	<u>\$ 44,547,397</u>	<u>\$ 43,495,175</u>
Deferred outflows of resources	\$ 488,072	\$ 539,353	\$ 129,394	\$ 136,623	\$ 617,466	\$ 675,976
Long-term liabilities						
outstanding	\$ 2,122,053	\$ 2,711,220	\$ 9,168,659	\$ 10,205,920	\$ 11,290,712	\$ 12,917,140
Other liabilities	2,542,927	2,698,438	2,405,497	2,531,248	4,948,424	5,229,686
Total liabilities	<u>\$ 4,664,980</u>	<u>\$ 5,409,658</u>	<u>\$ 11,574,156</u>	<u>\$ 12,737,168</u>	<u>\$ 16,239,136</u>	<u>\$ 18,146,826</u>
Deferred inflows of resources	<u>\$ 1,102,803</u>	<u>\$ 1,060,452</u>	<u>\$ 470,568</u>	<u>\$ 106,140</u>	<u>\$ 1,573,371</u>	<u>\$ 1,166,592</u>
Net investment in capital assets	\$ 6,791,614	\$ 6,379,747	\$ 18,148,590	\$ 15,693,766	\$ 24,940,204	\$ 22,073,513
Restricted	73,852	73,432	-	-	73,852	73,432
Unrestricted	<u>3,101,382</u>	<u>2,768,064</u>	<u>(763,082)</u>	<u>(57,276)</u>	<u>2,338,300</u>	<u>2,710,788</u>
Total net position	<u>\$ 9,966,848</u>	<u>\$ 9,221,243</u>	<u>\$ 17,385,508</u>	<u>\$ 15,636,490</u>	<u>\$ 27,352,356</u>	<u>\$ 24,857,733</u>

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, as well as for its separate governmental and business-type activities.

As noted previously, the Town's overall (government and business-type activities) net position increased by \$2,494,623 during the current fiscal year. The overall increase is attributed to a decrease in operating expenses in business-type funds, and an increase in general revenues.

## Government-wide Financial Analysis: (Continued)

**Governmental activities** increased the Town's net position by \$745,605. The following table summarizes the Town's Statement of Activities:

<b>Town of Orange, Virginia</b> <b>Changes in Net Position</b> <b>For the Years Ended June 30, 2024 and June 30, 2023</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenues:						
Program revenues:						
Charges for services	\$ 723,091	\$ 683,408	\$ 3,362,811	\$ 3,126,517	\$ 4,085,902	\$ 3,809,925
Operating grants and contributions	1,515,560	1,335,761	-	-	1,515,560	1,335,761
Capital grants and contributions	-	-	2,537,124	699,016	2,537,124	699,016
General revenues:						
Property taxes	904,190	899,564	-	-	904,190	899,564
Other taxes	2,900,689	2,799,179	-	-	2,900,689	2,799,179
Unrestricted revenues from the use of money and property	306,457	229,937	109,325	18,180	415,782	248,117
Miscellaneous	63,499	136,949	331,376	188,741	394,875	325,690
Grants and contributions not restricted to specific programs	255,212	239,059	-	-	255,212	239,059
Gain on sale of surplus property	18,054	28,959	-	-	18,054	28,959
Total revenues	\$ 6,686,752	\$ 6,352,816	\$ 6,340,636	\$ 4,032,454	\$ 13,027,388	\$ 10,385,270
Expenses:						
General government administration	\$ 1,330,279	\$ 1,236,863	\$ -	\$ -	\$ 1,330,279	\$ 1,236,863
Public safety	1,790,364	1,931,250	-	-	1,790,364	1,931,250
Public works	2,952,564	2,558,074	-	-	2,952,564	2,558,074
Parks, recreation and cultural	44,848	57,851	-	-	44,848	57,851
Community development	325,628	286,373	-	-	325,628	286,373
Interest on long-term obligations	4,614	11,673	-	-	4,614	11,673
Water fund	-	-	1,860,712	1,739,659	1,860,712	1,739,659
Sewer fund	-	-	2,223,756	1,757,355	2,223,756	1,757,355
Total expenses	\$ 6,448,297	\$ 6,082,084	\$ 4,084,468	\$ 3,497,014	\$ 10,532,765	\$ 9,579,098
Increase (decrease) in net position before transfers and capital contributions	\$ 238,455	\$ 270,732	\$ 2,256,168	\$ 535,440	\$ 2,494,623	\$ 806,172
Transfers	\$ 507,150	\$ (650,000)	\$ (507,150)	\$ 650,000	\$ -	\$ -
Increase (decrease) in net position	\$ 745,605	\$ (379,268)	\$ 1,749,018	\$ 1,185,440	\$ 2,494,623	\$ 806,172
Net position - beginning of year	\$ 9,221,243	\$ 9,600,511	\$ 15,636,490	\$ 14,451,050	\$ 24,857,733	\$ 24,051,561
Net position - end of year	\$ 9,966,848	\$ 9,221,243	\$ 17,385,508	\$ 15,636,490	\$ 27,352,356	\$ 24,857,733

**Business-type activities** increased the Town's net position by \$1,749,018. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

## **Financial Analysis of the Town's Funds**

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

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

In fiscal year 2024, the General Fund's operating expenditures exceeded revenues by \$465,891.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,050,030. Nonspendable fund balance was (\$239,978) and consisted of prepaid items and leases.

**Proprietary Fund:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer funds at the end of the year amounted to (\$1,703,309). The total net position increased by \$1,749,018 from the prior year.

## **General Fund Budgetary Highlights**

During the fiscal year, the Town's actual revenue was under budget by \$159,685 with the deficit generated by intergovernmental revenues from the Commonwealth and reserve funds. Expenditures were under budget by \$2,287,846.

## **Capital Asset and Debt Administration**

**Capital assets:** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$33.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as lease assets and construction in progress.

### **Town of Orange, Virginia Capital Assets (net of depreciation) As of June 30, 2024 and June 30, 2023**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Land	\$ 1,147,466	\$ 1,147,466	\$ 258,292	\$ 248,292	\$ 1,405,758	\$ 1,395,758
Wastewater treatment plant	-	-	17,880,778	18,364,042	17,880,778	18,364,042
Buildings	1,539,350	1,619,785	1,564,717	1,653,592	3,104,067	3,273,377
Lease equipment	1,632	8,167	-	-	1,632	8,167
Lease buildings	182,119	227,647	-	-	182,119	227,647
Equipment and improvements	762,465	228,451	2,266,393	2,320,125	3,028,858	2,548,576
Road systems	3,159,147	3,444,702	-	-	3,159,147	3,444,702
Water storage facility	-	-	2,045,650	2,140,830	2,045,650	2,140,830
Construction in progress	343,650	248,172	2,796,161	540,190	3,139,811	788,362
Total	<u>\$ 7,135,829</u>	<u>\$ 6,924,390</u>	<u>\$ 26,811,991</u>	<u>\$ 25,267,071</u>	<u>\$ 33,947,820</u>	<u>\$ 32,191,461</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 33 through 34 of this report.

### **Capital Asset and Debt Administration: (Continued)**

**Long-term obligations:** At the end of the current fiscal year, the Town had total outstanding obligations of \$11.3 million and details are summarized in the following table:

**Town of Orange, Virginia  
Outstanding Obligations  
As of June 30, 2024 and June 30, 2023**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Bonds Payable:						
General obligation bonds	\$ 155,100	\$ 305,500	\$ 1,184,900	\$ 1,444,500	\$ 1,340,000	\$ 1,750,000
Revenue bonds	-	-	7,478,501	8,128,805	7,478,501	8,128,805
Lease liabilities	189,947	242,447	-	-	189,947	242,447
Net pension liability	1,068,349	1,465,343	358,017	491,058	1,426,366	1,956,401
Net OPEB liabilities	541,537	551,313	85,729	85,905	627,266	637,218
Compensated absences	167,120	146,617	61,512	55,652	228,632	202,269
Total	<u>\$ 2,122,053</u>	<u>\$ 2,711,220</u>	<u>\$ 9,168,659</u>	<u>\$ 10,205,920</u>	<u>\$ 11,290,712</u>	<u>\$ 12,917,140</u>

Debt associated with governmental activities decreased by \$589,167 while debt associated with business-type activities decreased by decreased by \$1,037,261.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total assessed value of taxed real property. The Town was in compliance with debt limitation as of June 30, 2024.

Additional information on the Town's long-term obligations compliance can be found in Note 6.

### **Economic Factors and Next Year's Budgets and Rates**

Real estate assessments are conducted by the County of Orange every four years. The most recent property assessments were performed effective with tax year 2020. The real estate tax rate effective for calendar year 2024 is \$0.157 per \$100 of assessed value and personal property is \$0.62 per \$100 of assessed value. The fiscal year 2025 budget was approved by town council on May 20, 2024. The general government fiscal year 2025 budget totaled \$6.21 million including \$525,000 for capital outlay.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Orange, 119 Bellevue Avenue, Orange, VA 22960.

## **Basic Financial Statements**

## **Government-wide Financial Statements**



Statement of Net Position  
As of June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,844,539	\$ 2,782,914	\$ 8,627,453	\$ 152,530
Receivables (net of allowance for uncollectibles)				
Taxes receivable	379,675	-	379,675	-
Accounts receivable	-	427,816	427,816	-
Other local receivables	229,693	-	229,693	-
Internal balances	1,314,016	(1,314,016)	-	-
Due from primary government	-	-	-	75,000
Lease receivable	-	334,346	334,346	-
Interest receivable	-	9,935	9,935	-
Due from other governments	88,535	133,910	222,445	-
Prepaid items	47,300	10,572	57,872	-
Restricted assets:				
Cash and cash equivalents	206,972	103,370	310,342	-
Capital assets (net of accumulated depreciation)				
Land	1,147,466	258,292	1,405,758	-
Wastewater treatment plant	-	17,880,778	17,880,778	-
Buildings	1,539,350	1,564,717	3,104,067	-
Lease equipment	1,632	-	1,632	-
Lease buildings	182,119	-	182,119	-
Equipment and improvements	762,465	2,266,393	3,028,858	-
Water storage facility	-	2,045,650	2,045,650	-
Road systems	3,159,147	-	3,159,147	-
Construction in progress	343,650	2,796,161	3,139,811	-
Total assets	\$ 15,246,559	\$ 29,300,838	\$ 44,547,397	\$ 227,530
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	\$ 832	\$ -	\$ 832	\$ -
Pension related items	347,597	116,485	464,082	-
OPEB related items	139,643	12,909	152,552	-
Total deferred outflows of resources	\$ 488,072	\$ 129,394	\$ 617,466	\$ -
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 686,635	\$ 175,839	\$ 862,474	\$ -
Retainage payable	-	81,227	81,227	-
Performance bonds payable	133,120	-	133,120	-
Accrued interest payable	1,306	13,740	15,046	-
Due to component unit	75,000	-	75,000	-
Unearned revenue	1,646,866	2,031,321	3,678,187	-
Deposits held	-	103,370	103,370	-
Long-term liabilities:				
Due within one year	219,839	921,355	1,141,194	-
Due in more than one year	1,902,214	8,247,304	10,149,518	-
Total liabilities	\$ 4,664,980	\$ 11,574,156	\$ 16,239,136	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue-property taxes	\$ 354,052	\$ -	\$ 354,052	\$ -
Deferred revenue-leases	239,978	351,278	591,256	-
Pension related items	290,057	97,202	387,259	-
OPEB related items	218,716	22,088	240,804	-
Total deferred inflows of resources	\$ 1,102,803	\$ 470,568	\$ 1,573,371	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 6,791,614	\$ 18,148,590	\$ 24,940,204	\$ -
Restricted for:				
Taylor park fund	73,852	-	73,852	-
Unrestricted (deficit)	3,101,382	(763,082)	2,338,300	227,530
Total net position	\$ 9,966,848	\$ 17,385,508	\$ 27,352,356	\$ 227,530

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

Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,330,279	\$ 422,296	\$ -	\$ -
Public safety	1,790,364	113,086	237,047	-
Public works	2,952,564	181,372	1,274,013	-
Parks, recreation, and cultural	44,848	-	4,500	-
Community development	325,628	6,337	-	-
Interest on long-term debt	4,614	-	-	-
Total governmental activities	\$ 6,448,297	\$ 723,091	\$ 1,515,560	\$ -
Business-type activities:				
Water	\$ 1,860,712	\$ 1,479,414	\$ -	\$ 1,940,079
Sewer	2,223,756	1,883,397	-	597,045
Total business-type activities	\$ 4,084,468	\$ 3,362,811	\$ -	\$ 2,537,124
Total primary government	\$ 10,532,765	\$ 4,085,902	\$ 1,515,560	\$ 2,537,124
COMPONENT UNIT:				
Industrial Development Authority	\$ 1,374	\$ -	\$ 150,000	\$ -

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

## Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ (907,983)	\$ -	\$ (907,983)	\$ -
Public safety	(1,440,231)	-	(1,440,231)	-
Public works	(1,497,179)	-	(1,497,179)	-
Parks, recreation, and cultural	(40,348)	-	(40,348)	-
Community development	(319,291)	-	(319,291)	-
Interest on long-term debt	(4,614)	-	(4,614)	-
Total governmental activities	\$ (4,209,646)	\$ -	\$ (4,209,646)	\$ -
Business-type activities:				
Water	\$ -	\$ 1,558,781	\$ 1,558,781	\$ -
Sewer	-	256,686	256,686	-
Total business-type activities	\$ -	\$ 1,815,467	\$ 1,815,467	\$ -
Total primary government	\$ (4,209,646)	\$ 1,815,467	\$ (2,394,179)	\$ -
<b>COMPONENT UNIT:</b>				
Industrial Development Authority	\$ -	\$ -	\$ -	\$ 148,626
General revenues and transfers:				
General property taxes	\$ 904,190	\$ -	\$ 904,190	\$ -
Other local taxes:				
Local sales and use tax	332,558	-	332,558	-
Consumers' utility tax	221,249	-	221,249	-
Bank franchise tax	145,115	-	145,115	-
Restaurant food tax	1,847,240	-	1,847,240	-
Transient/occupancy tax	162,950	-	162,950	-
Tobacco tax	63,000	-	63,000	-
Other local taxes	128,577	-	128,577	-
Unrestricted revenues from use of money	306,457	109,325	415,782	444
Miscellaneous	63,499	331,376	394,875	-
Grants and contributions not restricted to specific programs	255,212	-	255,212	-
Gain on disposal of surplus property	18,054	-	18,054	-
Transfers	507,150	(507,150)	-	-
Total general revenues	\$ 4,955,251	\$ (66,449)	\$ 4,888,802	\$ 444
Change in net position	\$ 745,605	\$ 1,749,018	\$ 2,494,623	\$ 149,070
Net position - beginning	9,221,243	15,636,490	24,857,733	78,460
Net position - ending	\$ 9,966,848	\$ 17,385,508	\$ 27,352,356	\$ 227,530

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

## **Fund Financial Statements**

Balance Sheet  
Governmental Funds  
As of June 30, 2024

	General	Taylor Park	Capital Projects	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,837,112	\$ -	\$ 7,427	\$ 5,844,539
Receivables (net of allowance for uncollectibles):				
Taxes receivable	379,675	-	-	379,675
Other local receivables	229,693	-	-	229,693
Due from other funds	1,367,148	-	-	1,367,148
Due from other governmental units	88,535	-	-	88,535
Prepaid items	47,300	-	-	47,300
Restricted assets:				
Cash and cash equivalents	133,120	73,852	-	206,972
Total assets	<u>\$ 8,082,583</u>	<u>\$ 73,852</u>	<u>\$ 7,427</u>	<u>\$ 8,163,862</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 683,171	\$ -	\$ 3,464	\$ 686,635
Due to other funds	53,132	-	-	53,132
Performance bonds payable	133,120	-	-	133,120
Due to component unit	75,000	-	-	75,000
Unearned revenue	1,646,866	-	-	1,646,866
Total liabilities	<u>\$ 2,591,289</u>	<u>\$ -</u>	<u>\$ 3,464</u>	<u>\$ 2,594,753</u>
<b>DEFERRED INFLOWS</b>				
Unavailable revenue - property taxes	\$ 393,964	-	-	\$ 393,964
Unavailable revenue - leases	239,978	-	-	239,978
Total deferred inflows	<u>\$ 633,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,942</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	\$ 47,300	\$ -	\$ -	\$ 47,300
Leases	(239,978)	-	-	(239,978)
Restricted:				
Taylor Park fund	-	73,852	-	73,852
Assigned:				
Capital projects	-	-	3,963	3,963
Unassigned	5,050,030	-	-	5,050,030
Total fund balances	<u>\$ 4,857,352</u>	<u>\$ 73,852</u>	<u>\$ 3,963</u>	<u>\$ 4,935,167</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,082,583</u>	<u>\$ 73,852</u>	<u>\$ 7,427</u>	<u>\$ 8,163,862</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
As of June 30, 2024

---

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,935,167
--	----	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,135,829
---	--	-----------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue related to property taxes		39,912

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

Deferred charge on refunding	\$	832	
Pension related items		347,597	
OPEB related items		<u>139,643</u>	488,072

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

General obligations bonds	\$	(155,100)	
Accrued interest payable on long-term debt		(1,306)	
Lease liabilities		(189,947)	
Net pension liability		(1,068,349)	
Net OPEB liabilities		(541,537)	
Compensated absences		<u>(167,120)</u>	(2,123,359)

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

Pension related items	\$	(290,057)	
OPEB related items		<u>(218,716)</u>	<u>(508,773)</u>

Net position of governmental activities		\$	<u><u>9,966,848</u></u>
---	--	----	-------------------------

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

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2024

	General	Taylor Park	Capital Projects	Total
<b>REVENUES</b>				
General property taxes	\$ 904,190	\$ -	\$ -	\$ 904,190
Other local taxes	2,900,689	-	-	2,900,689
Permits, privilege fees, and regulatory licenses	6,337	-	-	6,337
Fines and forfeitures	113,086	-	-	113,086
Revenue from the use of money and property	319,383	420	-	319,803
Charges for services	181,372	-	-	181,372
Miscellaneous	37,828	-	43,725	81,553
Recovered costs	15,066	-	-	15,066
Revenue from internal sources	413,328	-	-	413,328
Intergovernmental:				
Commonwealth	1,686,924	-	4,500	1,691,424
Federal	79,348	-	-	79,348
Total revenues	\$ 6,657,551	\$ 420	\$ 48,225	\$ 6,706,196
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,023,579	\$ -	\$ -	\$ 1,023,579
Public safety	1,896,820	-	-	1,896,820
Public works	2,198,796	-	-	2,198,796
Parks, recreation, and cultural	40,439	-	-	40,439
Community development	212,598	-	-	212,598
Nondepartmental	308,220	-	-	308,220
Capital outlay	1,287,869	-	46,196	1,334,065
Debt service:				
Principal retirement	150,400	-	-	150,400
Interest and other fiscal charges	4,721	-	-	4,721
Total expenditures	\$ 7,123,442	\$ -	\$ 46,196	\$ 7,169,638
Excess (deficiency) of revenues over (under) expenditures	\$ (465,891)	\$ 420	\$ 2,029	\$ (463,442)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 507,150	\$ -	\$ -	\$ 507,150
Total other financing sources (uses)	\$ 507,150	\$ -	\$ -	\$ 507,150
Net change in fund balances	\$ 41,259	\$ 420	\$ 2,029	\$ 43,708
Fund balances - beginning (deficit)	4,816,093	73,432	1,934	4,891,459
Fund balances - ending	\$ 4,857,352	\$ 73,852	\$ 3,963	\$ 4,935,167

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

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

---

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

Net change in fund balances - total governmental funds	\$	43,708
--	----	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Details supporting this adjustment are as follows:

Capital outlay	\$	787,780	
Depreciation expense		<u>(576,341)</u>	211,439

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

Property taxes	(4,378)
----------------	---------

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. Details supporting this adjustment are as follows:

Principal retired on general obligation bonds	150,400	
Principal retired on lease liabilities	<u>52,500</u>	202,900

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 accrued interest payable	\$	2,577	
Change in compensated absences		(20,504)	
Change in pension related items		333,926	
Change in OPEB related items		(21,591)	
Amortization of deferred charge on refunding		<u>(2,472)</u>	<u>291,936</u>

Change in net position of governmental activities	\$	<u><u>745,605</u></u>
---	----	-----------------------

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



Statement of Net Position  
 Proprietary Funds  
 As of June 30, 2024

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,485,015	\$ -	\$ 4,485,015
Accounts receivable (net of allowances for uncollectibles)	197,588	230,228	427,816
Restricted assets:			
Cash and cash equivalents	103,370	-	103,370
Due from other funds	-	53,132	53,132
Lease receivable - current portion	13,935	-	13,935
Interest receivable	9,935	-	9,935
Due from other governmental units	118,182	15,728	133,910
Prepaid items	2,815	7,757	10,572
Total current assets	\$ 4,930,840	\$ 306,845	\$ 5,237,685
Noncurrent assets:			
Lease receivable - net of current portion	\$ 320,411	\$ -	\$ 320,411
Capital assets (net of accumulated depreciation):			
Land	\$ 170,251	\$ 88,041	\$ 258,292
Waste water treatment plant	-	17,880,778	17,880,778
Buildings	353,261	1,211,456	1,564,717
Equipment and improvements	1,430,361	836,032	2,266,393
Water storage facility	2,045,650	-	2,045,650
Construction in progress	2,338,346	457,815	2,796,161
Total capital assets, net	\$ 6,337,869	\$ 20,474,122	\$ 26,811,991
Total noncurrent assets	\$ 6,658,280	\$ 20,474,122	\$ 27,132,402
Total assets	\$ 11,589,120	\$ 20,780,967	\$ 32,370,087
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 51,931	\$ 64,554	\$ 116,485
OPEB related items	6,271	6,638	12,909
Total deferred outflows of resources	\$ 58,202	\$ 71,192	\$ 129,394
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 141,968	\$ 33,871	\$ 175,839
Accrued interest payable	12,598	1,142	13,740
Bank overdraft payable	-	1,702,101	1,702,101
Customer deposits held	103,370	-	103,370
Compensated absences, current portion	2,287	3,864	6,151
Retainage payable	81,227	-	81,227
Unearned revenue	2,031,321	-	2,031,321
Bonds payable, current portion	129,600	785,604	915,204
Total current liabilities	\$ 2,502,371	\$ 2,526,582	\$ 5,028,953
Noncurrent liabilities:			
Due to other funds	\$ 1,367,148	\$ -	\$ 1,367,148
Net pension liability	159,610	198,407	358,017
Net OPEB liabilities	43,299	42,430	85,729
Compensated absences, net of current portion	20,582	34,779	55,361
Bonds payable, net of current portion	920,000	6,828,197	7,748,197
Total noncurrent liabilities	\$ 2,510,639	\$ 7,103,813	\$ 9,614,452
Total liabilities	\$ 5,013,010	\$ 9,630,395	\$ 14,643,405
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 43,334	\$ 53,868	\$ 97,202
OPEB related items	11,204	10,884	22,088
Lease related items	351,278	-	351,278
Total deferred inflows of resources	\$ 405,816	\$ 64,752	\$ 470,568
<b>NET POSITION</b>			
Net investment in capital assets	\$ 5,288,269	\$ 12,860,321	\$ 18,148,590
Unrestricted (deficit)	940,227	(1,703,309)	(763,082)
Total net position	\$ 6,228,496	\$ 11,157,012	\$ 17,385,508

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

## Statement of Revenues, Expenses, and Changes in Net Position

## Proprietary Funds

For the Year Ended June 30, 2024

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Charges for services and connection fees	\$ 1,479,414	\$ 1,883,397	\$ 3,362,811
Miscellaneous	45,493	285,883	331,376
Total operating revenues	\$ 1,524,907	\$ 2,169,280	\$ 3,694,187
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 375,120	\$ 454,537	\$ 829,657
Fringe benefits	130,072	128,404	258,476
Contractual services/maintenance	206,498	182,463	388,961
Materials and supplies	442,513	405,695	848,208
Utilities	176,200	194,245	370,445
Internal services	224,230	189,098	413,328
Other charges	100	865	965
Depreciation	274,738	666,579	941,317
Total operating expenses	\$ 1,829,471	\$ 2,221,886	\$ 4,051,357
Operating income (loss)	\$ (304,564)	\$ (52,606)	\$ (357,170)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earned	\$ 109,325	\$ -	\$ 109,325
Interest and fiscal charges	(31,241)	(1,870)	(33,111)
Total nonoperating revenues (expenses)	\$ 78,084	\$ (1,870)	\$ 76,214
Income (loss) before capital contributions and grants	\$ (226,480)	\$ (54,476)	\$ (280,956)
Capital contributions and grants	\$ 1,940,079	\$ 597,045	\$ 2,537,124
Transfers in (out)	\$ -	\$ (507,150)	\$ (507,150)
Change in net position	\$ 1,713,599	\$ 35,419	\$ 1,749,018
Net position - beginning	4,514,897	11,121,593	15,636,490
Net position - ending	\$ 6,228,496	\$ 11,157,012	\$ 17,385,508

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,528,735	\$ 2,168,647	\$ 3,697,382
Payments to suppliers	(1,031,881)	(358,978)	(1,390,859)
Payments to and on behalf of employees	(551,634)	(643,477)	(1,195,111)
Net cash provided by (used for) operating activities	\$ (54,780)	\$ 1,166,192	\$ 1,111,412
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net transfers to/from other funds	\$ -	\$ (507,150)	\$ (507,150)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	\$ (1,934,545)	\$ (470,465)	\$ (2,405,010)
Capital contributions	1,572,054	597,045	2,169,099
Principal payments on bonds	(128,400)	(781,504)	(909,904)
Interest payments	(32,991)	(4,118)	(37,109)
Net cash provided by (used for) capital and related financing activities	\$ (523,882)	\$ (659,042)	\$ (1,182,924)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	\$ 99,390	\$ -	\$ 99,390
Net increase (decrease) in cash and cash equivalents	\$ (479,272)	\$ -	\$ (479,272)
Cash and cash equivalents - beginning (including restricted)	5,067,657	-	5,067,657
Cash and cash equivalents - ending (including restricted)	\$ 4,588,385	\$ -	\$ 4,588,385
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (304,564)	\$ (52,606)	\$ (357,170)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	274,738	666,579	941,317
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in accounts receivables	(17,814)	(633)	(18,447)
(Increase) decrease in lease receivable	(334,346)	-	(334,346)
(Increase) decrease in due from other governmental units	(118,182)	(8,747)	(126,929)
(Increase) decrease in prepaid items	403	168	571
(Increase) decrease in deferred outflows of resources - pension	3,424	4,256	7,680
(Increase) decrease in deferred outflows of resources - OPEB	(252)	(199)	(451)
Increase (decrease) in accounts payable and accrued expenses	135,439	24,896	160,335
Increase (decrease) in bank overdraft payable	-	597,071	597,071
Increase (decrease) in deposits held	4,710	-	4,710
Increase (decrease) in net pension liability	(59,311)	(73,730)	(133,041)
Increase (decrease) in net OPEB liabilities	(45)	(131)	(176)
Increase (decrease) in compensated absences	3,727	2,133	5,860
Increase (decrease) in deferred inflows of resources - pension	5,999	7,457	13,456
Increase (decrease) in deferred inflows of resources - OPEB	16	(322)	(306)
Increase (decrease) in deferred inflows of resources - leases	351,278	-	351,278
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (54,780)</b>	<b>\$ 1,166,192</b>	<b>\$ 1,111,412</b>

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

## TOWN OF ORANGE, VIRGINIA

### Notes to Financial Statements As of June 30, 2024

---

#### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

---

##### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Town of Orange, Virginia.

##### Individual Component Unit Disclosures

The Town has one component unit – the Town of Orange Industrial Development Authority (IDA). The IDA was created to encourage and provide financing for industrial development in the Town. The IDA's directors are appointed by the Town Council and the Town is financially accountable for the IDA in that it provides local funding for the IDA's activities. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate industrial development. The IDA is presented as a proprietary fund type and does not issue separate financial statements.

##### Related Organizations

The Town has no related organizations.

##### Jointly Governed Organizations

The Town has no jointly governed organizations.

##### **B. Government-wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit, if applicable. 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.

**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.

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. Governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

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

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

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Trust Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The individual Governmental Funds are:

- a. General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. The General Fund is considered a major fund for reporting purposes.

- b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

- c. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Currently, the Taylor Park Fund is accounted for as a special revenue fund. The Taylor Park Fund is considered a major fund.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

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

2. Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Currently the Town's Water and Sewer Funds are accounted for as enterprise funds.

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

**D. Budgets and Budgetary Accounting**

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.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Town Council.
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) except that enterprise fund budgets are adopted on the modified accrual basis of accounting.

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

D. Budgets and Budgetary Accounting: (Continued)

- 7. Appropriations lapse on June 30 for all Town units.
- 8. All budgetary data presented in the accompanying financial statements is as amended and approved by Town Council.
- 9. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town’s accounting system.

Excess expenditures over appropriations:

Fund	Excess of Expenditures Over Appropriations
General	
Administration	\$ 10,059
Public Safety	91,291
Nondepartmental	67,593
Capital Projects	46,196
Total	\$ 215,139

E. 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 trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. As of June 30, 2024, the allowances amounted to \$22,387 for property taxes, \$89,953 for water charges and \$129,787 for sewer charges.

F. Cash and Cash Equivalents

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



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

**G. Restricted Assets**

Funds for Taylor Park and customer deposits are classified as restricted assets on the Balance Sheet and Statement of Net Position because their uses are limited to specific purposes.

**H. Leases**

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

*Lessee*

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000 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).

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

**H. 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.

**I. Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant and equipment, infrastructure, and road systems. They 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 land, buildings, infrastructure, vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not included in the capital assets of the government-wide statements or capitalized in the proprietary funds.

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

Buildings	50 Years
Utility Plant & Lines	50 Years
Automobiles	5-7 Years
Equipment	7-10 Years
Infrastructure	75 Years
Lease Buildings	See Below*
Lease Equipment	See Below*

\*Lease assets are amortized over the term of the lease or their useful life, whichever is shorter.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 results from the difference in 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.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

**J. 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**K. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement.

**L. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

**M. Property Taxes**

Real property is assessed by Orange County, Virginia at its value on January 1 and is payable semi-annually on December 5th and June 5th. Personal property taxes are assessed by Orange County, Virginia as of January 1 and are payable on December 5th. Taxes attach as an enforceable lien as of the date assessed. The Town bills and collects its own property taxes based on the assessed values provided by the County.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

**N. 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.

**O. Prepaid Items**

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

**P. Net Position**

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

Sometimes the 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.

**Q. Investments**

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

**R. Fund Balance**

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

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the passage of a resolution 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 a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by 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.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

---

**S. 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.

**T. 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' net fiduciary 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.

**U. Upcoming Pronouncements**

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

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

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

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

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

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

Custodial Credit Risk (Investments):

The Town does not have an investment policy.

The Town’s investments at June 30, 2024 were held by the Town or in the Town’s name by the Town’s custodial banks.

Town's Rated Debt Investments			
Rated Debt Investments Value	Fair Quality Ratings		
	AAAm	AA+f	
Local Government Investment Pool	\$ 10,086	\$ -	
VACO/VML Virginia Investment Pool	957,458	686,647	
Total	\$ 967,544	\$ 686,647	

## TOWN OF ORANGE, VIRGINIA

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

### NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

#### Interest Rate Risk:

The Town reports investments and the maturities as follows:

Investment Type	Investment Maturity*		
	Value	Less than 1	1-5 Years
Local Government Investment Pool	\$ 10,086	\$ 10,086	\$ -
VACO/VML Virginia Investment Pool	1,644,105	957,458	686,647
Total investments	\$ 1,654,191	\$ 967,544	\$ 686,647

\* Weighted average maturity in years.

#### External Investment Pool:

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

#### Redemption Restrictions:

VACO/VML Virginia Investment Pool (VIP) allows the Town to withdraw funds twice a month, with a five-day notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources and one-time events such as disasters, immediate capital needs, state budget cuts, etc.

#### Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of its VIP investment at the net asset value.

### NOTE 3—DUE FROM OTHER GOVERNMENTS:

Commonwealth of Virginia:	
Communications tax	\$ 18,120
Auto rental tax	9,194
Nutrient exchange	15,728
County of Orange:	
Local Sales Tax	61,221
Federal:	
Virginia Department of Health - CSLFRF	118,182
Total	\$ 222,445



## TOWN OF ORANGE, VIRGINIA

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

#### NOTE 4—LEASE RECEIVABLE:

The Town leases land for a cell tower to a third party. The original lease agreement was with Cellco Partnership dba Verizon Wireless, which took affect July 1, 2018 was for five years with four optional renewal terms of five years. Pursuant to the assignment and Assumption of Lease dated October 6, 2020, Cellco Partnership dba Verizon Wireless, assigned all of its rights, title and interest in and to the original agreement, to TowerCom VI-B, LLC. The lease was amended November 30, 2022 for a one-time lump sum payment in the amount of \$250,000 and to expire May 31, 2060, causing the lease to be remeasured. There was no receivable related to this agreement at June 30, 2024, and the deferred inflow at that date was \$239,978. Lease revenue was \$6,681 for the year ended June 30, 2024.

The town also has a cellular antenna location lease with Sprint Spectrum Realty Company, LLC. The original lease agreement was dated August 18, 2008. During 2024 the lease was modified to include 2 additional 5 year terms. The lease is now expected to expire in November 2028. The lease receivable and deferred inflow at that date were \$334,346 and \$351,278 respectively. Lease revenue and lease interest revenue were \$25,324 and \$11,646, respectively for the year ended June 30, 2024

#### NOTE 5—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,147,466	\$ -	\$ -	\$ 1,147,466
Construction in progress	248,172	95,478	-	343,650
Total capital assets, not being depreciated	\$ 1,395,638	\$ 95,478	\$ -	\$ 1,491,116
Capital assets, being depreciated:				
Buildings	\$ 3,125,805	\$ -	\$ -	\$ 3,125,805
Lease equipment	21,234			21,234
Lease buildings	318,706			318,706
Equipment and improvements	3,787,058	629,417	(15,449)	4,401,026
Road systems	7,276,964	62,885	-	7,339,849
Total capital assets being depreciated	\$ 14,529,767	\$ 692,302	\$ (15,449)	\$ 15,206,620
Less accumulated depreciation for:				
Buildings	\$ (1,506,020)	\$ (80,435)	\$ -	\$ (1,586,455)
Lease equipment	(13,068)	(6,534)		(19,602)
Lease buildings	(91,058)	(45,529)		(136,587)
Equipment and improvements	(3,558,607)	(95,403)	15,449	(3,638,561)
Road systems	(3,832,262)	(348,440)	-	(4,180,702)
Total accumulated depreciation	\$ (9,001,015)	\$ (576,341)	\$ 15,449	\$ (9,561,907)
Total capital assets, being depreciated, net	\$ 5,528,752	\$ 115,961	\$ -	\$ 5,644,713
Governmental activities capital assets, net	\$ 6,924,390	\$ 211,439	\$ -	\$ 7,135,829

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 248,292	\$ 10,000	\$ -	\$ 258,292
Construction in progress	540,190	2,390,042	(134,071)	2,796,161
Total capital assets, not being depreciated	\$ 788,482	\$ 2,400,042	\$ (134,071)	\$ 3,054,453
Capital assets, being depreciated:				
Buildings	\$ 4,431,352	\$ -	\$ -	\$ 4,431,352
Wastewater treatment plant	24,163,214	-	-	24,163,214
Equipment and improvements	11,293,520	220,267	-	11,513,787
Water storage facility	3,807,196	-	-	3,807,196
Total capital assets being depreciated	\$ 43,695,282	\$ 220,267	\$ -	\$ 43,915,549
Less accumulated depreciation for:				
Buildings	\$ (2,777,761)	\$ (88,874)	\$ -	\$ (2,866,635)
Wastewater treatment plant	(5,799,172)	(483,264)	-	(6,282,436)
Equipment and improvements	(8,973,395)	(273,999)	-	(9,247,394)
Water storage facility	(1,666,366)	(95,180)	-	(1,761,546)
Total accumulated depreciation	\$ (19,216,694)	\$ (941,317)	\$ -	\$ (20,158,011)
Total capital assets, being depreciated, net	\$ 24,478,588	\$ (721,050)	\$ -	\$ 23,757,538
Business-type activities capital assets, net	\$ 25,267,070	\$ 1,678,992	\$ (134,071)	\$ 26,811,991

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

Governmental activities:	
General government administration	\$ 153,056
Public safety	97,301
Public works	322,681
Parks, recreation and cultural	3,303
Total depreciation expense - governmental activities	\$ 576,341
Business-type activities:	
Water	\$ 274,738
Sewer	666,579
Total depreciation expense - business-type activities	\$ 941,317

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 6—LONG-TERM OBLIGATIONS:**

Governmental Activities:

Changes in Long-term Obligations:

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

	<u>Balance July 1, 2023</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2024</u>
Net Pension Liability (Note 8)	\$ 1,465,342	\$ 910,921	\$ 1,307,914	\$ 1,068,349
Net OPEB Liabilities (Note 12)	551,315	338,714	348,492	541,537
Compensated Absences (Note 7)	146,616	20,504	-	167,120
Lease Liabilities	242,447	-	52,500	189,947
Direct borrowings and direct placements:				
General Obligation Bonds	<u>305,500</u>	<u>-</u>	<u>150,400</u>	<u>155,100</u>
Total	<u>\$ 2,711,220</u>	<u>\$ 1,270,139</u>	<u>\$ 1,859,306</u>	<u>\$ 2,122,053</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>		<u>Lease Liabilities</u>	
	<u>Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 155,100	\$ 1,590	\$ 48,027	\$ 1,632
2026	-	-	46,835	1,165
2027	-	-	47,306	694
2028	-	-	47,779	220
Total	<u>\$ 155,100</u>	<u>\$ 1,590</u>	<u>\$ 189,947</u>	<u>\$ 3,711</u>

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Governmental Activities: (Continued)Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
\$1,445,250 General obligation bonds issued July 22, 2013 payable in annual principal payments beginning August 1, 2014 ranging from \$18,800 to \$155,100 and semi-annual interest payments at 2.05%. Final payment due August 1, 2024.	\$ 155,100	\$ 155,100
<u>Lease Liabilities:</u>		
Lease agreement for the use of copiers entered into on October 4, 2019. The lease agreement is for 60 payments of \$553 through September 1, 2024. A discount rate of 1.00% was used for this lease.	\$ 1,657	\$ 1,657
Lease agreement for the use of 249 Blue Ridge Drive entered into on June 27, 2018. The lease agreement is for 60 payments of \$3,750 through June 1, 2023 with an option to extend the term for an additional 60 payments of \$4,000. A discount rate of 1.00% was used for this lease.	188,290	46,370
Total Lease Liabilities	\$ 189,947	\$ 48,027
Net pension liability (Note 8)	\$ 1,068,349	\$ -
Compensated absences (Note 7)	167,120	16,712
Net OPEB liabilities (Note 12)	541,537	-
Total governmental activities long-term obligations	\$ 2,122,053	\$ 219,839

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**

Business-type Activities:

Changes in Long-term Obligations:

	<u>Balance July 1, 2023</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2024</u>
Net Pension Liability (Note 8)	\$ 491,058	\$ 305,261	\$ 438,302	\$ 358,017
Net OPEB Liabilities (Note 12)	85,905	21,214	21,390	85,729
Compensated Absences (Note 7)	55,652	5,860	-	61,512
Direct borrowings and direct placements:				
General Obligation Bonds	1,444,500	-	259,600	1,184,900
Revenue Bonds	<u>8,128,805</u>	<u>-</u>	<u>650,304</u>	<u>7,478,501</u>
Total	<u>\$ 10,205,920</u>	<u>\$ 332,335</u>	<u>\$ 1,369,596</u>	<u>\$ 9,168,659</u>

Annual requirements to amortize the Town's enterprise indebtedness and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 915,204	\$ 30,924
2026	750,304	26,403
2027	750,304	23,453
2028	750,304	20,503
2029	755,304	17,553
2030-2034	3,766,522	38,717
2035-2036	<u>975,459</u>	<u>-</u>
Total	<u>\$ 8,663,401</u>	<u>\$ 157,553</u>

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 6—LONG TERM OBLIGATIONS: (CONTINUED)**Business-type Activities: (Continued)Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
<u>Bonds Payable:</u>		
\$16,177,744 Revenue bonds, Series 2008 issued May 1, 2008 payable in semi-annual principal payments of \$325,152 beginning May 1, 2011. Interest at 0.0%. Final payment due December 2035.	\$ 7,478,501	\$ 650,304
 \$1,629,750 General obligation bonds issued July 22, 2013 payable in annual principal payments beginning August 1, 2014 ranging from \$21,200 to \$174,900 and semi-annual interest payments at 2.05%. Final payment due August 1, 2024.	 174,900	 174,900
 \$1,845,000 General obligation bonds issued July 22, 2013 payable in semi-annual principal payments beginning February 1, 2014 ranging from \$35,000 to \$60,000 and semi-annual interest payments at 2.95%. Final payment due August 1, 2033.	 1,010,000	 90,000
 Total bonds payable	 \$ 8,663,401	 \$ 915,204
 Net pension liability (Note 8)	 \$ 358,017	 \$ -
 Compensated absences (Note 7)	 61,512	 6,151
 Net OPEB liabilities (Note 12)	 85,729	 -
 Total business-type activities long-term obligations	 \$ 9,168,659	 \$ 921,355

## TOWN OF ORANGE, VIRGINIA

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

---

### NOTE 7—COMPENSATED ABSENCES:

---

The Town has accrued liabilities arising from compensated absences.

Town employees earn annual leave at various rates. Town employees with 5 years of service will be paid 25% of their eligible sick pay capped at \$4,000. Accumulated vacation and banked holidays are paid upon termination up to a maximum of 240 hours. The Town's general fund has outstanding accrued leave pay totaling \$167,120 and the Enterprise Funds have outstanding accrued leave pay of \$61,512.

### 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 plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

**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 plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***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.



TOWN OF ORANGE, VIRGINIA

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

NOTE 8—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	50
Inactive members:	
Vested inactive members	24
Non-vested inactive members	23
Inactive members active elsewhere in VRS	44
Total inactive members	91
Active members	45
Total covered employees	186

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, 2024 was 17.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$464,082 and \$444,663 for the years ended June 30, 2024 and June 30, 2023, 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, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

Mortality rates:

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

Pre-Retirement:

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

## TOWN OF ORANGE, VIRGINIA

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

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

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

Mortality rates: (Continued)

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

# TOWN OF ORANGE, VIRGINIA

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

## NOTE 8—PENSION PLAN: (CONTINUED)

### *Long-Term Expected Rate of Return*

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

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

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

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

**TOWN OF ORANGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2024 (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 and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***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, 2022	\$ 12,794,320	\$ 10,837,920	\$ 1,956,400
Changes for the year:			
Service cost	\$ 337,627	\$ -	\$ 337,627
Interest	871,736	-	871,736
Differences between expected and actual experience	(461,392)	-	(461,392)
Contributions - employer	-	444,350	(444,350)
Contributions - employee	-	124,774	(124,774)
Net investment income	-	715,411	(715,411)
Benefit payments, including refunds	(434,683)	(434,683)	-
Administrative expenses	-	(6,820)	6,820
Other changes	-	289	(289)
Net changes	\$ 313,288	\$ 843,321	\$ (530,033)
Balances at June 30, 2023	\$ 13,107,608	\$ 11,681,241	\$ 1,426,367

**TOWN OF ORANGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2024 (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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability	\$ 3,366,795	\$ 1,426,367	\$ (156,613)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$17,936. At June 30, 2024, 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	\$ -	\$ 232,179
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	155,080
Employer contributions subsequent to the measurement date	464,082	-
Total	\$ 464,082	\$ 387,259

\$464,082 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	\$ (349,138)
2026	(195,375)
2027	153,159
2028	4,095
2029	-
Thereafter	-

## TOWN OF ORANGE, VIRGINIA

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

---

### NOTE 8—PENSION PLAN: (CONTINUED)

---

#### *Pension Plan Data*

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

### NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

---

Unearned and deferred/unavailable revenue represent 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 of accounting, assessments for future periods were deferred.

Unearned revenue – Unearned revenue consists of American Rescue Plan Act funds which have been received but are not considered earned because they have not yet been used for qualifying expenditures. At June 30, 2024 unearned revenue totaled \$3,678,187.

Unavailable property tax revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$393,964 (including 2nd ½ tax billings of \$326,877 not due until December 5) at June 30, 2024.

Prepaid property taxes – Property taxes due subsequent to June 30, 2024 but paid in advance by the taxpayers totaled \$27,175 at June 30, 2024.

Leases – Lease revenue for a lease which is in effect, but which is unavailable because the time criteria has not yet been met, totaled \$239,978 at June 30, 2024.

### NOTE 10—INTERFUND LOANS AND TRANSFERS:

---

During a prior fiscal year, the General Fund loaned \$160,000 to the Water & Sewer Capital Improvements Fund to assist in funding on-going capital projects. This fund has since been merged into the Water Fund. The loan was still outstanding at year-end and it is the Town's intent that the loan be repaid in the future.

During the fiscal year ended June 30, 2023, the General Fund provided cash to the Sewer Fund with the intention that those funds use the money for projects covered by the American Rescue Plan. As the funds are spent, the Water Fund and Sewer Fund will recognize grant revenue, and the amount due to the General Fund will decrease. As a result of these transaction, at June 30, 2024, the Water Fund owed the General Fund \$1,207,148 and the General Fund owed the Sewer Fund \$53,132.

During the fiscal year ended June 30, 2024 the General fund transferred \$507,150 to the Sewer Fund for future use in projects.



NOTE 11—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, 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 coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Health Insurance – Pay-As-You-Go:

Plan Description

In addition to the pension benefits described in Note 8, the Town administers a single-employer defined benefit healthcare 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

Participants who are eligible to retire from VRS pension plan are allowed access to the plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however as they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate. VRS retirement eligibility is age 50 with 10 years of service or age 55 with 5 years of service for employees hired prior to July 1, 2010 who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 5 years of service or 90 combined age and service points for other employees.

Plan Membership

At June 30, 2024 (the valuation date) the following employees were covered by the benefit terms:

Total active employees with coverage	43
Total	43

Contributions

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2024 was \$0.

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Health Insurance – Pay-As-You-Go: (Continued)

Total OPEB Liability

The Town’s total OPEB liability was measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2024
Salary Increases	The salary increase rate starts at 5.35% salary increase (4.75% for law enforcement) for one year of service and gradually declines to 3.50% salary increase for twenty or more years of service.
Discount Rate	3.97% as of June 30, 2024

Mortality rates were based on the PUB-2010 headcounts with generational mortality improvements using scale MP-2021.

The date of the most recent actuarial experience study on which significant assumptions were based is September 10, 2021.

Discount Rate

The discount rate used to determine the liabilities under GASB 75 is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.97% as of June 30, 2024.

Changes in Total OPEB Liability

		<u>Total OPEB Liability</u>
Balances at June 30, 2023	\$	<u>195,685</u>
Changes for the year:		
Service cost	\$	11,545
Interest		7,510
Difference between expected and actual experience		(24,840)
Changes in assumptions		<u>7,850</u>
Net changes	\$	<u>2,065</u>
Balances at June 30, 2024	\$	<u><u>197,750</u></u>

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Health Insurance – Pay-As-You-Go: (Continued)

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current discount rate:

Rate		
1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
\$ 217,255	\$ 197,750	\$ 179,988

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 or one percentage point higher than the current healthcare cost trend rates:

Rates		
1% Decrease (3.04%)	Current Trend Rate (4.04%)	1% Increase (5.04%)
\$ 175,510	\$ 197,750	\$ 223,641

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

For the year ended June 30, 2024, the Town recognized OPEB expense in the amount of \$8,411. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,019	\$ 42,123
Changes in assumptions	11,840	11,501
Total	\$ 15,859	\$ 53,624

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Health Insurance – Pay-As-You-Go: (Continued)

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

Year Ended June 30	
2025	\$ (10,642)
2026	(9,304)
2027	(11,586)
2028	(3,404)
2029	(2,829)
Thereafter	-

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

Group Life Insurance (GLI) Plan

Plan Description

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

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

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

Eligible Employees

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)**

---

**Group Life Insurance (GLI) Plan: (Continued)**

***Benefit Amounts***

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

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$14,627 and \$13,872 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the entity reported a liability of \$130,846 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.01091% as compared to 0.01110% at June 30, 2022.

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)**

**Group Life Insurance (GLI) 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)***

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$2,949. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,068	\$ 3,972
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,258
Change in assumptions	2,797	9,065
Changes in proportionate share	4,193	12,537
Employer contributions subsequent to the measurement date	<u>14,627</u>	<u>-</u>
Total	\$ <u><u>34,685</u></u>	\$ <u><u>30,832</u></u>

\$14,627 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2025	\$ (3,814)
2026	(7,614)
2027	1,357
2028	(1,575)
2029	872
Thereafter	-

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan: (Continued)

Actuarial Assumptions

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

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

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

## TOWN OF ORANGE, VIRGINIA

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

### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

#### Group Life Insurance (GLI) Plan: (Continued)

##### *Actuarial Assumptions: (Continued)*

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

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

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



NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan: (Continued)

Actuarial Assumptions: (Continued)

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)**

**Group Life Insurance (GLI) 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:

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

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

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan: (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 193,953	\$ 130,846	\$ 79,822

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 20232 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## TOWN OF ORANGE, VIRGINIA

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

---

### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

---

#### 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. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). 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 the 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.

##### ***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, 2024 was \$830 per

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)**

**Line of Duty Act (LODA) Program: (Continued)**

***Contribution (Continued)***

covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 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 \$12,450 and \$9,887 for the years ended June 30, 2024 and June 30, 2023, 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, 2024, the entity reported a liability of \$298,670 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.07450% as compared to 0.08130% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$37,486. 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, 2024, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 15,931	\$ 56,239
Net difference between projected and actual earnings on LODA OPEB program investments	-	874
Change in assumptions	66,338	61,587
Changes in proportionate share	7,289	37,648
Employer contributions subsequent to the measurement date	<u>12,450</u>	<u>-</u>
Total	<u>\$ 102,008</u>	<u>\$ 156,348</u>

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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)*

\$12,450 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, 2025. 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:

Year Ended June 30		
2025	\$	(4,022)
2026		(3,995)
2027		(4,646)
2028		(6,106)
2029		(9,363)
Thereafter		(38,658)

*Actuarial Assumptions*

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

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86%, including inflation*

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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, 2022 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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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, 2023, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
Employers' Net OPEB Liability	<u>\$ 400,900</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, 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.



NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.86%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
Town's proportionate share of the LODA net OPEB liability	\$ 334,880	\$ 298,670	\$ 268,037

*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	\$ 253,282	\$ 298,670	\$ 354,912

**LODA OPEB Fiduciary Net Position**

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

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)****Summary of Net OPEB Liabilities, Deferred Outflows and Inflows of Resources, and Expenses:**

	<b>Net OPEB Liabilities</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>OPEB Expense</b>
VRS OPEB Plans:				
Group Life Insurance Plan	\$ 130,846	\$ 34,685	\$ 30,832	\$ 2,949
Line of Duty Act Plan	298,670	102,008	156,348	37,486
Health Insurance - Pay-As-You-Go	197,750	15,859	53,624	8,411
Totals	<u>\$ 627,266</u>	<u>\$ 152,552</u>	<u>\$ 240,804</u>	<u>\$ 48,846</u>

**NOTE 13—LITIGATION:**

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

**NOTE 14—ARPA FUNDING:**

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments were to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 25, 2021, the Town received its share of the first half of the CSLFRF funds. The Town received a second tranche in the amount of \$2,643,592 on July 22, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$3,678,187 from the initial allocation are reported as unearned revenue as of June 30, 2024.

**NOTE 15—LEASE RECEIVABLE:**

Lease receivables outstanding as of June 30, 2024 are as follows:

<b>Lease Description</b>	<b>End Date</b>	<b>Remaining Term (in months)</b>	<b>Payment Frequency</b>	<b>Discount Rate</b>	<b>Receivable Balance</b>
Tower Space	8/10/2034	133	Monthly	2.50%	\$ 334,346
Total Receivable					<u>\$ 334,346</u>

TOWN OF ORANGE, VIRGINIA

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

NOTE 15—LEASE RECEIVABLE: (CONTINUED)

Annual recognition of lease revenue and related interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 13,935	\$ 17,211	\$ 31,146
2026	14,652	16,494	31,146
2027	15,406	15,740	31,146
2028	16,199	14,947	31,146
2029	20,148	14,112	34,260
2030-2034	120,830	53,895	174,725
2035-2038	133,176	17,567	150,743
Total	\$ 334,346	\$ 149,966	\$ 484,312

### **Required Supplementary Information**

#### Note to Required Supplementary Information:

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

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

## General Fund

For the Year Ended June 30, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
General property taxes	\$ 858,000	\$ 858,000	\$ 904,190	\$ 46,190
Other local taxes/revenues	2,563,800	2,563,800	2,900,689	336,889
Permits, fees, and regulatory licenses	2,600	2,600	6,337	3,737
Fines and forfeitures	86,000	86,000	113,086	27,086
Revenues from use of money and property	106,600	106,650	319,383	212,733
Charges for services	177,684	177,684	181,372	3,688
Miscellaneous	12,554	12,504	37,828	25,324
Recovered costs	20,000	20,000	15,066	(4,934)
Revenue from internal sources	413,328	413,328	413,328	-
Intergovernmental revenues:				
Commonwealth	1,432,880	2,576,670	1,686,924	(889,746)
Federal	2,000	-	79,348	79,348
Total revenues	\$ 5,675,446	\$ 6,817,236	\$ 6,657,551	\$ (159,685)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,013,520	\$ 1,013,520	\$ 1,023,579	\$ (10,059)
Public safety	1,805,529	1,805,529	1,896,820	(91,291)
Public works	1,999,323	2,314,554	2,198,796	115,758
Parks, recreation, and cultural	27,000	111,000	40,439	70,561
Community development	267,186	267,186	212,598	54,588
Nondepartmental	237,543	240,627	308,220	(67,593)
Capital projects	1,252,189	3,503,751	1,287,869	2,215,882
Debt service:				
Principal	150,400	150,400	150,400	-
Interest and finance charges	7,805	4,721	4,721	-
Total expenditures	\$ 6,760,495	\$ 9,411,288	\$ 7,123,442	\$ 2,287,846
Excess (deficiency) of revenues over (under) expenditures	\$ (1,085,049)	\$ (2,594,052)	\$ (465,891)	\$ 2,128,161
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 6,154,642	\$ 507,150	\$ (5,647,492)
Total other financing sources (uses)	\$ -	\$ 6,154,642	\$ 507,150	\$ (5,647,492)
Net change in fund balances	\$ (1,085,049)	\$ 3,560,590	\$ 41,259	\$ (3,519,331)
Fund Balance at Beginning of Year	1,085,049	(3,560,590)	4,816,093	8,376,683
Fund Balance at End of Year	\$ -	\$ -	\$ 4,857,352	\$ 4,857,352

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
<b>Total pension liability</b>					
Service cost	\$ 337,627	\$ 312,766	\$ 332,700	\$ 312,007	\$ 299,300
Interest	871,736	824,401	742,321	686,112	637,545
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(461,392)	(34,433)	(250,083)	194,596	151,296
Changes of assumptions	-	-	466,795	-	329,802
Benefit payments	(434,683)	(417,982)	(359,036)	(360,922)	(361,313)
<b>Net change in total pension liability</b>	\$ 313,288	\$ 684,752	\$ 932,697	\$ 831,793	\$ 1,056,630
<b>Total pension liability - beginning</b>	12,794,320	12,109,568	11,176,871	10,345,078	9,288,448
<b>Total pension liability - ending (a)</b>	<u>\$ 13,107,608</u>	<u>\$ 12,794,320</u>	<u>\$ 12,109,568</u>	<u>\$ 11,176,871</u>	<u>\$ 10,345,078</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 444,350	\$ 400,476	\$ 399,012	\$ 307,660	\$ 308,187
Contributions - employee	124,774	117,667	118,164	127,953	112,670
Net investment income	715,411	(15,874)	2,308,021	155,285	509,593
Benefit payments	(434,683)	(417,982)	(359,036)	(360,922)	(361,313)
Administrator charges	(6,820)	(6,596)	(5,430)	(5,090)	(4,811)
Other	289	255	221	(187)	(321)
<b>Net change in plan fiduciary net position</b>	\$ 843,321	\$ 77,946	\$ 2,460,952	\$ 224,699	\$ 564,005
<b>Plan fiduciary net position - beginning</b>	10,837,920	10,759,974	8,299,022	8,074,323	7,510,318
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 11,681,241</u>	<u>\$ 10,837,920</u>	<u>\$ 10,759,974</u>	<u>\$ 8,299,022</u>	<u>\$ 8,074,323</u>
<b>Town's net pension liability - ending (a) - (b)</b>	\$ 1,426,367	\$ 1,956,400	\$ 1,349,594	\$ 2,877,849	\$ 2,270,755
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	89.12%	84.71%	88.86%	74.25%	78.05%
<b>Covered payroll</b>	\$ 2,568,844	\$ 2,417,119	\$ 2,419,701	\$ 2,301,901	\$ 2,293,927
<b>Town's net pension liability as a percentage of covered payroll</b>	55.53%	80.94%	55.78%	125.02%	98.99%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 281,679	\$ 281,532	\$ 323,066	\$ 319,585	\$ 224,518
Interest	599,024	562,059	524,852	458,693	431,065
Changes in benefit terms	-	-	-	416,043	-
Differences between expected and actual experience	38,568	187,833	46,647	91,586	-
Changes of assumptions	-	(149,862)	-	-	-
Benefit payments	(376,607)	(330,387)	(395,687)	(285,864)	(235,941)
<b>Net change in total pension liability</b>	\$ 542,664	\$ 551,175	\$ 498,878	\$ 1,000,043	\$ 419,642
<b>Total pension liability - beginning</b>	8,745,784	8,194,609	7,695,731	6,695,688	6,276,046
<b>Total pension liability - ending (a)</b>	<u>\$ 9,288,448</u>	<u>\$ 8,745,784</u>	<u>\$ 8,194,609</u>	<u>\$ 7,695,731</u>	<u>\$ 6,695,688</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 301,386	\$ 284,672	\$ 256,860	\$ 275,028	\$ 209,608
Contributions - employee	113,708	109,433	110,576	118,347	125,102
Net investment income	516,602	756,868	105,976	265,333	771,541
Benefit payments	(376,607)	(330,387)	(395,687)	(285,864)	(235,941)
Administrator charges	(4,336)	(4,217)	(3,714)	(3,462)	(4,035)
Other	(467)	(680)	(45)	(56)	41
<b>Net change in plan fiduciary net position</b>	\$ 550,286	\$ 815,689	\$ 73,966	\$ 369,326	\$ 866,316
<b>Plan fiduciary net position - beginning</b>	6,960,032	6,144,343	6,070,377	5,701,051	4,834,735
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 7,510,318</u>	<u>\$ 6,960,032</u>	<u>\$ 6,144,343</u>	<u>\$ 6,070,377</u>	<u>\$ 5,701,051</u>
<b>Town's net pension liability - ending (a) - (b)</b>	\$ 1,778,130	\$ 1,785,752	\$ 2,050,266	\$ 1,625,354	\$ 994,637
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.86%	79.58%	74.98%	78.88%	85.15%
<b>Covered payroll</b>	\$ 2,314,522	\$ 2,180,643	\$ 2,205,029	\$ 2,344,581	\$ 2,330,120
<b>Town's net pension liability as a percentage of covered payroll</b>	76.82%	81.89%	92.98%	69.32%	42.69%

## Schedule of Employer Contributions - Pension

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

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 464,082	\$ 464,082	\$ -	\$ 2,705,358	17.15%
2023	444,663	444,663	-	2,568,844	17.31%
2022	401,574	401,574	-	2,417,119	16.61%
2021	399,375	399,375	-	2,419,701	16.51%
2020	308,344	308,344	-	2,301,901	13.40%
2019	310,630	310,630	-	2,293,927	13.54%
2018	301,386	301,386	-	2,314,522	13.02%
2017	289,371	289,371	-	2,180,643	13.27%
2016	259,091	259,091	-	2,205,029	11.75%
2015	275,488	275,488	-	2,344,581	11.75%

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



Notes to Required Supplementary Information - Pension  
For the Year Ended June 30, 2024

---

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Schedule of Changes in Total OPEB Liability - Health Insurance  
For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 11,545	\$ 11,372	\$ 17,642	\$ 15,723	\$ 11,874	\$ 10,627	\$ 8,877
Interest	7,510	6,670	4,119	4,574	5,017	4,982	5,366
Differences between expected and actual experience	(24,840)	(625)	(41,538)	(549)	14,074	-	-
Changes in assumptions	7,850	(2,796)	(14,137)	8,257	(4,279)	7,047	(10,766)
<b>Net change in total OPEB liability</b>	\$ 2,065	\$ 14,621	\$ (33,914)	\$ 28,005	\$ 26,686	\$ 22,656	\$ 3,477
<b>Total OPEB liability - beginning</b>	195,685	181,064	214,978	186,973	160,287	137,631	134,154
<b>Total OPEB liability - ending</b>	<u>\$ 197,750</u>	<u>\$ 195,685</u>	<u>\$ 181,064</u>	<u>\$ 214,978</u>	<u>\$ 186,973</u>	<u>\$ 160,287</u>	<u>\$ 137,631</u>

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

Notes to Required Supplementary Information - OPEB - Health Insurance  
For the Year Ended June 30, 2024

---

Valuation Date: June 30, 2024  
Measurement Date: June 30, 2024

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal, Level Percentage of Pay.
Discount Rate	3.97% as of June 30, 2024.
Inflation	2.50% per year as of June 30, 2023.
Healthcare Trend Rates	The healthcare trend rate assumptions vary by year and range between 3.94% and 6.00%.
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase (4.75% for law enforcement) for one year of service and gradually declines to 3.50% salary increase for twenty or more years of service.
Mortality Rates	The mortality rates were calculated using the Pub-2010 headcounts with generational mortality improvements using scale MP-2021.

Schedule of Town's Share of Net OPEB Liability - Group Life Insurance  
 For the Measurement Dates of June 30, 2017 through June 30, 2023

<b>Date</b>	<b>Employer's Proportion of the Net GLI OPEB Liability</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (a)</b>	<b>Employer's Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (a)/(b)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</b>
2023	0.01091% \$	130,846	\$ 2,568,844	5.09%	69.30%
2022	0.01110%	133,775	2,417,119	5.53%	67.21%
2021	0.01172%	136,453	2,419,701	5.64%	67.45%
2020	0.01118%	186,576	2,301,948	8.11%	52.64%
2019	0.01170%	190,390	2,293,927	8.30%	52.00%
2018	0.01223%	186,000	2,324,991	8.00%	51.22%
2017	0.01195%	180,000	2,203,103	8.17%	48.86%

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

Schedule of Employer Contributions - Group Life Insurance  
 For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 14,627	\$ 14,627	\$ -	\$ 2,708,690	0.54%
2023	13,872	13,872	-	2,568,844	0.54%
2022	13,052	13,052	-	2,417,119	0.54%
2021	13,066	13,066	-	2,419,701	0.54%
2020	11,970	11,970	-	2,301,948	0.52%
2019	11,928	11,928	-	2,293,927	0.52%
2018	12,090	12,090	-	2,324,991	0.52%
2017	11,456	11,456	-	2,203,103	0.52%
2016	10,584	10,584	-	2,205,029	0.48%
2015	11,254	11,254	-	2,344,581	0.48%

Notes to Required Supplementary Information - Group Life Insurance  
For the Year Ended June 30, 2024

---

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

Schedule of Town's Share of Net OPEB Liability - LODA  
 For the Measurement Dates of June 30, 2017 through June 30, 2023

<b>Date</b>	<b>Town's Proportion of the Net LODA OPEB Liability</b>	<b>Town's Proportionate Share of the Net LODA OPEB Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability</b>
2023	0.07450%	\$ 298,670	1.31%
2022	0.08130%	307,760	1.87%
2021	0.08080%	356,144	1.68%
2020	0.08309%	347,993	1.02%
2019	0.08677%	311,319	0.79%
2018	0.08524%	267,000	0.60%
2017	0.08417%	221,000	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.

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

## Schedule of Employer Contributions - LODA

For the Measurement Dates of June 30, 2017 through June 30, 2024

Date	Contractually Required Contribution		Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)
2024	\$	12,450	\$	12,450	\$ -
2023		9,887		9,887	-
2022		11,200		11,200	-
2021		11,118		11,118	-
2020		11,292		11,292	-
2019		11,645		11,645	-
2018		9,078		9,078	-

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.

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.



Notes to Required Supplementary Information - LODA  
For the Year Ended June 30, 2024

---

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022 valuation were based on 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

### **Other Supplementary Information**

Statement of Net Position - Proprietary Fund  
Discretely Presented Component Unit - Industrial Development Authority  
As of June 30, 2024

---

	<u>Proprietary Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 152,530
Due from primary government	<u>75,000</u>
Total current assets	\$ <u>227,530</u>
Total assets	<u><u>\$ 227,530</u></u>
<b>NET POSITION</b>	
Unrestricted	\$ <u>227,530</u>
Total net position	<u><u>\$ 227,530</u></u>

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2024

---

	<b>Proprietary Fund</b>
	<hr/>
<b>OPERATING EXPENSES</b>	
Materials and supplies	\$ <u>1,374</u>
Total operating expenses	\$ <u>1,374</u>
Operating income (loss)	\$ <u>(1,374)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest earned	\$ 444
Contribution from primary government	<u>150,000</u>
Total nonoperating revenues (expenses)	\$ <u>150,444</u>
Change in net position	\$ 149,070
Net position - beginning	<u>78,460</u>
Net position - ending	\$ <u><u>227,530</u></u>

Statement of Cash Flows - Proprietary Fund  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2024

---

	<b>Proprietary Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to suppliers	\$ (1,374)
Net cash provided by (used for) operating activities	\$ <u>(1,374)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Contribution from primary government	\$ 75,000
Net cash provided by (used for) noncapital financing activities	\$ <u>75,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	\$ 444
Net cash provided by (used for) investing activities	\$ <u>444</u>
Net increase (decrease) in cash and cash equivalents	\$ 74,070
Cash and cash equivalents - beginning	<u>78,460</u>
Cash and cash equivalents - ending	\$ <u><u>152,530</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ <u>(1,374)</u>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ <u><u>(1,374)</u></u></b>

## **Supporting Schedules**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 635,000	\$ 635,000	\$ 652,613	\$ 17,613
Personal property taxes	195,000	195,000	228,433	33,433
Public service corporation taxes	28,000	28,000	23,144	(4,856)
Total general property taxes	\$ 858,000	\$ 858,000	\$ 904,190	\$ 46,190
Other local taxes/revenues:				
Local sales and use taxes	\$ 350,000	\$ 350,000	\$ 332,558	\$ (17,442)
Consumers' utility taxes	231,600	231,600	221,249	(10,351)
Electric consumption taxes	15,000	15,000	14,211	(789)
Motor vehicle licenses	95,000	95,000	112,569	17,569
Bank franchise taxes	150,000	150,000	145,115	(4,885)
Restaurant food taxes	1,500,000	1,500,000	1,847,240	347,240
Business licenses	200	200	1,797	1,597
Transient/occupancy taxes	150,000	150,000	162,950	12,950
Cigarette taxes	72,000	72,000	63,000	(9,000)
Total other local taxes/revenues	\$ 2,563,800	\$ 2,563,800	\$ 2,900,689	\$ 336,889
Permits, fees, and regulatory licenses:				
Planning and development fees	\$ 2,500	\$ 2,500	\$ 5,987	\$ 3,487
Construction permits/fees	100	100	350	250
Total permits, fees, and regulatory licenses	\$ 2,600	\$ 2,600	\$ 6,337	\$ 3,737
Fines and forfeitures:				
Court fines and forfeitures	\$ 86,000	\$ 86,000	\$ 113,086	\$ 27,086
Revenue from use of money and property:				
Revenue from use of money	\$ 100,000	100,000	\$ 306,037	\$ 206,037
Revenue from use of property	6,600	6,650	13,346	6,696
Total revenue from use of money and property	\$ 106,600	\$ 106,650	\$ 319,383	\$ 212,733
Charges for services:				
Refuse collection	\$ 156,000	\$ 156,000	\$ 165,109	\$ 9,109
Transit fees	21,684	21,684	16,263	(5,421)
Total charges for services	\$ 177,684	\$ 177,684	\$ 181,372	\$ 3,688

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from Local Sources: (Continued)				
Miscellaneous:				
Administrative fees	\$ 2,004	\$ 2,004	\$ 5,766	\$ 3,762
Proceeds from the sale of surplus property	-	-	16,750	16,750
Proceeds from the sale of recycled material	-	-	1,304	1,304
Revenue refunds	10,000	10,000	9,261	(739)
Miscellaneous	550	500	4,747	4,247
Total miscellaneous	\$ 12,554	\$ 12,504	\$ 37,828	\$ 25,324
Recovered costs:				
Expenditure refunds	\$ 20,000	\$ 20,000	\$ 15,066	\$ (4,934)
Revenue from internal sources:				
Internal charges	\$ 413,328	\$ 413,328	\$ 413,328	\$ -
Total revenue from local sources	\$ 4,240,566	\$ 4,240,566	\$ 4,891,279	\$ 650,713
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 6,600	\$ 6,600	\$ 7,235	\$ 635
Motor vehicle carriers' tax	-	-	43,164	43,164
Skill games fees	1,800	1,800	-	(1,800)
Communications tax	127,500	127,500	115,198	(12,302)
Personal property tax relief funds	89,615	89,615	89,615	-
Total noncategorical aid	\$ 225,515	\$ 225,515	\$ 255,212	\$ 29,697
Categorical aid:				
State Highway Funds	\$ 1,067,052	\$ 1,261,052	\$ 1,261,803	\$ 751
VDOT Revenue Sharing	-	947,790	330	(947,460)
Aid to localities with police departments	117,460	119,460	141,736	22,276
Fire Program Grants	19,108	19,108	21,972	2,864
Litter Control Grant	3,745	3,745	5,871	2,126
Total categorical aid	\$ 1,207,365	\$ 2,351,155	\$ 1,431,712	\$ (919,443)
Total revenue from the Commonwealth	\$ 1,432,880	\$ 2,576,670	\$ 1,686,924	\$ (889,746)
Revenue from the Federal Government:				
Categorical aid:				
Coronavirus State and Local Fiscal Recovery Funds	\$ -	\$ -	\$ 70,000	\$ 70,000
Highway Planning and Construction	-	-	6,009	6,009
Edward Byrne Memorial Justice Assistance Program	-	-	3,339	3,339
Communities Facilities Loans and Grants	2,000	-	-	-
Total categorical aid	\$ 2,000	\$ -	\$ 79,348	\$ 79,348
Total revenue from the federal government	\$ 2,000	\$ -	\$ 79,348	\$ 79,348
<b>Total General Fund</b>	<b>\$ 5,675,446</b>	<b>\$ 6,817,236</b>	<b>\$ 6,657,551</b>	<b>\$ (159,685)</b>



Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>Taylor Park Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 420	\$ 420
Total revenue from local sources	\$ -	\$ -	\$ 420	\$ 420
<b>Total Taylor Park Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420</u>	<u>\$ 420</u>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 43,725	\$ 43,725
Total revenue from local sources	\$ -	\$ -	\$ 43,725	\$ 43,725
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Virginia Arts Commission	\$ -	\$ -	\$ 4,500	\$ 4,500
Total categorical aid	\$ -	\$ -	\$ 4,500	\$ 4,500
Total revenue from the Commonwealth	\$ -	\$ -	\$ 4,500	\$ 4,500
<b>Total Capital Projects Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,225</u>	<u>\$ 48,225</u>
<b>Total Primary Government</b>	<u>\$ 5,675,446</u>	<u>\$ 6,817,236</u>	<u>\$ 6,706,196</u>	<u>\$ (111,040)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town Council	\$ 123,442	\$ 123,442	\$ 195,084	\$ (71,642)
General and financial administration:				
Town manager	\$ 438,078	\$ 438,078	\$ 358,571	\$ 79,507
Professional services	38,500	38,500	38,608	(108)
Treasurer/finance	413,500	413,500	431,316	(17,816)
Total general and financial administration	\$ 890,078	\$ 890,078	\$ 828,495	\$ 61,583
Total general government administration	\$ 1,013,520	\$ 1,013,520	\$ 1,023,579	\$ (10,059)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,749,188	\$ 1,749,188	\$ 1,834,848	\$ (85,660)
Fire and rescue services:				
Volunteer fire departments	\$ 56,341	\$ 56,341	\$ 61,972	\$ (5,631)
Total public safety	\$ 1,805,529	\$ 1,805,529	\$ 1,896,820	\$ (91,291)
Public works:				
Streets and general maintenance	\$ 1,540,381	\$ 1,855,612	\$ 1,738,600	\$ 117,012
Refuse collection and disposal	274,371	274,371	233,637	40,734
Municipal building	47,719	47,719	87,475	(39,756)
Depot	16,000	16,000	18,233	(2,233)
TOOT	120,852	120,852	120,851	1
Total public works	\$ 1,999,323	\$ 2,314,554	\$ 2,198,796	\$ 115,758
Parks, recreation, and cultural:				
Parks and recreation	\$ 27,000	\$ 111,000	\$ 40,439	\$ 70,561
Total parks, recreation, and cultural	\$ 27,000	\$ 111,000	\$ 40,439	\$ 70,561

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development	\$ 267,186	\$ 267,186	\$ 212,598	\$ 54,588
Total community development	\$ 267,186	\$ 267,186	\$ 212,598	\$ 54,588
Nondepartmental:				
Insurance	\$ 41,221	\$ 41,221	\$ 52,487	\$ (11,266)
Revenue refunds	-	-	6,198	(6,198)
Contractual services	37,900	107,900	164,241	(56,341)
Bank service charges	12,500	12,500	950	11,550
Miscellaneous	1,400	11,556	7,634	3,922
Donations	144,522	67,450	76,710	(9,260)
Total nondepartmental	\$ 237,543	\$ 240,627	\$ 308,220	\$ (67,593)
Capital expenditures:				
Capital outlay	\$ 1,252,189	\$ 3,503,751	\$ 1,287,869	\$ 2,215,882
Debt service:				
Principal	\$ 150,400	\$ 150,400	\$ 150,400	\$ -
Interest	7,805	4,721	4,721	-
Total debt service	\$ 158,205	\$ 155,121	\$ 155,121	\$ -
<b>Total General Fund</b>	<b>\$ 6,760,495</b>	<b>\$ 9,411,288</b>	<b>\$ 7,123,442</b>	<b>\$ 2,287,846</b>
<b>Capital Projects Fund:</b>				
Capital projects expenditures	\$ -	\$ -	\$ 46,196	\$ (46,196)
<b>Total Capital Projects Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,196</b>	<b>\$ (46,196)</b>
<b>Total Primary Government</b>	<b>\$ 6,760,495</b>	<b>\$ 9,411,288</b>	<b>\$ 7,169,638</b>	<b>\$ 2,241,650</b>

### **Other Statistical Information**

## Net Position by Component

Last Ten Fiscal Years

*(accrual basis of accounting)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 6,426,911	\$ 6,879,703	\$ 6,812,449	\$ 6,646,598	\$ 6,576,496	\$ 6,332,218	\$ 6,665,217	\$ 6,704,394	\$ 6,379,747	\$ 6,791,614
Restricted	110,491	110,688	108,489	108,919	72,721	73,090	73,162	73,178	73,432	73,432
Unrestricted	<u>1,886,857</u>	<u>1,552,399</u>	<u>1,298,911</u>	<u>1,589,401</u>	<u>1,938,793</u>	<u>2,154,421</u>	<u>2,184,677</u>	<u>2,822,939</u>	<u>2,768,064</u>	<u>3,101,382</u>
Total governmental activities net position	<u>\$ 8,424,259</u>	<u>\$ 8,542,790</u>	<u>\$ 8,219,849</u>	<u>\$ 8,344,918</u>	<u>\$ 8,588,010</u>	<u>\$ 8,559,729</u>	<u>\$ 8,923,056</u>	<u>\$ 9,600,511</u>	<u>\$ 9,221,243</u>	<u>\$ 9,966,428</u>
Business-type activities										
Net investment in capital assets	\$ 15,035,677	\$ 14,968,510	\$ 14,907,763	\$ 14,863,253	\$ 14,938,357	\$ 14,953,642	\$ 14,951,507	\$ 15,441,292	\$ 15,693,766	\$ 18,148,590
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>175,815</u>	<u>75,741</u>	<u>-127,184</u>	<u>(482,137)</u>	<u>(471,349)</u>	<u>(550,646)</u>	<u>(628,495)</u>	<u>(990,242)</u>	<u>(57,276)</u>	<u>(763,082)</u>
Total business-type activities net position	<u>\$ 15,211,492</u>	<u>\$ 15,044,251</u>	<u>\$ 14,780,579</u>	<u>\$ 14,381,116</u>	<u>\$ 14,467,008</u>	<u>\$ 14,402,996</u>	<u>\$ 14,323,012</u>	<u>\$ 14,451,050</u>	<u>\$ 15,636,490</u>	<u>\$ 17,385,508</u>
Primary government										
Net investment in capital assets	\$ 21,462,588	\$ 21,848,213	\$ 21,720,212	\$ 21,509,851	\$ 21,514,853	\$ 21,285,860	\$ 21,616,724	\$ 22,145,686	\$ 22,073,513	\$ 24,940,204
Restricted	110,491	110,688	108,489	108,919	72,721	73,090	73,162	73,178	73,432	73,432
Unrestricted	<u>2,062,672</u>	<u>1,628,140</u>	<u>1,171,727</u>	<u>1,107,264</u>	<u>1,467,444</u>	<u>1,603,775</u>	<u>1,556,182</u>	<u>1,832,697</u>	<u>2,710,788</u>	<u>2,338,300</u>
Total primary government net position	<u>\$ 23,635,751</u>	<u>\$ 23,587,041</u>	<u>\$ 23,000,428</u>	<u>\$ 22,726,034</u>	<u>\$ 23,055,018</u>	<u>\$ 22,962,725</u>	<u>\$ 23,246,068</u>	<u>\$ 24,051,561</u>	<u>\$ 24,857,733</u>	<u>\$ 27,351,936</u>
Component unit - Industrial Development Authority (1)										
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,740	\$ 3,460	\$ 78,640	\$ 227,530
Total component unit net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,740</u>	<u>\$ 3,460</u>	<u>\$ 78,640</u>	<u>\$ 227,530</u>

(1) The Industrial Development Authority became a component unit in 2021.

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Primary government:										
Governmental activities:										
General government administration	\$ 856,706	\$ 979,006	\$ 875,454	\$ 1,107,261	\$ 897,957	\$ 1,086,760	\$ 1,047,960	\$ 1,058,145	\$ 1,236,863	\$ 1,330,279
Public safety	1,552,517	1,639,762	1,527,727	1,554,318	1,606,968	1,716,475	1,882,357	1,579,813	1,931,250	1,790,364
Public works	2,228,490	1,979,808	2,653,300	2,743,120	2,147,876	2,261,178	2,133,392	1,772,407	2,558,074	2,952,564
Parks, recreation and cultural	58,421	50,109	47,917	50,018	82,372	64,607	61,753	53,159	57,851	44,848
Community development	246,980	343,595	355,813	355,054	377,524	360,272	375,749	393,544	286,373	325,628
Interest on long-term debt	61,723	56,142	51,715	49,495	44,416	39,421	31,646	26,640	11,673	4,614
Total governmental activities expenses	\$ 5,004,837	\$ 5,048,422	\$ 5,511,926	\$ 5,859,266	\$ 5,157,113	\$ 5,528,713	\$ 5,532,857	\$ 4,883,708	\$ 6,082,084	\$ 6,448,297
Business-type activities:										
Water	\$ 1,561,035	\$ 1,414,969	\$ 1,511,899	\$ 1,596,581	\$ 1,450,047	\$ 1,520,511	\$ 1,531,367	\$ 1,547,437	\$ 1,739,659	\$ 1,860,712
Sewer	1,823,607	1,869,725	1,837,446	1,787,301	1,833,551	1,843,391	1,967,912	2,415,819	1,757,355	2,223,756
Total business-type activities expenses	\$ 3,384,642	\$ 3,284,694	\$ 3,349,345	\$ 3,383,882	\$ 3,283,598	\$ 3,363,902	\$ 3,499,279	\$ 3,963,256	\$ 3,497,014	\$ 4,084,468
Total primary government expenses	\$ 8,389,479	\$ 8,333,116	\$ 8,861,271	\$ 9,243,148	\$ 8,440,711	\$ 8,892,615	\$ 9,032,136	\$ 8,846,964	\$ 9,579,098	\$ 10,532,765
Component unit:										
Industrial Development Authority (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,260	\$ 17,280	\$ -	\$ -
Total component unit expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,260	\$ 17,280	\$ -	\$ -
<b>Program Revenues</b>										
Primary government:										
Governmental activities:										
Charges for services:										
General government administration	\$ 309,120	\$ 315,072	\$ 317,016	\$ 325,716	\$ 332,820	\$ 339,677	\$ 345,862	\$ 365,674	\$ 393,464	\$ 422,296
Public safety	66,913	62,056	84,083	75,938	92,549	112,562	94,629	102,013	91,707	113,086
Public works	94,358	82,964	172,940	163,491	192,994	181,578	169,316	182,741	189,162	181,372
Parks, recreation and cultural	-	-	-	-	-	-	-	3,548	3,150	-
Community development	3,300	2,430	1,775	3,010	1,263	9,250	4,675	2,460	5,925	6,337
Operating grants and contributions	1,551,123	1,074,655	1,257,792	2,228,546	1,348,307	1,381,427	2,664,282	1,182,997	1,335,761	-
Capital grants and contributions	1,394,645	335,279	-	-	-	-	-	-	-	1,515,560
Total governmental activities program revenues	\$ 3,419,459	\$ 1,872,456	\$ 1,833,606	\$ 2,796,701	\$ 1,967,933	\$ 2,024,494	\$ 3,278,764	\$ 1,839,433	\$ 2,019,169	\$ 2,238,651
Business-type activities:										
Charges for services:										
Water	\$ 1,298,513	\$ 1,313,480	\$ 1,174,447	\$ 1,252,490	\$ 1,301,768	\$ 1,280,293	\$ 1,365,871	\$ 1,407,361	\$ 1,384,103	\$ 1,479,414
Sewer	1,632,961	1,640,701	1,640,330	1,675,269	1,669,355	1,724,398	1,719,924	1,776,346	1,742,414	1,883,397
Capital grants and contributions	7,500	71,149	207,644	18,330	40,564	79,247	152,693	700,091	699,016	2,537,124
Total business-type activities program revenues	\$ 2,938,974	\$ 3,025,330	\$ 3,022,421	\$ 2,946,089	\$ 3,011,687	\$ 3,083,938	\$ 3,238,488	\$ 3,883,798	\$ 3,825,533	\$ 5,899,935
Total primary government program revenues	\$ 6,358,433	\$ 4,897,786	\$ 4,856,027	\$ 5,742,790	\$ 4,979,620	\$ 5,108,432	\$ 6,517,252	\$ 5,723,231	\$ 5,844,702	\$ 8,138,586
Component unit:										
Industrial Development Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 150,444
Total component unit revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 150,444
<b>Net (expense) / revenue</b>										
Primary government:										
Governmental activities	\$ (1,585,378)	\$ (3,175,966)	\$ (3,678,320)	\$ (3,062,565)	\$ (3,189,180)	\$ (3,504,219)	\$ (2,254,093)	\$ (3,044,275)	\$ (4,062,915)	\$ (4,209,646)
Business-type activities	(445,668)	(259,364)	(326,924)	(437,793)	(271,911)	(279,964)	(260,791)	(79,458)	328,519	1,815,467
Total primary government net (expense)/ revenue	\$ (2,031,046)	\$ (3,435,330)	\$ (4,005,244)	\$ (3,500,358)	\$ (3,461,091)	\$ (3,784,183)	\$ (2,514,884)	\$ (3,123,733)	\$ (3,734,396)	\$ (2,394,179)
Component unit:										
Industrial Development Authority (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (829,260)	\$ (17,280)	\$ 75,000	\$ 150,444
Total component unit net (expense)/ revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (829,260)	\$ (17,280)	\$ 75,000	\$ 150,444

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Revenues and Other Changes in Net Position</b>										
Primary government:										
Governmental activities:										
Taxes:										
Property taxes	\$ 759,925	\$ 728,639	\$ 878,002	\$ 869,356	\$ 872,952	\$ 913,444	\$ 805,289	\$ 873,213	\$ 899,564	\$ 904,190
Local sales and use taxes	241,507	197,533	225,086	229,204	231,072	252,390	301,318	350,017	388,158	332,558
Restaurant food taxes	1,096,455	1,152,548	1,164,425	1,199,380	1,289,772	1,249,067	1,288,825	1,480,589	1,666,050	1,847,240
Consumers' utility taxes	233,334	239,301	219,739	234,574	240,652	237,885	232,921	233,134	241,494	221,249
Other local taxes	639,211	525,518	500,846	593,302	512,307	478,824	493,379	506,897	503,477	499,642
Unrestricted grants and contributions	138,536	304,340	308,556	309,463	289,990	284,720	267,679	252,307	239,059	255,212
Unrestricted revenues from use of money and property	11,422	19,514	11,622	12,490	25,776	17,896	27,834	6,547	229,937	306,457
Miscellaneous	24,998	127,104	12,977	23,657	68,910	81,500	35,873	93,748	136,949	63,499
Gain (loss) on the disposal of assets	63,219	0	34,126	6,705	7,486	22,910	14,302	17,387	28,959	18,054
Transfers	-	-	-	-	-	(62,698)	(850,000)	-	(650,000)	507,150
Total governmental activities	\$ 3,208,607	\$ 3,294,497	\$ 3,355,379	\$ 3,478,131	\$ 3,538,917	\$ 3,475,938	\$ 2,617,420	\$ 3,813,839	\$ 3,683,647	\$ 4,955,251
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 1,572	\$ 1,688	\$ 1,618	\$ 3,250	\$ 5,789	\$ 3,981	\$ 778	\$ 410	\$ 18,180	\$ 109,325
Miscellaneous	149,277	90,435	61,634	60,737	245,369	149,273	180,029	207,086	188,741	331,376
Transfers	-	-	-	-	-	62,698	-	-	650,000	(507,150)
Total business-type activities	\$ 150,849	\$ 92,123	\$ 63,252	\$ 63,987	\$ 251,158	\$ 215,952	\$ 180,807	\$ 207,496	\$ 856,921	\$ (66,449)
Total primary government	\$ 3,359,456	\$ 3,386,620	\$ 3,418,631	\$ 3,542,118	\$ 3,790,075	\$ 3,691,890	\$ 2,798,227	\$ 4,021,335	\$ 4,540,568	\$ 4,888,802
Component unit:										
Industrial Development Authority (1)										
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000	\$ -	\$ -	\$ -
Total component unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Primary government:										
Governmental activities	\$ 32,641	\$ (383,823)	\$ 292,814	\$ 288,951	\$ 34,698	\$ 1,221,845	\$ (426,855)	\$ 3,813,839	\$ (379,268)	\$ 745,605
Business-type activities	(108,515)	(234,801)	(374,541)	(207,924)	(28,806)	(44,839)	101,349	207,496	1,185,440	1,749,018
Total primary government	\$ (75,874)	\$ (618,624)	\$ (81,727)	\$ 81,027	\$ 5,892	\$ 1,177,006	\$ (325,506)	\$ 4,021,335	\$ 806,172	\$ 2,494,623
Component unit:										
Industrial Development Authority (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (829,260)	\$ 832,720	\$ -	\$ 75,000	\$ 150,444
Total component unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (829,260)	\$ 832,720	\$ -	\$ 75,000	\$ 150,444

(1) The Industrial Development Authority became a component unit in 2021.

Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales and Use Tax</b>	<b>Consumers' Utility Tax</b>	<b>Restaurant Food Tax</b>	<b>Other Local Taxes</b>	<b>Total</b>
2024	\$ 904,190	\$ 332,558	\$ 221,249	\$ 1,847,240	\$ 499,642	\$ 3,804,879
2023	899,564	388,158	241,494	1,666,050	503,477	3,698,743
2022	873,213	350,017	233,134	1,480,589	506,897	3,443,850
2021	848,472	301,318	232,921	1,288,825	493,379	3,164,915
2020	913,444	252,390	237,885	1,249,067	478,824	3,131,610
2019	872,952	231,072	240,652	1,289,772	512,307	3,146,755
2018	869,356	229,204	234,574	1,199,380	593,302	3,125,816
2017	878,002	225,086	219,739	1,164,425	500,846	2,988,098
2016	729,128	197,533	239,301	1,152,548	525,518	2,844,028
2015	759,925	241,507	233,334	1,096,455	463,045	2,794,266



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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund										
Nonspendable	\$ 9,862	\$ 14,294	\$ 37,151	\$ 34,349	\$ 30,917	\$ 32,479	\$ 26,170	\$ 33,625	\$ (212,300)	\$ (192,678)
Restricted	2,392	2,392	-	-	-	-	-	-	-	-
Unassigned	<u>2,823,770</u>	<u>2,933,891</u>	<u>2,707,406</u>	<u>3,503,942</u>	<u>3,810,970</u>	<u>4,035,551</u>	<u>4,399,122</u>	<u>4,601,538</u>	<u>5,028,393</u>	<u>5,050,030</u>
Total general fund	<u>\$ 2,836,024</u>	<u>\$ 2,950,577</u>	<u>\$ 2,744,557</u>	<u>\$ 3,538,291</u>	<u>\$ 3,841,887</u>	<u>\$ 4,068,030</u>	<u>\$ 4,425,292</u>	<u>\$ 4,635,163</u>	<u>\$ 4,816,093</u>	<u>\$ 4,857,352</u>
All other governmental funds										
Restricted										
Taylor park fund	\$ 108,099	\$ 108,296	\$ 108,489	\$ 108,919	\$ 72,721	\$ 73,090	\$ 73,162	\$ 73,178	\$ 73,432	\$ 73,852
Assigned										
Capital projects fund	98,029	-	-	-	-	-	-	-	-	-
Unassigned (deficit)										
Capital projects fund	-	(5,573)	(33,032)	(61,238)	(45,421)	(48,563)	(47,981)	(19,546)	1,934	3,963
Total all other governmental funds	<u>\$ 206,128</u>	<u>\$ 102,723</u>	<u>\$ 75,457</u>	<u>\$ 47,681</u>	<u>\$ 27,300</u>	<u>\$ 24,527</u>	<u>\$ 25,181</u>	<u>\$ 53,632</u>	<u>\$ 75,366</u>	<u>\$ 77,815</u>
Total fund balance, governmental funds	<u>\$ 3,042,152</u>	<u>\$ 3,053,300</u>	<u>\$ 2,820,014</u>	<u>\$ 3,585,972</u>	<u>\$ 3,869,187</u>	<u>\$ 4,092,557</u>	<u>\$ 4,450,473</u>	<u>\$ 4,688,795</u>	<u>\$ 4,891,459</u>	<u>\$ 4,935,167</u>

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
General property taxes	\$ 731,855	\$ 729,128	\$ 836,044	\$ 875,217	\$ 882,249	\$ 839,730	\$ 848,472	\$ 888,713	\$ 909,236	\$ 904,190
Other local taxes	2,034,341	2,114,900	2,110,096	2,256,460	2,273,803	2,218,166	2,316,443	2,570,637	2,799,179	2,900,689
Permits, privilege fees and regulatory licenses	3,300	2,430	1,775	3,010	1,263	9,250	4,675	1,875	5,015	6,337
Fines and forfeitures	66,913	62,056	84,083	75,938	92,549	112,562	94,629	102,013	91,707	113,086
Revenue from use of money and property	11,422	10,079	11,622	12,490	25,776	17,896	27,834	24,196	246,258	319,803
Charges for services	94,358	82,964	172,940	163,491	192,994	181,578	169,316	181,116	186,322	181,372
Miscellaneous	32,952	148,468	47,104	30,361	76,396	104,410	50,175	111,135	165,908	81,553
Recovered costs	149,332	23,758	59,928	26,448	61,055	12,301	24,985	24,616	95,245	15,066
Revenue from internal sources	309,120	315,072	317,016	325,716	332,820	339,677	345,862	353,783	384,043	413,328
Intergovernmental revenues:										
Local government	-	-	-	-	-	-	-	17,280	-	-
Commonwealth	1,865,825	1,374,592	1,566,348	2,538,009	1,532,605	1,626,085	1,401,939	1,418,024	1,574,820	1,691,424
Federal	1,394,645	339,682	-	-	105,692	40,062	1,530,022	-	-	79,348
Total revenues	\$ 6,694,063	\$ 5,203,129	\$ 5,206,956	\$ 6,307,140	\$ 5,577,202	\$ 5,501,717	\$ 6,814,352	\$ 5,693,388	\$ 6,457,733	\$ 6,706,196
<b>Expenditures</b>										
General government administration	\$ 675,657	\$ 759,721	\$ 687,550	\$ 719,645	\$ 726,049	\$ 718,885	\$ 774,853	\$ 879,460	\$ 840,008	\$ 1,023,579
Public safety	1,485,085	1,394,255	1,453,981	1,575,768	1,537,340	1,559,848	1,720,515	1,677,178	1,744,704	1,896,820
Public works	2,040,264	1,629,591	1,688,096	1,613,496	1,611,253	1,610,575	1,685,359	1,649,971	2,018,580	2,198,796
Parks, recreation and cultural	28,721	21,629	26,623	28,724	61,078	30,889	30,005	31,865	35,057	40,439
Community development	160,680	110,555	120,146	121,418	133,296	119,082	130,452	147,684	202,548	212,598
Non-departmental	202,871	213,362	214,299	217,970	216,580	292,849	219,749	259,126	335,976	308,220
Capital projects	2,553,360	870,320	1,055,138	1,016,859	725,353	580,860	888,303	558,759	269,991	1,334,065
Debt service										
Principal	233,598	162,127	167,402	223,086	156,762	285,896	143,350	148,050	150,400	150,400
Interest and other fiscal charges	33,299	30,421	27,007	24,216	19,631	16,765	13,850	10,864	7,805	4,721
Total expenditures	\$ 7,413,535	\$ 5,191,981	\$ 5,440,242	\$ 5,541,182	\$ 5,187,342	\$ 5,215,649	\$ 5,606,436	\$ 5,362,957	\$ 5,605,069	\$ 7,169,638
Excess of revenues over (under) expenditures	\$ (719,472)	\$ 11,148	\$ (233,286)	\$ 765,958	\$ 389,860	\$ 286,068	\$ 1,207,916	\$ 330,431	\$ 852,664	\$ (463,442)
Other financing sources (uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,921	\$ -	\$ 507,150
Transfers out	-	-	-	-	(106,645)	(62,698)	(850,000)	(41,921)	(650,000)	-
Issuance of leases	135,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 135,000	\$ -	\$ -	\$ -	\$ (106,645)	\$ (62,698)	\$ (850,000)	\$ -	\$ (650,000)	\$ 507,150
Net change in fund balances	\$ (584,472)	\$ 11,148	\$ (233,286)	\$ 765,958	\$ 283,215	\$ 223,370	\$ 357,916	\$ 330,431	\$ 202,664	\$ 43,708
Debt service as a percentage of noncapital expenditures	6.08%	4.92%	4.89%	6.09%	4.34%	7.49%	3.62%	3.62%	3.27%	2.89%

General Governmental Revenues by Source (1) (2)  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege fees, and Regulatory Licenses	Fines and Forfeitures	Revenue from Use of Money and Property	Charges for Services	Recovered Costs	Miscellaneous (2)	Inter-governmental	Total
2024	\$ 904,190	\$ 2,900,689	\$ 6,337	\$ 113,086	\$ 319,803	\$ 181,372	\$ 15,066	\$ 81,553	\$ 1,770,772	\$ 6,292,868
2023	909,236	2,799,179	5,015	91,707	246,258	186,322	95,245	165,908	1,574,820	6,073,690
2022	888,713	2,570,637	1,875	102,013	24,196	181,116	24,616	111,135	1,435,304	5,339,605
2021	848,472	2,316,443	4,675	94,629	27,834	169,316	24,985	50,175	2,931,961	6,468,490
2020	839,730	2,218,166	9,250	112,562	17,896	181,578	12,301	104,410	1,666,147	5,162,040
2019	882,249	2,273,803	1,263	92,549	25,776	192,994	61,055	76,396	1,638,297	5,244,382
2018	875,217	2,256,460	3,010	75,938	12,490	163,491	26,448	30,361	2,538,009	5,981,424
2017	836,044	2,110,096	1,775	84,083	11,622	172,940	59,928	47,104	1,566,348	4,889,940
2016	729,128	2,114,900	2,430	62,056	10,079	82,964	23,758	148,468	1,714,274	4,888,057
2015	731,855	2,034,341	3,300	66,913	11,422	94,358	149,332	32,952	3,260,470	6,384,943

NOTE: (1) Includes General, Capital Projects, and Special Revenue Funds  
 (2) Excludes revenue from internal sources

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

Fiscal Year		Real Estate	Personal Property	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2024	\$	412,677,540	\$ 58,018,766	\$ 14,633,738	\$ 485,330,044	\$ 485,330,044	100.00%
2023		406,722,575	56,199,993	15,182,618	478,105,186	478,105,186	100.00%
2022		403,438,450	44,926,864	17,704,480	466,069,794	466,069,794	100.00%
2021		402,206,968	42,020,061	19,446,129	463,673,158	463,673,158	100.00%
2020		403,082,247	45,409,042	18,114,430	466,605,719	466,605,719	100.00%
2019		361,909,632	45,400,564	18,903,683	426,213,879	426,213,879	100.00%
2018		360,859,679	40,060,080	18,951,844	419,871,603	419,871,603	100.00%
2017		360,271,230	35,671,613	17,808,609	413,751,452	413,751,452	100.00%
2016		356,080,893	34,424,008	17,186,324	407,691,225	407,691,225	100.00%
2015		359,771,020	34,309,280	13,566,760	407,647,060	407,647,060	100.00%

Source: Commissioner of Revenue of Orange County

## Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Machinery and Tools	Public Service RE/PP	Mobile Home
2024	\$ .157/.157	\$ 0.620	\$ 0.066	\$ .157/.620	\$ 0.157
2023	.157/.157	0.620	0.066	.157/.620	0.157
2022	.157/.157	0.830	0.066	.157/.830	0.157
2021	.157/.157	0.830	0.066	.157/.830	0.157
2020	.175/.157	0.830	0.066	.175/.830	0.175
2019	.175/.175	0.830	0.066	.175/.830	0.175
2018	.175/.175	0.830	0.066	.175/.830	0.175
2017	.155/.175	0.830	0.066	.155/.830	0.155
2016	.155/.155	0.830	0.066	.155/.830	0.155
2015	.155/.155	0.830	0.066	.155/.830	0.155

(1) Per \$100 of assessed value

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total(1) Tax Levy</u>	<u>Current Tax(1) Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2023-24	\$ 983,211	\$ 956,690	97.30%	\$ 37,115	\$ 993,805	101.08%	\$ 58,665	5.97%
2022-23	961,107	956,724	99.54%	48,723	1,005,447	104.61%	58,212	6.06%
2021-22	959,671	941,898	98.15%	26,064	967,962	100.86%	77,084	8.03%
2020-21	941,534	903,039	95.91%	58,119	961,158	102.08%	74,806	7.95%
2019-20	967,555	919,560	95.04%	37,539	957,099	98.92%	46,559	4.81%
2018-19	970,558	915,070	94.28%	25,728	940,798	96.93%	58,648	6.04%
2017-18	950,348	938,912	98.80%	19,551	958,463	100.85%	36,377	3.83%
2016-17	873,536	845,956	96.84%	6,973	852,929	97.64%	64,014	7.33%
2015-16	822,344	796,864	96.90%	25,754	822,618	100.03%	22,286	2.71%
2014-15	823,502	810,895	98.47%	10,576	821,471	99.75%	24,404	2.96%

(1) Includes Commonwealth's PPTRA reimbursement

Source: Commissioner of Revenue, County of Orange and Town Treasurer's office

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

Fiscal Year	Population	Assessed Value (In Thousands) (2)	Gross General Obligation Debt (1)	Debt Payable from Enterprise Revenues (1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt per Capita
2024	5,079	\$ 485,330	\$ 1,340,000	\$ 1,184,900	\$ 155,100	0.03%	\$ 31
2023	5,073	478,105	1,750,000	1,444,500	305,500	0.06%	60
2022	5,067	466,070	2,160,000	1,704,100	455,900	0.10%	90
2021	5,061	463,673	2,565,000	1,961,050	603,950	0.13%	119
2020	5,055	466,606	2,950,000	2,202,700	747,300	0.16%	148
2019	5,049	426,214	3,330,000	2,441,700	888,300	0.21%	176
2018	5,044	419,872	3,704,999	2,678,049	1,026,950	0.24%	204
2017	4,988	413,751	4,074,999	2,911,749	1,163,250	0.28%	233
2016	4,947	407,691	4,429,999	3,132,799	1,297,200	0.32%	262
2015	4,902	407,647	4,774,999	3,348,549	1,426,450	0.35%	291

(1) Includes all long-term general obligation bonded debt, and excludes revenue bonds, leases, and compensated absences.

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

## **Compliance**





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

---

**To the Honorable Members of the Town Council  
Town of Orange, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund, of Town of Orange, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Orange, Virginia's basic financial statements, and have issued our report thereon dated November 13, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Orange, 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 Orange, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Orange, 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 Orange, 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*

Charlottesville, Virginia

November 13, 2024



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

---

**To the Honorable Members of the Town Council  
Town of Orange, Virginia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Orange, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Orange, Virginia's major federal programs for the year ended June 30, 2024. The Town of Orange, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Orange, Virginia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Town of Orange, 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 Orange, 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 Orange, 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 Orange, 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 Orange, 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 Orange, 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 Orange, 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 Orange, 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.

## Report on Internal Control over Compliance: (Continued)

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

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 13, 2024

**TOWN OF ORANGE, VIRGINIA**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

<b>Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Justice: Pass Through Payments: Department of Criminal Justice Services: Edward Byrne Memorial Justice Assistance Grant Program	16.738	n/a	\$ 3,339
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Highway Planning and Construction	20.205	n/a	6,009
Department of Treasury: Direct Payments COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	875,175
Pass Through Payments: Department of Criminal Justice Services: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	70,000
Virginia Department of Health: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	<u>1,543,310</u>
Total Expenditures of Federal Awards			\$ <u><u>2,497,833</u></u>

## TOWN OF ORANGE, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

---

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Orange, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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 Orange, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the Town of Orange, Virginia.

#### Note 2 - Summary of Significant Account Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

#### Note 3 - Subrecipients

No awards were passed through to subrecipients.

#### Note 4 - De Minimis Cost Rate

The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

#### Note 5 - Relationship to Financial Statements

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

Primary government:

General fund	\$	79,348
Water fund		1,911,335
Sewer fund		<u>507,150</u>

Total federal expenditures per basic financial statements	\$	<u><u>2,497,833</u></u>
---	----	-------------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>2,497,833</u></u>
---	----	-------------------------

## TOWN OF ORANGE, VIRGINIA

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2024

---

#### **Section I - Summary of Auditors' Results**

##### **Financial Statements**

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

##### **Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Identification of major programs:	
Assistance	
Listing #	<u>Name of Federal Program or Cluster</u>
20.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

#### **Section II - Financial Statement Findings**

There are no financial statement findings to report.

#### **Section III - Federal Award Findings and Questioned Costs**

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

#### **Section IV - Prior Year Findings**

There are no findings from the prior year.