



TOWN OF LURAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

TOWN OF LURAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

COUNCIL

Jerry Dofflemyer, Mayor

Stephanie Lillard

Ligon Webb

Ron Vickers

Jason Petit

Jerry Schiro

Joey Sours

OFFICIALS

Steven Burke Town Manager

Mary Broyles Clerk-Treasurer

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

Danielle Babb Clerk of Council

**TOWN OF LURAY, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Luray, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Town of Luray, Virginia, as of June 30, 2021, 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.

Other Matters

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 progress on pages 4-8, 65-66, and 67-78, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Luray, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are 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. Such 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 financials statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of Town of Luray, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Luray, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Luray, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2021

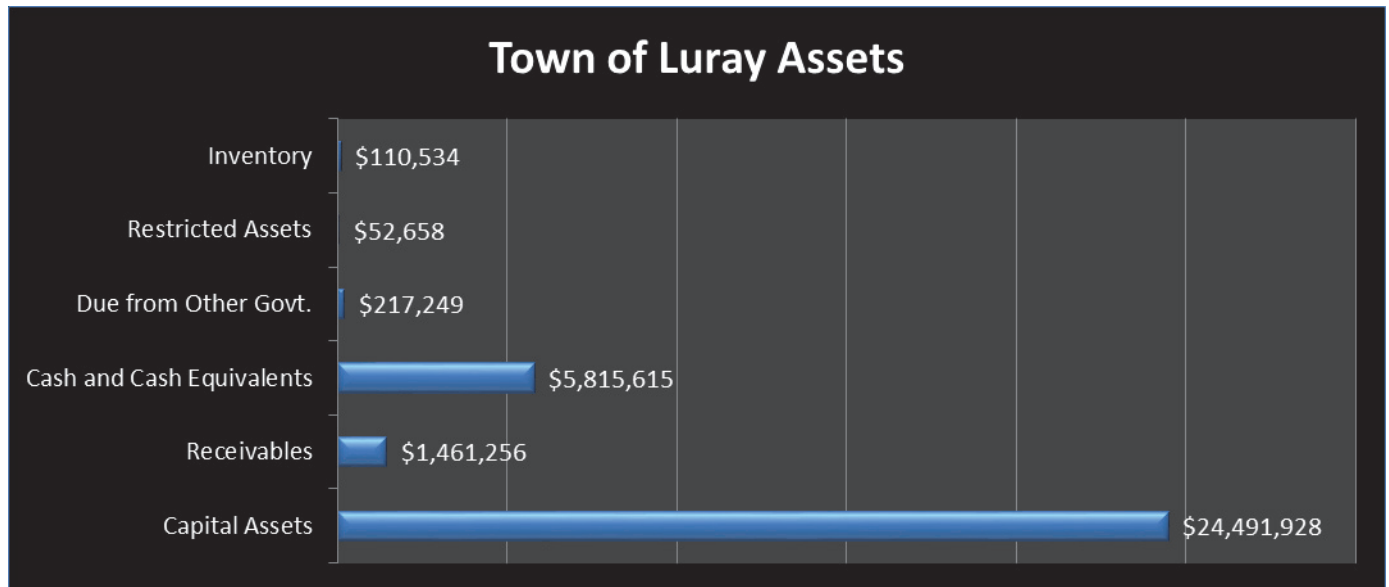
**MANAGEMENT'S DISCUSSION AND ANALYSIS
Town of Luray Annual Audit Report**

Fiscal Year Ending June 30, 2021

We are pleased to present the Annual Audit Report for the Town of Luray's fiscal year ending June 30, 2021. The audit was conducted by Robinson, Farmer, Cox Associates, a certified public accounting firm in Staunton, Virginia. The firm has audited our financial records and prepared statements of the governmental activities, business type activities, and each major fund. The Town received an unmodified opinion on the financial statements based on the results of this audit. Additionally, the compliance tests performed by the firm disclosed no reportable instances of noncompliance. The following management discussion provides an overall review of the Town's financial activities for the fiscal year ending June 30, 2021. The intent of the discussion and analysis is to examine the Town's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the Town's performance.

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the fiscal year ending June 30, 2021 by \$17,531,150 (net position). Of this amount, \$1,611,258 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position has decreased by \$20,254 over last fiscal year's unrestricted balance of \$1,631,512.

Assets and deferred outflows of resources increased by \$2,915,179 over the previous budget year. Assets and deferred outflows of resources totaled \$33,805,939 on June 30, 2021, while liabilities and deferred inflows only \$16,274,789. As you will note on the adjacent chart the largest assets are held in capital assets, this category includes land, buildings, improvements, etc.



At June 30, 2021, the Town's general fund balance is \$2,385,261. This is an increase of \$529,287 over last year's fund balance of \$1,855,974. At June 30, 2021, the fund balance available for spending at the Town of Luray's discretion amounted to \$2,319,567 (unassigned fund balance).

Luray's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents approximately 84 percent of total net position. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Land	\$ 982,315	\$ 1,079,110	\$ 149,704	\$ 149,704	\$ 1,132,019	\$ 1,228,814
Buildings and improvements	8,244,448	7,995,732	-	-	8,244,448	7,995,732
Infrastructure	11,170,028	11,170,028	-	-	11,170,028	11,170,028
Utility plant in service	-	-	34,811,442	35,019,848	34,811,442	35,019,848
Equipment	2,348,273	2,470,261	-	-	2,348,273	2,470,261
Construction in progress	43,843	89,032	37,800	126,600	81,643	215,632
Total	\$ 22,788,907	\$ 22,804,163	\$ 34,998,946	\$ 35,296,152	\$ 57,787,853	\$ 58,100,315
Accumulated depreciation	(11,699,137)	(12,165,404)	(20,614,309)	(21,442,983)	(32,313,446)	(33,608,387)
Net capital assets	\$ 11,089,770	\$ 10,638,759	\$ 14,384,637	\$ 13,853,169	\$ 25,474,407	\$ 24,491,928

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Current and other assets	\$ 2,894,759	\$ 6,087,765	\$ 1,795,639	\$ 1,587,939	\$ 4,690,398	\$ 7,675,704
Capital assets	11,089,770	10,638,759	14,384,637	13,853,169	25,474,407	24,491,928
Total assets	\$ 13,984,529	\$ 16,726,524	\$ 16,180,276	\$ 15,441,108	\$ 30,164,805	\$ 32,167,632
Deferred outflows of resources	\$ 505,494	\$ 1,126,753	\$ 220,461	\$ 511,554	\$ 725,955	\$ 1,638,307
Current and other liabilities	\$ 97,587	\$ 2,658,154	\$ 235,535	\$ 226,148	\$ 333,122	\$ 2,884,302
Long-term liabilities	2,454,190	3,279,739	9,186,357	9,175,696	11,640,547	12,455,435
Total liabilities	\$ 2,551,777	\$ 5,937,893	\$ 9,421,892	\$ 9,401,844	\$ 11,973,669	\$ 15,339,737
Deferred inflows of resources	\$ 995,593	\$ 911,772	\$ 101,488	\$ 23,280	\$ 1,097,081	\$ 935,052
Net investment in capital assets	\$ 10,245,382	\$ 9,896,991	\$ 5,864,942	\$ 5,824,119	\$ 16,110,324	\$ 15,721,110
Restricted (CDBG)	78,174	198,782	-	-	78,174	198,782
Unrestricted	619,097	907,839	1,012,415	703,419	1,631,512	1,611,258
Total net position	\$ 10,942,653	\$ 11,003,612	\$ 6,877,357	\$ 6,527,538	\$ 17,820,010	\$ 17,531,150

Liabilities and deferred inflows of resources total \$16,274,789 and are composed primarily of long term debt. The remainder of the liabilities include accounts payable, customer deposits, accrued interest, and unearned tax revenue. The Town is well below the legal margin of debt. This margin is established by computing the total assessed value of real estate within the Town. Ten percent of that total less the net debt applicable to limit is considered the legal margin of debt. On June 30, 2021, the total assessed value of real estate in the Town of Luray was \$472,316,500. The legal debt margin would therefore be \$38,681,402 (\$47,231,650 ten percent of assessed value less \$8,550,248 net debt). As the above information demonstrates, Luray is well below that margin.

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Revenues:						
Program revenues:						
Charges for services	\$ 330,453	\$ 343,585	\$ 3,040,294	\$ 2,882,751	\$ 3,370,747	\$ 3,226,336
Operating grants and contributions	155,531	187,324	-	-	155,531	187,324
Capital grants and contributions	1,182,631	1,361,119	14,975	10,260	1,182,631	1,361,119
General revenues:						
Property taxes	1,507,608	1,534,031	-	-	1,507,608	1,534,031
Other local taxes	1,930,413	2,368,018	-	-	1,930,413	2,368,018
Grants and contributions not restricted to specific programs	79,923	962,336	-	-	79,923	962,336
Unrestricted investment:						
Earnings	27,755	14,918	-	-	27,755	14,918
Other	49,694	79,992	-	96,071	49,694	176,063
Total revenues	<u>\$ 5,264,008</u>	<u>\$ 6,851,323</u>	<u>\$ 3,055,269</u>	<u>\$ 2,989,082</u>	<u>\$ 8,319,277</u>	<u>\$ 9,840,405</u>
Expenses:						
General government administration	\$ 655,328	\$ 786,639	-	-	\$ 655,328	\$ 786,639
Public safety	1,381,407	1,734,915	-	-	1,381,407	1,734,915
Public works	2,699,601	2,915,573	-	-	2,699,601	2,915,573
Health and welfare	16,279	16,869	-	-	16,279	16,869
Parks, recreation, and culture	1,016,460	1,086,787	-	-	1,016,460	1,086,787
Community development	35,244	221,621	-	-	35,244	221,621
Interest on long-term debt	39,582	27,960	-	-	39,582	27,960
Business-type activities	-	-	3,182,508	3,338,901	3,182,508	3,338,901
Total expenses	<u>\$ 5,843,901</u>	<u>\$ 6,790,364</u>	<u>\$ 3,182,508</u>	<u>\$ 3,338,901</u>	<u>\$ 9,026,409</u>	<u>\$ 10,129,265</u>
Change in net position	<u>\$ (579,893)</u>	<u>\$ 60,959</u>	<u>\$ (127,264)</u>	<u>\$ (349,819)</u>	<u>\$ (707,132)</u>	<u>\$ (288,860)</u>
Net position, beginning	11,522,546	10,942,653	7,004,612	6,877,357	18,527,158	17,820,010
Net position, ending	<u>\$ 10,942,653</u>	<u>\$ 11,003,612</u>	<u>\$ 6,877,348</u>	<u>\$ 6,527,538</u>	<u>\$ 17,820,001</u>	<u>\$ 17,531,150</u>

Overview of the Financial Statements

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

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

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

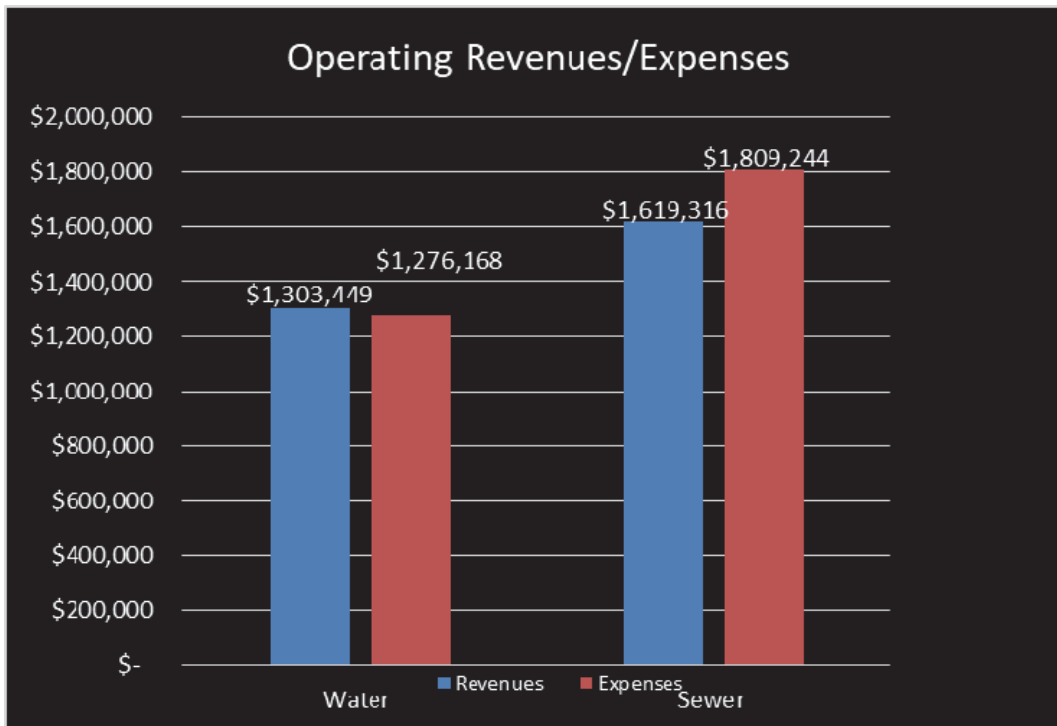
The Town's *net position* is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The preceding chart of Luray's assets provided a breakout of assets. At the end of the current fiscal year, the Town is able to report positive balances in all categories of *net position*, both for the Town as a whole and as well as for its separate governmental and business-type activities.

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

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

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

Such information may be useful in evaluating a government's near-term financing requirements. Governmental activities increased the Town's net position by \$60,959. Total spending in governmental funds was \$6,790,364.



Proprietary funds are the enterprise or business type funds. The Town uses enterprise funds to account for the water and sewer activities operated by the Town. The proprietary fund shows an operational loss of \$162,647. The water fund had an operational income of \$27,281 and the sewer funds an operational loss of \$189,928. Overall operating expenses show an increase of \$233,260 compared to the June 30, 2020 proprietary fund statements. Unrestricted net position of the water and sewer funds at the end of the fiscal year is \$703,419.

Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Since fiduciary funds report assets held in a trustee or agency capacity for others, these funds cannot be used to support the government's own programs. The Town has no fiduciary funds at this time.

Economic Factors in Next Year’s Budget

- The Town will continue to promote economic development through the Revolving Loan Program which was established as a part of the Community Development Block Grant. The purpose of the Revolving Loan Program is an ongoing effort to revitalize the downtown area.
- The Town will pursue upgrades at the Water Treatment Plant.
- The Town continues to work with VDOT to complete intersection improvements on West Main at Northcott and US211. This will be funded through state construction monies, smart scale funding, other state funds, and local funds.
- The Town will continue work on the West Main-Memorial Drive Improvement Project. Further work on this corridor will continue in the coming years. This is funded with VDOT Revenue Sharing and local funds.
- The Town anticipates the receipt of approximately \$5,000,000 in American Rescue Plan Act funding that will be invested in utility infrastructure and the community.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,757,166	\$ 1,058,449	\$ 5,815,615
Receivables (net of allowance for uncollectibles):			
Taxes receivable	782,851	-	782,851
Accounts receivable	186,906	466,258	653,164
Notes receivable	25,241	-	25,241
Due from other governmental units	217,249	-	217,249
Inventories	53,510	57,024	110,534
Prepaid expenses	12,184	6,208	18,392
Restricted:			
Cash and cash equivalents	52,658	-	52,658
Capital assets, net of accumulated depreciation:			
Land	1,079,110	149,704	1,228,814
Buildings and improvements	2,890,152	-	2,890,152
Land Improvements	325,619	-	325,619
Machinery and equipment	468,681	-	468,681
Infrastructure	5,786,165	-	5,786,165
Utility plant in service	-	13,576,865	13,576,865
Construction in progress	89,032	126,600	215,632
Total assets	<u>\$ 16,726,524</u>	<u>\$ 15,441,108</u>	<u>\$ 32,167,632</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ -	\$ 9,858	\$ 9,858
Pension related items	869,556	481,116	1,350,672
OPEB related items	257,197	20,580	277,777
Total deferred outflows of resources	<u>\$ 1,126,753</u>	<u>\$ 511,554</u>	<u>\$ 1,638,307</u>
LIABILITIES			
Accounts payable	\$ 99,868	\$ 34,447	\$ 134,315
Accrued liabilities	30,071	35,648	65,719
Retainage Payable	13,338	6,600	19,938
Customers' deposits	-	122,439	122,439
Accrued interest payable	281	27,014	27,295
Unearned revenue	2,514,596	-	2,514,596
Long-term liabilities:			
Due within one year	38,436	480,339	518,775
Due in more than one year	3,241,303	8,695,357	11,936,660
Total liabilities	<u>\$ 5,937,893</u>	<u>\$ 9,401,844</u>	<u>\$ 15,339,737</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 722,386	\$ -	\$ 722,386
Pension related items	28,836	10,126	38,962
OPEB related items	160,550	13,154	173,704
Total deferred inflows of resources	<u>\$ 911,772</u>	<u>\$ 23,280</u>	<u>\$ 935,052</u>
NET POSITION			
Net investment in capital assets	\$ 9,896,991	\$ 5,824,119	\$ 15,721,110
Restricted for:			
Community development block grant expenditures	198,782	-	198,782
Unrestricted	907,839	703,419	1,611,258
Total net position	<u>\$ 11,003,612</u>	<u>\$ 6,527,538</u>	<u>\$ 17,531,150</u>

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

Town of Luray, Virginia

Statement of Activities
 Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 786,639	\$ -	\$ -	\$ -
Public safety	1,734,915	13,304	175,529	-
Public works	2,915,573	278,958	-	1,219,898
Health and welfare	16,869	-	-	-
Parks, recreation, and cultural	1,086,787	51,323	7,295	-
Community development	221,621	-	4,500	141,221
Interest on long-term debt	27,960	-	-	-
Total governmental activities	<u>\$ 6,790,364</u>	<u>\$ 343,585</u>	<u>\$ 187,324</u>	<u>\$ 1,361,119</u>
Business-type activities:				
Water	\$ 1,477,818	\$ 1,303,132	\$ -	\$ 6,060
Sewer	1,861,083	1,579,619	-	4,200
Total business-type activities	<u>\$ 3,338,901</u>	<u>\$ 2,882,751</u>	<u>\$ -</u>	<u>\$ 10,260</u>
Total primary government	<u>\$ 10,129,265</u>	<u>\$ 3,226,336</u>	<u>\$ 187,324</u>	<u>\$ 1,371,379</u>

- General revenues:
- General property taxes
- Other local taxes:
- Local sales and use tax
- Consumers' utility tax
- Business licenses tax
- Restaurant food tax
- Cigarette Tax
- Transient Occupancy tax
- Bank stock tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning
- Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (786,639)	\$ -	\$ (786,639)
(1,546,082)	-	(1,546,082)
(1,416,717)	-	(1,416,717)
(16,869)	-	(16,869)
(1,028,169)	-	(1,028,169)
(75,900)	-	(75,900)
(27,960)	-	(27,960)
<u>\$ (4,898,336)</u>	<u>\$ -</u>	<u>\$ (4,898,336)</u>
\$ -	\$ (168,626)	\$ (168,626)
-	(277,264)	(277,264)
<u>\$ -</u>	<u>\$ (445,890)</u>	<u>\$ (445,890)</u>
<u>\$ (4,898,336)</u>	<u>\$ (445,890)</u>	<u>\$ (5,344,226)</u>
\$ 1,534,031	\$ -	\$ 1,534,031
258,464	-	258,464
128,913	-	128,913
361,863	-	361,863
769,956	-	769,956
143,224	-	143,224
233,044	-	233,044
353,862	-	353,862
118,692	-	118,692
14,918	-	14,918
136,049	40,014	176,063
962,336	-	962,336
(56,057)	56,057	-
<u>\$ 4,959,295</u>	<u>\$ 96,071</u>	<u>\$ 5,055,366</u>
\$ 60,959	\$ (349,819)	\$ (288,860)
10,942,653	6,877,357	17,820,010
<u>\$ 11,003,612</u>	<u>\$ 6,527,538</u>	<u>\$ 17,531,150</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Funds
 June 30, 2021

	Primary Government		
	General Fund	Special Revenue Fund CDBG	Total
ASSETS			
Cash and cash equivalents	\$ 4,757,166	\$ -	\$ 4,757,166
Receivables (net of allowance for uncollectibles):			
Taxes receivable	782,851	-	782,851
Accounts receivable	186,906	-	186,906
Notes receivable	-	25,241	25,241
Due from other governmental units	83,028	134,221	217,249
Inventories	53,510	-	53,510
Prepaid items	12,184	-	12,184
Restricted assets:			
Cash and cash equivalents	-	52,658	52,658
Total assets	<u>\$ 5,875,645</u>	<u>\$ 212,120</u>	<u>\$ 6,087,765</u>
LIABILITIES			
Accounts payable	\$ 99,868	\$ -	\$ 99,868
Accrued liabilities	30,071	-	30,071
Retainage payable	-	13,338	13,338
Unearned revenue	2,514,596	-	2,514,596
Total liabilities	<u>\$ 2,644,535</u>	<u>\$ 13,338</u>	<u>\$ 2,657,873</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 845,849	\$ -	\$ 845,849
Total deferred inflows of resources	<u>\$ 845,849</u>	<u>\$ -</u>	<u>\$ 845,849</u>
FUND BALANCES			
Nonspendable:			
Inventory	\$ 53,510	\$ -	\$ 53,510
Prepaid items	12,184	-	12,184
Restricted:			
Community development block grant fund	-	198,782	198,782
Unassigned	2,319,567	-	2,319,567
Total fund balances	<u>\$ 2,385,261</u>	<u>\$ 198,782</u>	<u>\$ 2,584,043</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,875,645</u>	<u>\$ 212,120</u>	<u>\$ 6,087,765</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,584,043	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	1,079,110	
Buildings and improvements		2,890,152	
Land Improvements		325,619	
Machinery and equipment		468,681	
Infrastructure		5,786,165	
Construction in progress		<u>89,032</u>	
			10,638,759
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the			
Unavailable revenue - property taxes	\$	<u>123,463</u>	
			123,463
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds			
Pension related items	\$	869,556	
OPEB related items		<u>257,197</u>	
			1,126,753
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Notes payable	\$	(741,768)	
Accrued interest		(281)	
Compensated absences		(149,411)	
Net pension liability		(1,728,413)	
Net OPEB liabilities		<u>(660,147)</u>	
			(3,280,020)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(28,836)	
OPEB related items		<u>(160,550)</u>	
			<u>(189,386)</u>
Net position of governmental activities	\$		<u><u>11,003,612</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2021

	Primary Government		
	General Fund	Special Revenue Fund CDBG	Total
REVENUES			
General property taxes	\$ 1,563,965	\$ -	\$ 1,563,965
Other local taxes	2,368,018	-	2,368,018
Permits, privilege fees, and regulatory licenses	10,594	-	10,594
Fines and forfeitures	13,304	-	13,304
Revenue from the use of money and property	14,918	-	14,918
Charges for services	319,687	-	319,687
Miscellaneous	209,049	-	209,049
Intergovernmental:			
Commonwealth	1,463,880	-	1,463,880
Federal	879,678	141,221	1,020,899
Total revenues	<u>\$ 6,843,093</u>	<u>\$ 141,221</u>	<u>\$ 6,984,314</u>
EXPENDITURES			
Current:			
General government administration	\$ 739,017	\$ -	\$ 739,017
Public safety	1,648,383	-	1,648,383
Public works	2,584,161	-	2,584,161
Health and welfare	16,869	-	16,869
Parks, recreation, and cultural	938,870	-	938,870
Community development	78,895	141,221	220,116
Debt service:			
Principal retirement	102,620	-	102,620
Interest and other fiscal charges	28,326	-	28,326
Total expenditures	<u>\$ 6,137,141</u>	<u>\$ 141,221</u>	<u>\$ 6,278,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 705,952</u>	<u>\$ -</u>	<u>\$ 705,952</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 120,608	\$ 120,608
Transfers out	(176,665)	-	(176,665)
Total other financing sources (uses)	<u>\$ (176,665)</u>	<u>\$ 120,608</u>	<u>\$ (56,057)</u>
Net change in fund balances	\$ 529,287	\$ 120,608	\$ 649,895
Fund balances beginning	1,855,974	78,174	1,934,148
Fund balances ending	<u>\$ 2,385,261</u>	<u>\$ 198,782</u>	<u>\$ 2,584,043</u>

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	649,895	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.			
Capital outlays	\$	401,301	
Depreciation expense		<u>(581,293)</u>	(179,992)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.			
Loss on disposal of assets			(271,019)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	\$	<u>(29,934)</u>	(29,934)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal repayments	\$	102,620	
Accrued interest		<u>366</u>	102,986
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences	\$	(4,593)	
Pension expense		(168,769)	
OPEB expense		<u>(37,615)</u>	<u>(210,977)</u>
Change in net position of governmental activities	\$		<u>60,959</u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2021

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 157,936	\$ 900,513	\$ 1,058,449
Accounts receivable, net of allowances for uncollectibles	221,298	244,960	466,258
Due from other funds	-	75,000	75,000
Inventories	51,325	5,699	57,024
Prepaid expenses	3,104	3,104	6,208
Total current assets	\$ 433,663	\$ 1,229,276	\$ 1,662,939
Noncurrent assets:			
Capital assets:			
Land	\$ 114,284	\$ 35,420	\$ 149,704
Construction in progress	-	126,600	126,600
Utility plant in service	10,071,628	24,948,220	35,019,848
Accumulated Depreciation	(5,272,986)	(16,169,997)	(21,442,983)
Net capital assets	\$ 4,912,926	\$ 8,940,243	\$ 13,853,169
Total noncurrent assets	\$ 4,912,926	\$ 8,940,243	\$ 13,853,169
Total assets	\$ 5,346,589	\$ 10,169,519	\$ 15,516,108
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 9,858	\$ -	\$ 9,858
Pension related items	217,167	263,949	481,116
OPEB related items	9,243	11,337	20,580
Total deferred outflows of resources	\$ 236,268	\$ 275,286	\$ 511,554
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 10,631	\$ 23,816	\$ 34,447
Retainage payable	-	6,600	6,600
Accrued liabilities	30,196	5,452	35,648
Customers' deposits	122,439	-	122,439
Accrued interest payable	11,712	15,302	27,014
Due to other funds	75,000	-	75,000
Bonds payable - current portion, net of original issue premium	51,094	326,097	377,191
Notes payable - current portion	92,866	10,282	103,148
Total current liabilities	\$ 393,938	\$ 387,549	\$ 781,487
Noncurrent liabilities:			
Bonds payable - net of current portion, net of original issue premium	\$ 528,507	\$ 2,029,078	\$ 2,557,585
Notes payable - net of current portion	4,629,256	365,128	4,994,384
Compensated absences	33,816	50,830	84,646
Net OPEB liabilities	54,257	66,511	120,768
Net pension liability	425,836	512,138	937,974
Total noncurrent liabilities	\$ 5,671,672	\$ 3,023,685	\$ 8,695,357
Total liabilities	\$ 6,065,610	\$ 3,411,234	\$ 9,476,844
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 4,551	\$ 5,575	\$ 10,126
OPEB related items	5,893	7,261	13,154
Total deferred inflows of resources	\$ 10,444	\$ 12,836	\$ 23,280
NET POSITION			
Net investment in capital assets	\$ (378,939)	\$ 6,203,058	\$ 5,824,119
Unrestricted	(114,258)	817,677	703,419
Total net position (deficit)	\$ (493,197)	\$ 7,020,735	\$ 6,527,538

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2021

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,303,132	\$ -	\$ 1,303,132
Sewer revenues	-	1,579,619	1,579,619
Miscellaneous	317	39,697	40,014
Total operating revenues	<u>\$ 1,303,449</u>	<u>\$ 1,619,316</u>	<u>\$ 2,922,765</u>
OPERATING EXPENSES			
Personnel services	\$ 381,096	\$ 491,289	\$ 872,385
Fringe benefits	253,778	275,044	528,822
Contractual services	13,655	15,210	28,865
Other supplies and expenses	53,008	19,592	72,600
Insurance claims and expense	14,000	22,000	36,000
Other charges	309,428	408,638	718,066
Depreciation	251,203	577,471	828,674
Total operating expenses	<u>\$ 1,276,168</u>	<u>\$ 1,809,244</u>	<u>\$ 3,085,412</u>
Operating income (loss)	<u>\$ 27,281</u>	<u>\$ (189,928)</u>	<u>\$ (162,647)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (201,650)	\$ (51,839)	\$ (253,489)
Total nonoperating revenues (expenses)	<u>\$ (201,650)</u>	<u>\$ (51,839)</u>	<u>\$ (253,489)</u>
Income (loss) before contributions	<u>\$ (174,369)</u>	<u>\$ (241,767)</u>	<u>\$ (416,136)</u>
Capital contributions and construction grants	6,060	4,200	10,260
Transfers in	192,806	30,874	223,680
Transfers out	-	(167,623)	(167,623)
Change in net position	<u>\$ 24,497</u>	<u>\$ (374,316)</u>	<u>\$ (349,819)</u>
Total net position - beginning	<u>(517,694)</u>	<u>7,395,051</u>	<u>6,877,357</u>
Total net position - ending	<u><u>\$ (493,197)</u></u>	<u><u>\$ 7,020,735</u></u>	<u><u>\$ 6,527,538</u></u>

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,280,163	\$ 1,623,215	\$ 2,903,378
Payments to suppliers	(405,931)	(461,762)	(867,693)
Payments to employees	(593,439)	(704,315)	(1,297,754)
Other receipts (payments)	317	-	317
Net cash provided by (used for) operating activities	<u>\$ 281,110</u>	<u>\$ 457,138</u>	<u>\$ 738,248</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ -	\$ (167,623)	\$ (167,623)
Transfers from other funds	192,806	30,874	223,680
Net cash provided by (used in) noncapital financing activities	<u>\$ 192,806</u>	<u>\$ (136,749)</u>	<u>\$ 56,057</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases to utility plant	\$ (82,104)	\$ (208,502)	\$ (290,606)
Principal payments on bonds and notes	(166,056)	(300,804)	(466,860)
Capital contributions	6,060	4,200	10,260
Bond premiums	(7,549)	(26,121)	(33,670)
Interest expense	(199,227)	(54,350)	(253,577)
Net cash provided by (used for) capital and related financing activities	<u>\$ (448,876)</u>	<u>\$ (585,577)</u>	<u>\$ (1,034,453)</u>
Net increase (decrease) in cash and cash equivalents	\$ 25,040	\$ (265,188)	\$ (240,148)
Cash and cash equivalents - beginning	132,896	1,165,701	1,298,597
Cash and cash equivalents - ending	<u>\$ 157,936</u>	<u>\$ 900,513</u>	<u>\$ 1,058,449</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 27,281	\$ (189,928)	\$ (162,647)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 251,203	\$ 577,471	\$ 828,674
(Increase) decrease in accounts receivable	(25,898)	3,899	(21,999)
(Increase) decrease in inventories	(5,737)	(404)	(6,141)
(Increase) decrease in prepaid expenses	(2,154)	(2,154)	(4,308)
(Increase) decrease in deferred outflows of resources	(127,507)	(158,903)	(286,410)
Increase (decrease) in customer deposits	2,929	-	2,929
Increase (decrease) in accounts payable	(7,949)	6,236	(1,713)
Increase (decrease) in net OPEB liabilities	493	4,005	4,498
Increase (decrease) in accrued liabilities	(13,433)	(397)	(13,830)
Increase (decrease) in compensated absences	(1,133)	880	(253)
Increase (decrease) in net pension liability	218,780	266,844	485,624
Increase (decrease) in deferred inflows of resources	(35,765)	(50,411)	(86,176)
Total adjustments	<u>\$ 253,829</u>	<u>\$ 647,066</u>	<u>\$ 900,895</u>
Net cash provided by (used for) operating activities	<u>\$ 281,110</u>	<u>\$ 457,138</u>	<u>\$ 738,248</u>

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

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial reporting entity

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

Blended Component Units - The Town has no blended component units for the fiscal year ended June 30, 2021.

Discretely Presented Component Units - The Town has no discretely presented component units for the fiscal year ended June 30, 2021.

Jointly Governed Organizations - The Luray-Page County Airport Authority operates the Luray Caverns Airport. There are five authority members in total. Two members are appointed by the Town, two are appointed by the County of Page, Virginia, and one at-large member is appointed jointly. The Town does have the ability to impose its will on the Airport Authority through its appointments of members, approval of budgets, and its ability to modify the decisions of the authority. However, the Town does not retain an ongoing financial interest or an ongoing financial responsibility in the Authority. The day-to-day activity of the airport is overseen by the authority. The Town contributes to the insurance expense of the authority on an annual basis, but overall this amount is immaterial to the financial statements of the Town. In fiscal year 2011, the Town incurred a moral obligation in the amount of \$836,300 to repay USDA debt. The debt was issued to the Economic Development Authority of Page County, Virginia for the benefit of the Luray-Page County Airport Authority.

B. Government-wide and fund financial statements

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

Statement of Net Position – The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of “using up” capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

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

C. Budgetary comparison schedules

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

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

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

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

1. Cash and cash equivalents

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

2. Receivables and payables

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

3. Inventory

Inventory is valued using the *first in, first out* method.

4. Property taxes

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

The taxes receivable balance at June 30, 2021 includes amounts not yet billed or received from the second half of the January 1, 2021 levy (due December 5, 2021). These items are included in unavailable revenue since these taxes are restricted for use until fiscal year 2022.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

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

5. Allowance for uncollectible accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$163,440 at June 30, 2021 and is composed of property taxes, refuse, and water and sewer accounts receivable. The portion of the allowance for property taxes in the amount of \$27,890 represents 1.81% of the total levies for the previous year. The portion of the allowance attributable to refuse and water and sewer represents 26.53% of the accounts receivable balance at June 30, 2021.

6. Use of estimates

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

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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 capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year.

Property, plant, and equipment and infrastructure of the primary government, is depreciated using the straight line method over the following estimated useful lives:

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

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

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

8. *Compensated absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences.

9. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

10. *Fund balance*

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;

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

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

10. Fund balance (continued)

- 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 general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned

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

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

11. Net position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation 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.

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

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

11. Net position (continued)

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

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

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Town has several 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 deferred charge on refunding as of June 30, 2021 amounted to \$9,858. The second item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and the net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

13. Pensions

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

14. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

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

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all Town units.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For the year ended June 30, 2021, the following departments had expenditures which exceeded appropriations:

<u>Fund</u>	<u>Function</u>	<u>Department</u>	<u>Excess of Expenditures over Appropriations</u>
General	Public works	Highways, streets, bridges and sidewalks	\$ 8,485
General	Public works	General properties	2,938
Total General Fund			<u>\$ 11,423</u>

C. Deficit fund equity

At June 30, 2021, the water fund had a net position deficit of (\$493,197).

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 3 – INTERFUND OBLIGATIONS:

Interfund receivables/payables are the net result of temporary overdrafts in the operating and payroll bank accounts of one fund which is offset by positive amounts in other funds. At June 30, 2021, interfund obligations were as follows:

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

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units at June 30, 2021, are as follows:

	Primary Government
<u>Commonwealth of Virginia:</u>	
Sales tax	\$ 72,760
Communications tax	8,872
Other noncategorical aid	1,396
<u>Federal Government:</u>	
Community development block grant	134,221
Total	<u>\$ 217,249</u>

NOTE 5 – CAPITAL ASSETS:

Governmental Activities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 982,315	\$ 96,795	\$ -	\$ 1,079,110
Construction in progress	43,843	70,892	(25,703)	89,032
Total capital assets not being depreciated	<u>\$ 1,026,158</u>	<u>\$ 167,687</u>	<u>\$ (25,703)</u>	<u>\$ 1,168,142</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,782,067	-	(338,773)	\$ 6,443,294
Land improvements	1,462,381	90,057	-	1,552,438
Infrastructure	11,170,028	-	-	11,170,028
Machinery and equipment	2,348,273	169,260	(47,272)	2,470,261
Total capital assets being depreciated	<u>\$ 21,762,749</u>	<u>\$ 259,317</u>	<u>\$ (386,045)</u>	<u>\$ 21,636,021</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,487,954)	(132,942)	67,754	\$ (3,553,142)
Land improvements	(1,172,744)	(54,075)	-	(1,226,819)
Infrastructure	(5,153,006)	(230,857)	-	(5,383,863)
Machinery and equipment	(1,885,433)	(163,419)	47,272	(2,001,580)
Total accumulated depreciation	<u>\$ (11,699,137)</u>	<u>\$ (581,293)</u>	<u>\$ 115,026</u>	<u>\$ (12,165,404)</u>
Capital assets being depreciated, net	<u>\$ 10,063,612</u>	<u>\$ (321,976)</u>	<u>\$ (271,019)</u>	<u>\$ 9,470,617</u>
Net capital assets	<u>\$ 11,089,770</u>	<u>\$ (154,289)</u>	<u>\$ (296,722)</u>	<u>\$ 10,638,759</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 5 – CAPITAL ASSETS: (CONTINUED)

Business-type Activities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Water Fund				
Capital assets not being depreciated:				
Land	\$ 114,284	\$ -	\$ -	\$ 114,284
Total capital assets not being depreciated	\$ 114,284	\$ -	\$ -	\$ 114,284
Capital assets being depreciated:				
Utility plant in service	\$ 9,989,524	\$ 82,104	\$ -	\$ 10,071,628
Accumulated depreciation	(5,021,783)	(251,203)	-	(5,272,986)
Capital assets being depreciated, net	\$ 4,967,741	\$ (169,099)	\$ -	\$ 4,798,642
Net capital assets	<u>\$ 5,082,025</u>	<u>\$ (169,099)</u>	<u>\$ -</u>	<u>\$ 4,912,926</u>
Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 35,420	\$ -	\$ -	\$ 35,420
Construction in progress (WWTP)	37,800	88,800	-	126,600
Total capital assets not being depreciated	\$ 73,220	\$ 88,800	\$ -	\$ 162,020
Capital assets being depreciated:				
Utility plant in service	\$ 24,821,918	\$ 126,302	\$ -	\$ 24,948,220
Accumulated depreciation	(15,592,526)	(577,471)	-	(16,169,997)
Capital assets being depreciated, net	\$ 9,229,392	\$ (451,169)	\$ -	\$ 8,778,223
Net capital assets	<u>\$ 9,302,612</u>	<u>\$ (362,369)</u>	<u>\$ -</u>	<u>\$ 8,940,243</u>

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

Governmental activities:	
General government administration	\$ 23,037
Public safety	58,760
Public works	389,474
Parks, recreation, and cultural	108,517
Community development	1,505
Total depreciation expense-governmental activities	<u>\$ 581,293</u>
Business-type activities:	
Water Fund	\$ 251,203
Sewer Fund	577,471
Total depreciation expense-business-type activities	<u>\$ 828,674</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS:

Primary Government—Governmental Activities:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2021.

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Direct Placements:				
Notes Payable	\$ 836,008	\$ -	\$ 94,240	\$ 741,768
Other Long-Term Obligations:				
Capital lease	\$ 8,380	\$ -	\$ 8,380	\$ -
Compensated Absences	144,818	4,593	-	149,411
Net OPEB Liability	634,731	342,876	317,460	660,147
Net Pension Liability	830,253	1,248,465	350,305	1,728,413
Total Other Long-Term Obligations	\$ 1,618,182	\$ 1,595,934	\$ 676,145	\$ 2,537,971
Total Long-Term Obligations	\$ 2,454,190	\$ 1,595,934	\$ 770,385	\$ 3,279,739

Details of Long-term Obligations:

	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:		
\$500,000 Rural Development Community Facilities Loan secured by Deed of Trust on real property located at 45 E. Main Street, Luray, Virginia dated September 13, 2002, bearing interest at 4.50% per annum. Note due in monthly installments of \$2,270 through June 2044.	\$ 393,764	\$ 10,282
\$131,158 General Obligation Note, Series 2019, issued on July 7, 2020 to refinance the existing General Obligation Note, Series 2015, bearing a 2.750% interest rate per annum. Note due in quarterly installments of \$7,049 through July 7, 2025.	103,004	28,154
\$327,000 General Obligation Note, Series 2014, issued on September 30, 2014 to finance real estate acquisition, bearing interest at 1.69%. Interest only payments are due quarterly and a final payment of all principal and interest will be due on September 30, 2024.	245,000	-
Subtotal Direct Borrowing and Direct Placements	\$ 741,768	\$ 38,436
Compensated Absences	\$ 149,411	\$ -
Net OPEB liabilities	660,147	-
Net Pension Liability	1,728,413	-
Total	\$ 3,279,739	\$ 38,436

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government—Governmental Activities: (Continued)

The Town’s outstanding general obligation notes from direct borrowings and direct placements related to governmental activities of \$741,768 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Town has pledged to secure the payment and performance of the Town’s obligations under the bonds with the Town’s right, title, and interest to all revenue collected by the Town. In addition, the Town note has pledged the Town Hall building on the Rural Development Community Facilities note in the event of default.

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 38,436	\$ 25,747
2023	38,909	24,501
2024	39,403	23,232
2025	275,308	17,273
2026	12,306	14,934
2027	12,872	14,368
2028	13,463	13,777
2029	14,081	13,159
2030	14,728	12,512
2031	15,405	11,835
2032	16,113	11,127
2033	16,853	10,387
2034	17,627	9,613
2035	18,437	8,803
2036	19,284	7,956
2037	20,170	7,070
2038	21,096	6,144
2039	22,065	5,175
2040	23,079	4,161
2041	24,139	3,101
2042	25,248	1,992
2043	30,756	831
2044	11,990	45
Total	<u>\$ 741,768</u>	<u>\$ 247,743</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Direct Borrowings and Direct Placements:				
General Obligation Bonds	\$ 3,078,584	\$ -	\$ 367,636	\$ 2,710,948
Unamortized Bond Premium	257,498	-	33,670	223,828
Notes Payable	5,196,756	-	99,224	5,097,532
Total Direct Borrowings and Direct Placements	<u>\$ 8,532,838</u>	<u>\$ -</u>	<u>\$ 500,530</u>	<u>\$ 8,032,308</u>
Other Long-Term Obligations:				
Compensated Absences	\$ 84,899	\$ -	\$ 253	\$ 84,646
Net OPEB Liabilities	116,270	29,480	24,982	120,768
Net Pension Liability	452,350	677,944	192,320	937,974
Total Other Long-Term Obligations	<u>\$ 653,519</u>	<u>\$ 707,424</u>	<u>\$ 217,555</u>	<u>\$ 1,143,388</u>
Total Long-Term Obligations	<u>\$ 9,186,357</u>	<u>\$ 707,424</u>	<u>\$ 718,085</u>	<u>\$ 9,175,696</u>

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Direct Placements:		
General obligations bonds:		
\$2,080,038 VRA Revolving Loan, issued June 18, 2009, bearing no interest. Semi-annual payments of \$52,000 to begin July 1, 2011 and are payable through July 1, 2030.	\$ 988,018	\$ 104,002
\$372,381 VRA Revolving Loan, issued June 7, 2004, bearing interest at 3.50% per annum. Semi-annual payments of \$13,303 to begin July 1, 2004 and are payable through July 1, 2023. The Town remitted the first payment prior to June 30, 2004.	62,930	24,519
\$1,530,000 VRA General Obligation Refunding Bond, Series 2012, issued August 2, 2012, bearing interest at 2.927% per annum, with principal and interest due semi-annually, with final maturity not later than October 1, 2029.	940,000	80,000
\$840,000 VRA General Obligation Refunding Bond, Series 2019B, issued August 14, 2019, bearing interest at 5.125% per annum, with principal and interest due semi-annually, with final maturity not later than April 1, 2026.	720,000	135,000
Total general obligation bonds	<u>\$ 2,710,948</u>	<u>\$ 343,521</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Direct Borrowings and Direct Placements (Continued):</u>		
Notes Payable:		
\$987,492 Rural Development Community Facilities Loan, secured by Deed of Trust on real property located at 45 E. Main Street, Luray, Virginia dated September 13, 2002 bearing interest at 4.50% per annum. Note due in monthly installments of \$4,540 through June 2043.	\$ 750,820	\$ 20,565
\$5,000,000 General Obligation Note, Series 2010, issued on November 17, 2010, bearing a 3.75% interest rate with an annual interest only payment due on November 17, 2011. Monthly payments of \$20,350 to begin on December 17, 2011 and are payable through November 17, 2050.	<u>4,346,712</u>	<u>82,583</u>
Total notes payable	\$ <u>5,097,532</u>	\$ <u>103,148</u>
Unamortized Bond Premium	\$ <u>223,828</u>	\$ <u>33,670</u>
Total direct borrowings and direct placements	\$ 5,321,360	\$ 136,818
Compensated Absences	84,646	-
Net OPEB Liabilities	120,768	-
Net Pension Liability	<u>937,974</u>	-
Total	\$ <u><u>9,175,696</u></u>	\$ <u><u>480,339</u></u>

The Town's outstanding notes and general obligation bonds from direct borrowings and direct placements related to business-type activities of \$5,321,360 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Town has pledged to secure the payment and performance of the Town's obligations under the general obligation bonds with the Town's right, title, and interest to the revenues collected by the Town. The Town has pledged to secure the payment and performance of the Town's obligation under the note payable with the Town Hall building.

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2022	\$ 343,521	\$ 75,405	\$ 103,148	\$ 195,532
2023	339,387	63,649	107,244	191,436
2024	332,029	51,862	111,503	187,177
2025	259,002	42,153	115,932	182,748
2026	269,002	33,953	120,538	178,142
2027	269,002	26,034	125,329	173,351
2028	274,002	18,787	130,311	168,369
2029	284,002	11,481	135,492	163,188
2030	289,002	3,866	140,880	157,800
2031	51,999	-	146,484	152,196
2032	-	-	152,313	146,367
2033	-	-	158,375	140,305
2034	-	-	164,680	134,000
2035	-	-	171,237	127,443
2036	-	-	178,057	120,623
2037	-	-	185,151	113,529
2038	-	-	192,529	106,151
2039	-	-	200,202	98,478
2040	-	-	208,184	90,496
2041	-	-	216,486	82,194
2042	-	-	225,121	73,559
2043	-	-	230,064	64,577
2044	-	-	188,203	55,997
2045	-	-	195,383	48,817
2046	-	-	202,837	41,363
2047	-	-	210,576	33,624
2048	-	-	218,610	25,590
2049	-	-	226,950	17,250
2050	-	-	235,608	8,592
2051	-	-	100,105	946
Total	\$ 2,710,948	\$ 327,190	\$ 5,097,532	\$ 3,279,840

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7 – COMPENSATED ABSENCES:

Town employees earn sick leave at the rate of one day per month and such leave if not used may be accumulated up to 120 days. Maximum payout of sick leave at retirement is \$2,500. Vacation leave is earned at various rates depending on the date of employment and number of years of service. Vacation leave accrued in one year must be taken by the end of the following year or it will be lost. Upon separation or retirement, a full-time employee shall be paid for all accrued annual leave, up to the maximum allowed. The Town has outstanding accrued compensated absences totaling \$149,411 in the governmental activities and \$84,646 in the business-type activities.

NOTE 8 – PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

NOTE 8 – PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	38
Inactive members:	
Vested inactive members	6
Non-vested inactive members	5
Inactive members active elsewhere in VRS	<u>27</u>
Total inactive members	38
Active members	<u>45</u>
Total covered employees	<u><u>121</u></u>

Contributions

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

The Town’s contractually required employer contribution rate for the year ended June 30, 2021 was 14.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$306,405 and \$228,403 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

- All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related
- Pre-Retirement:
 - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-Retirement:
 - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
- Post-Disablement:
 - RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)**Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 12,289,135	\$ 11,006,532	\$ 1,282,603
Changes for the year:			
Service cost	\$ 288,191	\$ -	\$ 288,191
Interest	806,645	-	806,645
Differences between expected and actual experience	821,837	-	821,837
Contributions - employer	-	228,404	(228,404)
Contributions - employee	-	102,422	(102,422)
Net investment income	-	209,582	(209,582)
Benefit payments, including refunds of employee contributions	(677,667)	(677,667)	-
Administrative expenses	-	(7,274)	7,274
Other changes	-	(245)	245
Net changes	<u>\$ 1,239,006</u>	<u>\$ (144,778)</u>	<u>\$ 1,383,784</u>
Balances at June 30, 2020	<u>\$ 13,528,141</u>	<u>\$ 10,861,754</u>	<u>\$ 2,666,387</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town Net Pension Liability	\$ 4,317,427	\$ 2,666,387	\$ 1,290,548

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

For the year ended June 30, 2021, the Town recognized pension expense of \$595,034. At June 30, 2021, 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	\$ 584,558	\$ 30,994
Change of assumptions	128,383	-
Net difference between projected and actual earnings on pension plan investments	323,358	-
Change in proportionate share	7,968	7,968
Employer contributions subsequent to the measurement date	306,405	-
Total	<u>\$ 1,350,672</u>	<u>\$ 38,962</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

\$306,405 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30,</u>	
2022	\$ 363,424
2023	385,055
2024	152,547
2025	104,279
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$11,414 and \$11,058 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$172,391 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01030% as compared to 0.01045% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$4,849. 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.

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

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

At June 30, 2021, 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	\$ 11,057	\$ 1,548
Net difference between projected and actual earnings on GLI OPEB plan investments	5,178	-
Change of assumptions	8,622	3,600
Changes in proportionate share	3,686	8,605
Employer contributions subsequent to the measurement date	<u>11,414</u>	<u>-</u>
Total	<u>\$ 39,957</u>	<u>\$ 13,753</u>

\$11,414 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 872
2023	2,334
2024	4,409
2025	5,766
2026	1,378
Thereafter	31

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 226,621	\$ 172,391	\$ 128,351

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$15,064 and \$14,115 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the entity reported a liability of \$435,024 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 0.10390% as compared to 0.12095% at June 30, 2019.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$40,617. 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, 2021, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,179	\$ 59,307
Net difference between projected and actual earnings on LODA OPEB program investments	-	619
Change in assumptions	116,459	27,109
Change in proportionate share	41,118	48,916
Employer contributions subsequent to the measurement date	15,064	-
Total	<u>\$ 218,820</u>	<u>\$ 135,951</u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

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

\$15,064 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 10,983
2023	11,098
2024	11,220
2025	11,256
2026	11,294
Thereafter	11,954

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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 CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21% including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

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, 2020, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	<u>\$ 418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

Net LODA OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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.

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 2.21%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 516,367	\$ 435,024	\$ 373,709

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the 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	\$ 359,561	\$ 435,024	\$ 533,727

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

Benefits Provided

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

Plan Membership

At July 1, 2020 (the measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	<u>38</u>
Total	<u><u>38</u></u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

**NOTE 11 – MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
 (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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
193,400	173,500	155,900

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

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

Rates		
1% Decrease (5.50%)	Healthcare Cost Trend (6.50%)	1% Increase (7.50%)
\$ 149,200	\$ 173,500	\$ 202,900

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

For the year ended June 30, 2021, the Town recognized OPEB expense in the amount of \$21,800. At June 30, 2021, the entity reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,300	\$ 23,100
Changes of assumptions	15,700	900
Total	<u>\$ 19,000</u>	<u>\$ 24,000</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

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

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

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

<u>Year Ended June 30</u>	
2022	\$ (1,400)
2023	(1,400)
2024	(1,400)
2025	(1,800)
2026	-
Thereafter	1,000

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

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

The following is a summary of the Town’s OPEB plans as of June 30, 2021:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program (Note 10):	\$ 39,957	\$ 13,753	\$ 172,391	\$ 4,849
Line of Duty Act Program (Note 11)	218,820	135,951	435,024	40,617
Town Stand-Alone Plan (Note 12)	19,000	24,000	173,500	21,800
Totals	<u>\$ 277,777</u>	<u>\$ 173,704</u>	<u>\$ 780,915</u>	<u>\$ 67,266</u>

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 13 – DEFERRED/UNAVAILABLE REVENUE:

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

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 123,463
2nd half assessments due in December	644,034	644,034
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>78,352</u>	<u>78,352</u>
Total deferred/unavailable revenue	<u>\$ 722,386</u>	<u>\$ 845,849</u>

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

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

NOTE 15 – DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

TOWN OF LURAY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk

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

NOTE 16 – RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance 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. The Town also joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool a public entity risk pool currently operating as a common property and liability program for participating local governments. The Town pays annual premiums to the Pool for its automobile, liability, property, boiler and machinery, and fidelity crime coverage.

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

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

Policies in effect at June 30, 2021, are as follows:

<u>Insurer</u>	<u>Description</u>	<u>Limit</u>
Virginia Municipal Liability Pool	Public Officials Liability	\$ 1,000,000/no aggregate limit
Virginia Municipal Liability Pool	Excess Liability (Umbrella)	5,000,000
Virginia Municipal Liability Pool	Extortion	10,000
Virginia Municipal Liability Pool	Theft, Disappearance, and Destruction	500,000
Virginia Municipal Liability Pool	Computer Fraud	25,000
Virginia Municipal Liability Pool	Money, and Counterfeit Papers	500,000
Virginia Municipal Liability Pool	Forgery	500,000
Virginia Municipal Liability Pool	Public Employee Dishonesty	500,000

NOTE 17 – LITIGATION:

At June 30, 2021, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to such entities.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 (CONTINUED)

NOTE 18 – INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	Transfers In	Transfers Out
General Fund \$	-	\$ 56,057
Water Fund	192,806	-
Sewer Fund	30,874	167,623
Total	<u>\$ 223,680</u>	<u>\$ 223,680</u>

NOTE 19 – UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 19 – UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 20 – COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments with the second and final round of funding being received during fiscal year 2021. The Town received total CRF funding of \$872,973. There were no unspent CRF funds as of June 30, 2021.

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 are 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. 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 \$2,514,596 from the initial allocation are reported as unearned revenue as of June 30.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 1,499,800	\$ 1,499,800	\$ 1,563,965	\$ 64,165
Other local taxes	2,047,200	2,047,200	2,368,018	320,818
Permits, privilege fees, and regulatory licenses	5,000	5,000	10,594	5,594
Fines and forfeitures	11,200	11,200	13,304	2,104
Revenue from the use of money and property	68,470	68,470	14,918	(53,552)
Charges for services	349,200	349,200	319,687	(29,513)
Miscellaneous	76,500	76,500	209,049	132,549
Intergovernmental:				
Commonwealth	1,462,920	1,462,920	1,463,880	960
Federal	5,000	5,000	879,678	874,678
Total revenues	<u>\$ 5,525,290</u>	<u>\$ 5,525,290</u>	<u>\$ 6,843,093</u>	<u>\$ 1,317,803</u>
EXPENDITURES				
Current:				
General government administration	\$ 701,251	\$ 752,430	\$ 739,017	\$ 13,413
Public safety	1,480,715	1,865,871	1,648,383	217,488
Public works	2,095,135	2,572,949	2,584,161	(11,212)
Health and welfare	18,000	18,000	16,869	1,131
Parks, recreation, and cultural	1,332,955	1,082,783	938,870	143,913
Community development	46,750	88,785	78,895	9,890
Debt service:				
Principal retirement	132,414	132,004	102,620	29,384
Interest and other fiscal charges	68,070	61,024	28,326	32,698
Total expenditures	<u>\$ 5,875,290</u>	<u>\$ 6,573,846</u>	<u>\$ 6,137,141</u>	<u>\$ 436,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (350,000)</u>	<u>\$ (1,048,556)</u>	<u>\$ 705,952</u>	<u>\$ 1,754,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ 56,057	\$ (176,665)	\$ (232,722)
Issuance of notes payable	350,000	350,000	-	(350,000)
Total other financing sources (uses)	<u>\$ 350,000</u>	<u>\$ 406,057</u>	<u>\$ (176,665)</u>	<u>\$ (582,722)</u>
Change in fund balance	\$ -	\$ (642,499)	\$ 529,287	\$ 1,171,786
Fund balance, beginning of year	-	642,499	1,855,974	1,213,475
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,385,261</u>	<u>\$ 2,385,261</u>

Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 700,000	\$ 700,000	\$ 141,221	\$ (558,779)
Total revenues	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ (558,779)</u>
EXPENDITURES				
Current:				
Community development:	\$ 700,000	\$ 700,000	\$ 141,221	\$ 558,779
Total expenditures	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ 558,779</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 120,608	\$ 120,608
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,608</u>	<u>\$ 120,608</u>
Change in fund balance	\$ -	\$ -	\$ 120,608	\$ 120,608
Fund balance, beginning of year	-	-	78,174	78,174
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,782</u>	<u>\$ 198,782</u>

Town of Luray, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios
Pension Plans
For Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 288,191	\$ 269,179	\$ 253,192
Interest	806,645	780,309	785,379
Differences between expected and actual experience	821,837	61,432	(520,354)
Changes of assumptions	-	345,979	-
Benefit payments	(677,667)	(630,070)	(551,217)
Net change in total pension liability	\$ 1,239,006	\$ 826,829	\$ (33,000)
Total pension liability - beginning	12,289,135	11,462,306	11,495,306
Total pension liability - ending (a)	<u>\$ 13,528,141</u>	<u>\$ 12,289,135</u>	<u>\$ 11,462,306</u>
Plan fiduciary net position			
Contributions - employer	\$ 228,404	\$ 222,677	\$ 197,954
Contributions - employee	102,422	99,853	94,261
Net investment income	209,582	699,254	745,784
Benefit payments, including refunds of employee contributions	(677,667)	(630,070)	(551,217)
Administrative expense	(7,274)	(7,092)	(6,528)
Other	(245)	(439)	(659)
Net change in plan fiduciary net position	\$ (144,778)	\$ 384,183	\$ 479,595
Plan fiduciary net position - beginning	11,006,532	10,622,349	10,142,754
Plan fiduciary net position - ending (b)	<u>\$ 10,861,754</u>	<u>\$ 11,006,532</u>	<u>\$ 10,622,349</u>
Town's net pension liability - ending (a) - (b)	\$ 2,666,387	\$ 1,282,603	\$ 839,957
Plan fiduciary net position as a percentage of the total pension liability	80.29%	89.56%	92.67%
Covered payroll	\$ 2,126,567	\$ 2,049,596	\$ 1,923,099
Town's net pension liability as a percentage of covered payroll	125.38%	62.58%	43.68%

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

Exhibit 12

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

Schedule of Employer Contributions
 Pension Plans
 Years Ended June 30, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2021	\$ 306,405	\$ 306,405	-	\$ 2,113,672	14.50%
2020	228,403	228,403	-	2,126,567	10.74%
2019	222,677	222,677	-	2,049,596	10.86%
2018	197,954	197,954	-	1,923,099	10.29%
2017	201,439	201,439	-	1,940,160	10.38%
2016	290,105	290,105	-	1,970,110	14.73%
2015	295,788	295,788	-	2,008,408	14.73%
2014	312,158	312,158	-	1,918,614	16.27%
2013	311,043	311,043	-	1,911,756	16.27%
2012	188,281	188,281	-	1,822,665	10.33%

Current year contributions are from the Town records and prior year contributions are from the VRS actuarial Valuation performed each year.

Notes to Required Supplementary Information
 Pension Plans
 Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.01030% \$	172,391 \$	2,126,567	8.11%	52.64%
2019	0.01045%	170,049	2,049,596	8.30%	52.00%
2018	0.01011%	154,000	1,923,099	8.01%	51.22%
2017	0.01052%	159,000	1,940,160	8.20%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 11,414	\$ 11,414	\$ -	\$ 2,113,672	0.54%
2020	11,058	11,058	-	2,126,567	0.52%
2019	11,000	11,000	-	2,049,596	0.52%
2018	10,000	10,000	-	1,923,099	0.52%
2017	10,089	10,089	-	1,940,160	0.52%
2016	10,442	10,442	-	1,970,110	0.53%
2015	10,645	10,645	-	2,008,408	0.53%
2014	10,169	10,169	-	1,918,614	0.53%
2013	10,132	10,132	-	1,911,756	0.53%
2012	8,020	8,020	-	1,822,665	0.44%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net LODA OPEB Liability
 Line of Duty Act (LODA) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2020	0.10390% \$	435,024 \$	720,296	60.40%	1.02%
2019	0.12095%	433,952	514,229	84.39%	0.79%
2018	0.11719%	368,000	677,057	54.35%	0.60%
2017	0.09995%	263,000	671,497	39.17%	1.30%

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

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

Schedule of Employer Contributions
Line of Duty Act (LODA) Program
Years Ended June 30, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Covered- Employee Payroll * (4)</u>	<u>Contributions as a % of Covered - Employee Payroll (5)</u>
2021	\$ 15,064	\$ 15,064	\$ -	\$ 712,165	2%
2020	14,115	14,115	-	720,296	2%
2019	16,233	16,233	-	514,229	3%
2018	12,482	12,482	-	677,057	2%
2017	10,780	10,780	-	671,497	2%
2016	9,858	9,858	-	666,044	1%
2015	9,858	9,858	-	678,595	1%
2014	10,439	10,439	-	629,165	2%
2013	9,483	9,483	-	641,016	1%
2012	4,444	4,444	-	612,429	1%

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

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 Year Ended June 30, 2021

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, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 12,700	\$ 11,700	\$ 11,100	\$ 10,800
Interest	5,000	5,900	5,100	4,600
Other changes	-	-	(1,800)	-
Assumption changes	12,400	7,600	-	-
Differences between expected and actual experience	(3,600)	(29,300)	6,300	-
Benefit payments	-	-	(1,600)	(1,600)
Net change in total OPEB liability	<u>\$ 26,500</u>	<u>\$ (4,100)</u>	<u>\$ 19,100</u>	<u>\$ 13,800</u>
Total OPEB liability - beginning	<u>147,000</u>	<u>151,100</u>	<u>132,000</u>	<u>118,200</u>
Total OPEB liability - ending	<u><u>\$ 173,500</u></u>	<u><u>\$ 147,000</u></u>	<u><u>\$ 151,100</u></u>	<u><u>\$ 132,000</u></u>
Covered-employee payroll	<u>\$ 1,871,800</u>	<u>\$ 1,871,800</u>	<u>\$ 1,983,000</u>	<u>\$ 1,983,000</u>
Town's total OPEB liability (asset) as a percentage of covered-employee payroll	9.27%	7.85%	7.62%	6.66%

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

Notes to Required Supplementary Information - Town OPEB
 Year Ended June 30, 2021

Valuation Date: 7/1/2019
 Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	2.45% as of July 1, 2020
Healthcare Trend Rate	4.79% for fiscal year end 2020 (to reflect actual experience), then 6.50% for fiscal year end 2021, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% as of July 1, 2020
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2020.

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,241,700	\$ 1,241,700	\$ 1,281,071	\$ 39,371
Real and personal public service corporation taxes	60,000	60,000	63,412	3,412
Personal property taxes	174,500	174,500	185,759	11,259
Mobile home taxes	600	600	1,016	416
Penalties and interest	23,000	23,000	32,707	9,707
Total general property taxes	<u>\$ 1,499,800</u>	<u>\$ 1,499,800</u>	<u>\$ 1,563,965</u>	<u>\$ 64,165</u>
Other local taxes:				
Local sales and use taxes	\$ 200,000	\$ 200,000	\$ 258,464	\$ 58,464
Consumers' utility taxes	137,000	137,000	128,913	(8,087)
Business license taxes	316,600	316,600	361,863	45,263
Franchise license tax	35,000	35,000	29,528	(5,472)
Motor vehicle licenses	58,000	58,000	61,084	3,084
Bank stock taxes	230,000	230,000	353,862	123,862
Transient occupancy taxes	223,000	223,000	233,044	10,044
Restaurant food taxes	697,000	697,000	769,956	72,956
Sprint right of way fees	18,600	18,600	28,080	9,480
Cigarette tax	132,000	132,000	143,224	11,224
Total other local taxes	<u>\$ 2,047,200</u>	<u>\$ 2,047,200</u>	<u>\$ 2,368,018</u>	<u>\$ 320,818</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 5,000	\$ 5,000	\$ 10,594	\$ 5,594
Total permits, privilege fees, and regulatory licenses	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 10,594</u>	<u>\$ 5,594</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 11,000	\$ 11,000	\$ 13,289	\$ 2,289
Parking fines	200	200	15	(185)
Total fines and forfeitures	<u>\$ 11,200</u>	<u>\$ 11,200</u>	<u>\$ 13,304</u>	<u>\$ 2,104</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 7,000	\$ 7,000	\$ 391	\$ (6,609)
Revenue from use of property	61,470	61,470	14,527	(46,943)
Total revenue from use of money and property	<u>\$ 68,470</u>	<u>\$ 68,470</u>	<u>\$ 14,918</u>	<u>\$ (53,552)</u>
Charges for services:				
Charges for sanitation and waste removal	\$ 282,000	\$ 282,000	\$ 268,364	\$ (13,636)
Charges for recreation	67,200	67,200	51,323	(15,877)
Total charges for services	<u>\$ 349,200</u>	<u>\$ 349,200</u>	<u>\$ 319,687</u>	<u>\$ (29,513)</u>
Miscellaneous:				
Rebates and refunds	\$ 700	\$ 700	\$ 14,184	\$ 13,484
Donations	11,500	11,500	98,929	87,429
Miscellaneous	33,100	33,100	17,327	(15,773)
Greenway development grant	1,200	1,200	-	(1,200)
Luray downtown initiative grant	25,000	25,000	26,000	1,000
Sale of equipment	5,000	5,000	5,609	609
Sale of property	-	-	47,000	47,000
Total miscellaneous	<u>\$ 76,500</u>	<u>\$ 76,500</u>	<u>\$ 209,049</u>	<u>\$ 132,549</u>
Total revenue from local sources	<u>\$ 4,057,370</u>	<u>\$ 4,057,370</u>	<u>\$ 4,499,535</u>	<u>\$ 442,165</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,100	\$ 4,100	\$ 3,974	\$ (126)
Auto rental tax	700	700	4,643	3,943
Game of skills distribution			1,152	1,152
Personal property tax relief funds	74,574	74,574	74,574	-
Total noncategorical aid	<u>\$ 79,374</u>	<u>\$ 79,374</u>	<u>\$ 84,343</u>	<u>\$ 4,969</u>
Other categorical aid:				
Virginia Commission for the Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	-
VDOT Revenue Sharing - Valley Health	25,000	25,000	12,196	(12,804)
VDOT state of good repaid funds	12,500	12,500	-	(12,500)
Aid to localities with police departments	131,696	131,696	137,916	6,220
Other police grants	-	-	15,391	15,391
Department of fire programs funds	17,000	17,000	18,655	1,655
Litter control grant	2,300	2,300	2,543	243
Street and highway maintenance funds	1,180,500	1,180,500	1,181,702	1,202
Asset forfeiture fund	10,000	10,000	3,567	(6,433)
Recreational tree grant	-	-	3,050	3,050
DMV animal friendly plate	50	50	17	(33)
Total other categorical aid	<u>\$ 1,383,546</u>	<u>\$ 1,383,546</u>	<u>\$ 1,379,537</u>	<u>\$ (4,009)</u>
Total categorical aid	<u>\$ 1,383,546</u>	<u>\$ 1,383,546</u>	<u>\$ 1,379,537</u>	<u>\$ (4,009)</u>
Total revenue from the Commonwealth	<u>\$ 1,462,920</u>	<u>\$ 1,462,920</u>	<u>\$ 1,463,880</u>	<u>\$ 960</u>
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief fund	\$	\$	\$ 877,649	\$ 877,649
Coronavirus state and local fiscal recovery fund			344	344
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 877,993</u>	<u>\$ 877,993</u>
Categorical aid:				
Forest reserve funds	-	-	1,685	1,685
Bulletproof vest grant	5,000	5,000	-	(5,000)
Total categorical aid	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,685</u>	<u>\$ (3,315)</u>
Total revenue from the federal government	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 879,678</u>	<u>\$ 874,678</u>
Total General Fund	<u>\$ 5,525,290</u>	<u>\$ 5,525,290</u>	<u>\$ 6,843,093</u>	<u>\$ 1,317,803</u>
Special Revenue Fund:				
CDBG:				
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ 700,000	\$ 700,000	\$ 141,221	\$ (558,779)
Total categorical aid	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ (558,779)</u>
Total revenue from the federal government	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ (558,779)</u>
Total CDBG Fund	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ (558,779)</u>
Total Primary Government	<u>\$ 6,225,290</u>	<u>\$ 6,225,290</u>	<u>\$ 6,984,314</u>	<u>\$ 759,024</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2021

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 188,788	\$ 237,325	\$ 233,471	\$ 3,854
General and financial administration:				
Town manager	\$ 120,366	\$ 89,888	\$ 88,151	\$ 1,737
Legal services	40,000	77,716	77,716	-
Independent auditor	6,920	6,920	6,766	154
Treasurer	345,177	338,943	331,275	7,668
Total general and financial administration	\$ 512,463	\$ 513,467	\$ 503,908	\$ 9,559
Total general government administration	\$ 701,251	\$ 752,430	\$ 739,017	\$ 13,413
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,441,985	\$ 1,754,760	\$ 1,537,272	\$ 217,488
Total law enforcement and traffic control	\$ 1,441,985	\$ 1,754,760	\$ 1,537,272	\$ 217,488
Fire and rescue services:				
Volunteer emergency operations	\$ 17,000	\$ 18,655	\$ 18,655	\$ -
Total fire and rescue services	\$ 17,000	\$ 18,655	\$ 18,655	\$ -
Other protection:				
Safety Officer	\$ 21,730	\$ 92,456	\$ 92,456	\$ -
Total other protection	\$ 21,730	\$ 92,456	\$ 92,456	\$ -
Total public safety	\$ 1,480,715	\$ 1,865,871	\$ 1,648,383	\$ 217,488
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,266,172	\$ 1,652,152	\$ 1,660,637	\$ (8,485)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 279,000	\$ 372,274	\$ 372,063	\$ 211
Maintenance of general buildings and grounds:				
General properties	\$ 549,963	\$ 548,523	\$ 551,461	\$ (2,938)
Total public works	\$ 2,095,135	\$ 2,572,949	\$ 2,584,161	\$ (11,212)
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 18,000	\$ 18,000	\$ 16,869	\$ 1,131
Total health and welfare	\$ 18,000	\$ 18,000	\$ 16,869	\$ 1,131
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,332,955	\$ 1,082,783	\$ 938,870	\$ 143,913
Total parks, recreation, and cultural	\$ 1,332,955	\$ 1,082,783	\$ 938,870	\$ 143,913
Community development:				
Planning and community development:				
Planning Commission	\$ 46,750	\$ 88,785	\$ 78,895	\$ 9,890
Total community development	\$ 46,750	\$ 88,785	\$ 78,895	\$ 9,890

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 132,414	\$ 132,004	\$ 102,620	\$ 29,384
Interest and other fiscal charges	68,070	61,024	28,326	32,698
Total debt service	<u>\$ 200,484</u>	<u>\$ 193,028</u>	<u>\$ 130,946</u>	<u>\$ 62,082</u>
Total General Fund	<u>\$ 5,875,290</u>	<u>\$ 6,573,846</u>	<u>\$ 6,137,141</u>	<u>\$ 436,705</u>
Special Revenue Fund:				
CDBG Fund:				
Community development:				
CDBG program	\$ 700,000	\$ 700,000	\$ 141,221	\$ 558,779
Total CDBG	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ 558,779</u>
Total health and welfare	<u>700,000</u>	<u>700,000</u>	<u>141,221</u>	<u>558,779</u>
Total CDBG Fund	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 141,221</u>	<u>\$ 558,779</u>
Total Primary Government	<u>\$ 6,575,290</u>	<u>\$ 7,273,846</u>	<u>\$ 6,278,362</u>	<u>\$ 995,484</u>

STATISTICAL INFORMATION

Town of Luray, Virginia

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 5,674,643	\$ 5,745,435	\$ 5,793,353	\$ 5,785,314
Restricted	-	91,435	78,566	78,399
Unrestricted	2,786,609	2,386,033	2,344,212	1,069,049
Total governmental activities net position	<u>\$ 8,461,252</u>	<u>\$ 8,222,903</u>	<u>\$ 8,216,131</u>	<u>\$ 6,932,762</u>
Business-type activities:				
Net investment in capital assets	\$ 6,977,198	\$ 6,792,425	\$ 6,787,088	\$ 6,688,986
Unrestricted	247,072	472,871	622,239	(118,375)
Total business-type activities net position	<u>\$ 7,224,270</u>	<u>\$ 7,265,296</u>	<u>\$ 7,409,327</u>	<u>\$ 6,570,611</u>
Primary government:				
Net investment in capital assets	\$ 12,651,841	\$ 12,537,860	\$ 12,580,441	\$ 12,474,300
Restricted	-	91,435	78,566	78,399
Unrestricted	3,033,681	2,858,904	2,966,451	950,674
Total primary government net position	<u>\$ 15,685,522</u>	<u>\$ 15,488,199</u>	<u>\$ 15,625,458</u>	<u>\$ 13,503,373</u>

Table 1

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 5,526,182	\$ 5,664,357	\$ 5,967,874	\$ 9,883,229	\$ 10,245,382	\$ 9,896,991	
78,359	78,359	78,359	78,359	78,174	198,782	
1,661,875	2,111,217	2,143,435	1,560,958	619,097	907,839	
<u>\$ 7,266,416</u>	<u>\$ 7,853,933</u>	<u>\$ 8,189,668</u>	<u>\$ 11,522,546</u>	<u>\$ 10,942,653</u>	<u>\$ 11,003,612</u>	
\$ 6,538,164	\$ 6,337,026	\$ 6,184,095	\$ 5,973,537	\$ 5,864,942	\$ 5,824,119	
279,110	510,127	731,804	1,031,075	1,012,415	703,419	
<u>\$ 6,817,274</u>	<u>\$ 6,847,153</u>	<u>\$ 6,915,899</u>	<u>\$ 7,004,612</u>	<u>\$ 6,877,357</u>	<u>\$ 6,527,538</u>	
\$ 12,064,346	\$ 12,001,383	\$ 12,151,969	\$ 15,856,766	\$ 16,110,324	\$ 15,721,110	
78,359	78,359	78,359	78,359	78,174	198,782	
1,940,985	2,621,344	2,875,239	2,592,033	1,631,512	1,611,258	
<u>\$ 14,083,690</u>	<u>\$ 14,701,086</u>	<u>\$ 15,105,567</u>	<u>\$ 18,527,158</u>	<u>\$ 17,820,010</u>	<u>\$ 17,531,150</u>	

Town of Luray, Virginia

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government administration	\$ 514,606	\$ 607,559	\$ 618,941	\$ 559,526
Public safety	1,111,020	1,146,605	1,146,412	1,141,749
Public works	2,085,022	2,063,184	2,081,369	2,091,393
Health and welfare	16,956	18,625	20,768	18,501
Parks, recreation and cultural	921,154	956,077	932,451	904,215
Community development	101,811	102,796	122,476	105,981
Interest on long-term debt	31,840	30,621	31,611	36,851
Total governmental activities expenses	<u>\$ 4,782,409</u>	<u>\$ 4,925,467</u>	<u>\$ 4,954,028</u>	<u>\$ 4,858,216</u>
Business-type activities:				
Water	\$ 1,152,492	\$ 1,141,888	\$ 1,157,276	\$ 1,259,401
Sewer	1,579,828	1,575,688	1,556,848	1,689,150
Total business-type activities expenses	<u>\$ 2,732,320</u>	<u>\$ 2,717,576</u>	<u>\$ 2,714,124</u>	<u>\$ 2,948,551</u>
Total primary government expenses	<u>\$ 7,514,729</u>	<u>\$ 7,643,043</u>	<u>\$ 7,668,152</u>	<u>\$ 7,806,767</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 20,458	\$ 14,144	\$ 12,112	\$ 16,390
Public works	286,764	277,493	270,711	262,098
Parks, recreation and cultural	50,987	35,300	45,485	51,812
Operating grants and contributions	1,113,750	1,126,002	1,157,138	1,196,572
Capital grants and contributions	7,130	74,281	208,033	172,730
Total governmental activities program revenues	<u>\$ 1,479,089</u>	<u>\$ 1,527,220</u>	<u>\$ 1,693,479</u>	<u>\$ 1,699,602</u>
Business-type activities:				
Charges for services:				
Water	\$ 1,013,473	\$ 1,191,472	\$ 1,281,618	\$ 1,199,345
Sewer	1,357,779	1,557,240	1,568,612	1,598,892
Capital grants and contributions	234,293	9,890	7,925	7,305
Total business-type activities program revenues	<u>\$ 2,605,545</u>	<u>\$ 2,758,602</u>	<u>\$ 2,858,155</u>	<u>\$ 2,805,542</u>
Total primary government program revenues	<u>\$ 4,084,634</u>	<u>\$ 4,285,822</u>	<u>\$ 4,551,634</u>	<u>\$ 4,505,144</u>
Net (expenses) / revenues				
Governmental activities	\$ (3,303,320)	\$ (3,398,247)	\$ (3,260,549)	\$ (3,158,614)
Business-type activities	(126,775)	41,026	144,031	(143,009)
Total primary government net expenses	<u>\$ (3,430,095)</u>	<u>\$ (3,357,221)</u>	<u>\$ (3,116,518)</u>	<u>\$ (3,301,623)</u>

Table 2

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	490,376	\$	511,407	\$	569,084	\$	599,102	\$	655,328	\$	786,639
	1,050,020		1,078,372		1,181,158		1,211,140		1,381,407		1,734,915
	2,286,890		2,127,714		2,370,672		2,392,859		2,699,601		2,915,573
	16,240		17,361		17,950		17,725		16,279		16,869
	884,352		946,573		994,845		1,044,313		1,016,460		1,086,787
	103,653		53,834		41,971		34,046		35,244		221,621
	41,774		43,889		40,219		35,587		39,582		27,960
\$	<u>4,873,305</u>	\$	<u>4,779,150</u>	\$	<u>5,215,899</u>	\$	<u>5,334,772</u>	\$	<u>5,843,901</u>	\$	<u>6,790,364</u>
\$	1,206,662	\$	1,315,590	\$	1,241,892	\$	1,367,104	\$	1,431,900	\$	1,477,818
	1,621,493		1,617,958		1,638,884		1,610,214		1,750,608		1,861,083
\$	<u>2,828,155</u>	\$	<u>2,933,548</u>	\$	<u>2,880,776</u>	\$	<u>2,977,318</u>	\$	<u>3,182,508</u>	\$	<u>3,338,901</u>
\$	<u>7,701,460</u>	\$	<u>7,712,698</u>	\$	<u>8,096,675</u>	\$	<u>8,312,090</u>	\$	<u>9,026,409</u>	\$	<u>10,129,265</u>
\$	5,574	\$	15,892	\$	14,664	\$	11,960	\$	7,993	\$	13,304
	276,428		276,494		281,233		276,392		267,896		278,958
	64,027		59,357		70,081		64,209		54,564		51,323
	1,217,272		1,282,700		1,283,971		150,723		155,531		187,324
	72,629		25,567		704,561		4,434,590		1,182,631		1,361,119
\$	<u>1,635,930</u>	\$	<u>1,660,010</u>	\$	<u>2,354,510</u>	\$	<u>4,937,874</u>	\$	<u>1,668,615</u>	\$	<u>1,892,028</u>
\$	1,344,042	\$	1,283,027	\$	1,317,041	\$	1,304,193	\$	1,078,365	\$	1,303,132
	1,722,166		1,672,355		1,695,722		1,756,758		1,696,667		1,579,619
	8,610		8,045		16,535		5,080		14,975		10,260
\$	<u>3,074,818</u>	\$	<u>2,963,427</u>	\$	<u>3,029,298</u>	\$	<u>3,066,031</u>	\$	<u>2,790,007</u>	\$	<u>2,893,011</u>
\$	<u>4,710,748</u>	\$	<u>4,623,437</u>	\$	<u>5,383,808</u>	\$	<u>8,003,905</u>	\$	<u>4,458,622</u>	\$	<u>4,785,039</u>
\$	(3,237,345)	\$	(3,119,140)	\$	(2,861,389)	\$	(396,898)	\$	(4,175,286)	\$	(4,898,336)
	246,663		29,879		148,522		88,713		(392,501)		(445,890)
\$	<u>(2,990,682)</u>	\$	<u>(3,089,261)</u>	\$	<u>(2,712,867)</u>	\$	<u>(308,185)</u>	\$	<u>(4,567,787)</u>	\$	<u>(5,344,226)</u>

Town of Luray, Virginia

Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting - continued)

	Fiscal Year			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 1,180,066	\$ 1,312,095	\$ 1,382,004	\$ 1,443,186
Local sales and use taxes	183,465	159,355	156,643	168,298
Consumer utility taxes	145,694	149,709	147,712	148,027
Business licenses taxes	260,514	297,759	278,404	284,248
Restaurant food tax	558,832	589,201	586,310	634,526
Cigarette Tax	147,233	145,997	137,920	141,497
Transient occupancy tax	148,632	160,217	157,008	155,698
Bank stock tax	-	-	-	164,956
Other local taxes	224,798	233,560	245,431	136,646
Unrestricted grants and contributions	78,493	78,820	79,277	83,678
Unrestricted revenues from use of of money and property	21,779	20,827	19,234	20,282
Miscellaneous	24,765	12,358	62,041	197,481
Gain on disposal of assets	-	-	1,793	-
Transfers	-	-	-	-
Total governmental activities	<u>\$ 2,974,271</u>	<u>\$ 3,159,898</u>	<u>\$ 3,253,777</u>	<u>\$ 3,578,523</u>
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Gain on disposal of assets	(1,050)	-	-	-
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u>\$ (1,050)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 2,973,221</u>	<u>\$ 3,159,898</u>	<u>\$ 3,253,777</u>	<u>\$ 3,578,523</u>
Change in Net Position				
Governmental activities	\$ (329,049)	\$ (238,349)	\$ (6,772)	\$ 419,909
Business-type activities	(127,825)	41,026	144,031	(143,009)
Total primary government	<u>\$ (456,874)</u>	<u>\$ (197,323)</u>	<u>\$ 137,259</u>	<u>\$ 276,900</u>

Table 2

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 1,498,702	\$ 1,515,039	\$ 1,502,082	\$ 1,508,914	\$ 1,507,608	\$ 1,534,031	
168,914	206,361	192,407	195,600	208,687	258,464	
144,071	142,047	141,750	135,645	132,825	128,913	
300,375	330,702	299,467	330,098	322,034	361,863	
670,423	708,845	685,746	681,755	638,506	769,956	
148,921	145,436	128,487	134,664	134,573	143,224	
182,944	220,370	217,350	204,916	155,849	233,044	
199,234	191,122	200,873	263,527	209,192	353,862	
111,071	111,896	109,387	111,357	128,747	118,692	
78,681	79,344	75,316	79,506	79,923	962,336	
24,946	23,613	15,882	25,124	27,755	14,918	
42,717	31,882	57,401	58,670	314,931	136,049	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 3,570,999	\$ 3,706,657	\$ 3,626,148	\$ 3,729,776	\$ 3,860,630	\$ 4,959,295	
\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	40,014	
-	-	-	-	-	56,057	
\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 96,071	
\$ 3,570,999	\$ 3,706,657	\$ 3,626,148	\$ 3,729,776	\$ 3,860,639	\$ 5,055,366	
\$ 333,654	\$ 587,517	\$ 764,759	\$ 3,332,878	\$ (314,656)	\$ 60,959	
246,663	29,879	148,522	88,713	(392,492)	(349,819)	
\$ 580,317	\$ 617,396	\$ 913,281	\$ 3,421,591	\$ (707,148)	\$ (288,860)	

Town of Luray, Virginia

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business Licenses Tax	Restaurant Food Tax	Transient Occupancy Tax
2021	\$ 1,534,031	\$ 258,464	\$ 128,913	\$ 361,863	\$ 769,956	\$ 233,044
2020	1,507,608	208,687	132,825	322,034	638,506	155,849
2019	1,508,914	195,600	135,645	330,098	681,755	204,916
2018	1,502,082	192,407	141,750	299,467	685,746	217,350
2017	1,515,039	206,361	142,047	330,702	708,845	220,370
2016	1,498,702	168,914	144,071	300,375	670,423	182,944
2015	1,443,186	168,298	148,027	284,248	634,526	155,698
2014	1,382,004	156,643	147,712	278,404	586,310	157,008
2013	1,312,095	159,355	149,709	297,759	589,201	160,217
2012	1,180,066	183,465	145,694	260,514	558,832	147,233

Table 3

Cigarette Tax	Bank Stock Tax	Other Local Taxes	Total
\$ 143,224	\$ 353,862	\$ 118,692	\$ 3,902,049
134,573	209,192	128,747	3,438,021
134,664	263,527	111,357	3,566,476
128,487	200,873	109,387	3,477,549
145,436	191,122	111,896	3,571,818
148,921	199,234	111,071	3,424,655
141,497	164,956	136,646	3,277,082
137,920	-	245,431	3,091,432
145,997	-	233,560	3,047,893
148,632	-	224,798	2,849,234

Town of Luray, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 44,572	\$ 43,228	\$ 35,366	\$ 33,898
Unassigned	2,769,998	2,399,080	2,363,277	2,695,348
Total general fund	<u>\$ 2,814,570</u>	<u>\$ 2,442,308</u>	<u>\$ 2,398,643</u>	<u>\$ 2,729,246</u>
All other governmental funds				
Restricted	\$ 89,457	\$ 91,435	\$ 78,566	\$ 78,399
Total all other governmental funds	<u>\$ 89,457</u>	<u>\$ 91,435</u>	<u>\$ 78,566</u>	<u>\$ 78,399</u>

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 44,601	\$ 47,546	\$ 73,281	\$ 76,239	\$ 65,183	\$ 65,694
<u>2,976,885</u>	<u>3,201,139</u>	<u>3,506,425</u>	<u>2,701,543</u>	<u>1,790,791</u>	<u>2,319,567</u>
<u><u>\$ 3,021,486</u></u>	<u><u>\$ 3,248,685</u></u>	<u><u>\$ 3,579,706</u></u>	<u><u>\$ 2,777,782</u></u>	<u><u>\$ 1,855,974</u></u>	<u><u>\$ 2,385,261</u></u>
\$ 78,359	\$ 78,359	\$ 78,359	\$ 78,359	\$ 78,174	\$ 198,782
<u>78,359</u>	<u>78,359</u>	<u>78,359</u>	<u>78,359</u>	<u>78,174</u>	<u>198,782</u>
<u><u>\$ 78,359</u></u>	<u><u>\$ 78,359</u></u>	<u><u>\$ 78,359</u></u>	<u><u>\$ 78,359</u></u>	<u><u>\$ 78,174</u></u>	<u><u>\$ 198,782</u></u>

Town of Luray, Virginia

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
General property taxes	\$ 1,154,297	\$ 1,259,426	\$ 1,374,297	\$ 1,460,424
Other local taxes	1,669,168	1,735,798	1,709,428	1,833,896
Permits, privilege fees and regulatory licenses	21,301	8,080	3,975	5,525
Fines and forfeitures	20,458	14,144	12,112	16,390
Revenue from use of money and property	21,779	20,827	19,234	20,282
Charges for services	316,450	304,713	312,221	308,385
Miscellaneous	48,347	20,693	62,041	197,481
Intergovernmental:				
Commonwealth	1,168,661	1,187,492	1,227,420	1,260,758
Federal	7,130	83,276	217,028	192,222
Total revenues	<u>\$ 4,427,591</u>	<u>\$ 4,634,449</u>	<u>\$ 4,937,756</u>	<u>\$ 5,295,363</u>
Expenditures				
General government administration	\$ 465,875	\$ 571,040	\$ 572,595	\$ 531,344
Public safety	1,105,702	1,123,134	1,131,285	1,218,678
Public works	1,953,282	2,204,613	2,309,081	2,639,203
Health and welfare	16,956	18,625	20,768	18,501
Parks, recreation and cultural	883,498	837,140	778,724	772,907
Community development	102,578	112,356	119,967	108,668
Debt service				
Principal	120,315	448,362	32,603	210,672
Interest and other fiscal charges	31,840	30,621	31,060	36,612
Total expenditures	<u>\$ 4,680,046</u>	<u>\$ 5,345,891</u>	<u>\$ 4,996,083</u>	<u>\$ 5,536,585</u>
Excess deficiency of revenues over (under) expenditures	<u>\$ (252,455)</u>	<u>\$ (711,442)</u>	<u>\$ (58,327)</u>	<u>\$ (241,222)</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ 804	\$ -	\$ -
Transfers out	-	(804)	-	-
Issuance of capital leases	-	-	-	-
Notes payable issued	-	341,158	-	571,658
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 341,158</u>	<u>\$ -</u>	<u>\$ 571,658</u>
Net change in fund balances	<u>\$ (252,455)</u>	<u>\$ (370,284)</u>	<u>\$ (58,327)</u>	<u>\$ 330,436</u>
Debt service as a percentage of noncapital expenditures	3.36%	9.84%	1.29%	4.68%

Table 5

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	1,497,639	\$	1,504,916	\$	1,496,762	\$	1,499,626	\$	1,512,031	\$	1,563,965
	1,925,953		2,056,779		1,975,467		2,057,562		1,930,413		2,368,018
	15,831		12,054		10,220		8,548		6,579		10,594
	5,574		15,892		14,664		11,960		7,993		13,304
	24,946		23,613		15,882		25,124		27,755		14,918
	324,624		323,797		341,094		332,053		315,881		319,687
	42,717		31,882		57,401		58,670		49,694		209,049
	1,295,400		1,351,738		1,349,908		3,934,182		1,416,585		1,463,880
	73,182		35,873		713,940		730,637		1,500		1,020,899
\$	<u>5,205,866</u>	\$	<u>5,356,544</u>	\$	<u>5,975,338</u>	\$	<u>8,658,362</u>	\$	<u>5,268,431</u>	\$	<u>6,984,314</u>
\$	497,894	\$	526,471		562,217		599,673	\$	633,471	\$	739,017
	1,212,686		1,251,411		1,294,311		1,290,700		1,303,818		1,648,383
	2,397,086		2,278,044		3,341,106		6,157,201		2,694,005		2,584,161
	16,240		17,361		17,950		17,725		16,279		16,869
	774,703		888,836		893,347		962,582		896,565		938,870
	116,124		65,689		40,466		32,541		33,739		220,116
	420,976		217,664		343,093		340,509		958,064		102,620
	38,379		41,947		40,741		59,355		40,484		28,326
\$	<u>5,474,088</u>	\$	<u>5,287,423</u>		<u>6,533,231</u>		<u>9,460,286</u>	\$	<u>6,576,425</u>	\$	<u>6,278,362</u>
\$	<u>(268,222)</u>	\$	<u>69,121</u>		<u>(557,893)</u>		<u>(801,924)</u>	\$	<u>(1,307,994)</u>	\$	<u>705,952</u>
\$	-	\$	-		-		-	\$	-	\$	120,608
	-		-		-		-		-		(176,665)
	28,585		133,798		-		-		-		-
	531,837		24,280		888,914		3,139,544		386,001		-
\$	<u>560,422</u>	\$	<u>158,078</u>		<u>888,914</u>		<u>3,139,544</u>	\$	<u>386,001</u>	\$	<u>(56,057)</u>
\$	<u>292,200</u>	\$	<u>227,199</u>		<u>331,021</u>		<u>2,337,620</u>	\$	<u>(921,993)</u>	\$	<u>649,895</u>
	9.80%		5.73%		7.91%		7.91%		18.79%		2.28%

Town of Luray, Virginia

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business License Tax	Restaurant Food Tax
2021	\$ 1,563,965	\$ 258,464	\$ 128,913	\$ 361,863	\$ 769,956
2020	1,512,031	208,687	132,825	322,034	638,506
2019	1,499,626	195,600	135,645	330,098	681,755
2018	1,496,762	192,407	141,750	299,467	685,746
2017	1,504,916	206,361	142,047	330,702	708,845
2016	1,497,639	168,914	144,071	300,375	670,423
2015	1,460,424	168,298	148,027	284,248	634,526
2014	1,374,297	156,643	147,712	278,404	586,310
2013	1,259,426	159,355	149,709	297,759	589,201
2012	1,154,297	183,465	145,694	260,514	558,832

Table 6

Transient Occupancy Tax	Cigarette Tax	Bank Stock Tax	Other Local Taxes	Total
\$ 233,044	\$ 143,224	\$ 353,862	\$ 118,692	\$ 3,931,983
155,849	134,573	209,192	128,747	3,442,444
204,916	134,664	263,527	111,357	3,557,188
217,350	128,487	200,873	109,387	3,472,229
220,370	145,436	191,122	111,896	3,561,695
182,944	148,921	199,234	111,071	3,423,592
155,698	141,497	164,956	136,646	3,294,320
157,008	137,920	-	245,431	3,083,725
160,217	145,997	-	233,560	2,995,224
148,632	147,233	-	224,798	2,823,465

Town of Luray, Virginia

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Motor Carrier
2021	\$ 472,316,500	\$ 35,595,350	\$ 8,087,160	\$ 359,200	\$ 75,910
2020	431,107,300	32,730,910	8,253,130	342,900	906,920
2019	429,985,600	32,265,520	8,703,420	262,900	835,490
2018	430,164,500	32,301,710	8,631,780	264,700	956,470
2017	429,756,500	31,090,060	8,822,440	270,700	849,010
2016	428,328,900	31,130,300	8,134,130	270,700	715,290
2015	440,341,200	29,390,060	6,627,770	298,100	784,460
2014	439,895,000	29,474,560	6,319,380	298,100	683,640
2013	439,923,500	29,361,610	8,166,920	295,700	748,100
2012	439,424,800	28,748,590	8,088,850	292,500	890,590

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

Table 7

Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 21,760,829	\$ 538,194,949	\$ 584,994,510	92.00%
20,683,808	494,024,968	514,609,342	96.00%
19,693,678	491,746,608	523,134,689	94.00%
19,281,196	491,600,356	517,474,059	95.00%
19,511,060	482,170,150	491,753,720	98.05%
19,399,193	487,978,513	497,530,247	98.08%
20,312,493	497,754,083	499,641,442	98.03%
18,374,869	495,045,549	504,855,208	98.06%
17,918,474	496,414,304	498,631,218	98.03%
16,535,917	493,981,247	503,780,420	98.05%

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

Fiscal Year	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2021	0.267	0.62	0.29	0.62
2020	0.29	0.62	0.29	0.62
2019	0.29	0.62	0.29	0.62
2018	0.29	0.62	0.29	0.62
2017	0.29	0.62	0.29	0.62
2016	0.29	0.62	0.29	0.62
2015	.28/.29	0.40/.62	0.28/.29	0.40/.62
2014	0.28	0.40	0.28	0.40
2013	.24/.28	0.40	.24/.28	0.40
2012	0.24	0.40	0.24	0.40

(1) Per \$100 of assessed value.

Principal Property Taxpayers
 Current Year and the Period Ten Years Prior

Taxpayer	Type Business	Fiscal Year 2021		Fiscal Year 2012	
		2020 Assessed Valuation	% of Total Assessed Valuation	2011 Assessed Valuation	% of Total Assessed Valuation
Luray Caverns Corp	Commercial	\$ 15,225,900	2.83%	\$ 12,967,900	2.63%
Blue Bell Inc.	Manufacturing	6,679,800	1.24%	8,087,000	1.64%
Scott Lee Managing (WalMart)	Commercial	5,611,100	1.04%	6,588,400	1.33%
MV Realty, LLC (Previously Excelsior Care)	Nursing Home	5,569,000	1.03%	4,021,300	0.81%
The Mimslyn Properties LLC	Commercial	5,493,500	1.02%	4,288,100	0.87%
EMCO Inc. 2006/Fibercraft 1996	Manufacturing	5,305,000	0.99%	3,683,200	0.75%
Kentland Foundation Inc.	Commercial	4,967,900	0.92%	5,257,400	1.06%
East Luray LLC	Commercial	3,967,300	0.74%	4,032,200	0.82%
10 Wallace Ave LLC	Commercial	2,137,000	0.40%	3,211,400	0.65%
Baker Development/ (Land Developers)	Land Developers	2,075,200	0.39%	2,765,200	0.56%
Luray Village	Housing Complex	1,830,800	0.34%	1,724,700	0.35%
Mehta Prop.LLC 2006/Zalesca Inc.1996	Commercial	1,648,000	0.31%	1,495,400	0.30%
Rugby Square Associates	Housing Complex	1,743,500	0.32%	1,573,500	0.32%
		<u>\$ 62,254,000</u>	<u>11.57%</u>	<u>\$ 59,695,700</u>	<u>12.08%</u>

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

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 1,506,704	\$ 1,435,744	95.29%	\$ -	\$ 1,435,744	95.29%
2020	1,540,117	1,461,665	94.91%	43,846	1,505,511	97.75%
2019	1,534,386	1,450,899	94.56%	59,052	1,509,951	98.41%
2018	1,530,062	1,444,897	94.43%	68,781	1,513,678	98.93%
2017	1,522,812	1,462,323	96.03%	49,855	1,512,178	99.30%
2016	1,525,037	1,459,040	95.67%	57,072	1,516,112	99.41%
2015	1,465,110	1,418,204	96.80%	43,482	1,461,686	99.77%
2014	1,399,552	1,348,052	96.32%	48,322	1,396,374	99.77%
2013	1,307,657	1,239,362	94.78%	65,556	1,304,918	99.79%
2012	1,211,427	1,142,622	94.32%	66,535	1,209,157	99.81%

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Net Bonded Debt Per Capita (1)
	Other Notes/Bonds	Capital Leases	General Obligation Bonds	Other Notes/Bonds	Capital Leases			
2021	\$ 741,768	\$ -	\$ 2,710,948	\$ 5,097,532	\$ -	\$ 8,550,248	1.43%	\$ 1,760
2020	836,008	8,380	3,078,584	5,196,756	-	9,119,728	1.58%	1,877
2019	1,400,202	16,249	3,470,478	5,292,192	-	10,179,121	1.77%	2,113
2018	1,701,920	55,039	3,853,326	5,383,987	-	10,994,272	2.10%	2,246
2017	1,107,157	103,981	4,223,498	5,472,279	-	10,906,915	2.08%	2,228
2016	1,252,273	18,451	4,576,099	5,557,204	-	11,404,027	2.18%	2,338
2015	1,131,278	-	4,921,228	5,638,892	-	11,691,398	2.10%	2,406
2014	770,292	-	5,253,985	5,717,462	-	11,741,739	2.17%	2,416
2013	802,895	-	5,584,460	5,793,330	-	12,180,685	2.08%	2,488
2012	910,099	-	6,057,744	5,865,739	-	12,833,582	2.21%	2,577

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

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

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2021	\$ 8,550,248	\$ -	\$ 8,550,248	1.59%	\$ 1,760
2020	9,111,348	-	9,111,348	1.84%	1,879
2019	10,162,872	-	10,162,872	2.07%	2,092
2018	10,939,233	-	10,939,233	2.23%	2,271
2017	10,802,934	-	10,802,934	2.24%	2,207
2016	11,385,576	-	11,385,576	2.33%	2,334
2015	11,691,398	-	11,691,398	2.35%	2,406
2014	11,741,739	-	11,741,739	2.37%	2,416
2013	12,180,685	-	12,180,685	2.45%	2,488
2012	12,833,582	-	12,833,582	2.60%	2,577

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

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

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

Town of Luray, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Debt limit	\$ 43,942,480	\$ 43,992,350	\$ 43,989,500	\$ 44,034,120
Total net debt applicable to limit	<u>12,833,582</u>	<u>12,180,685</u>	<u>11,741,739</u>	<u>11,691,398</u>
Legal debt margin	<u>\$ 31,108,898</u>	<u>\$ 31,811,665</u>	<u>\$ 32,247,761</u>	<u>\$ 32,342,722</u>
Total net debt applicable to the limit as a percentage of debt limit	29.21%	27.69%	26.69%	26.55%

Table 13

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 42,832,890	\$ 42,975,650	\$ 43,016,450	\$ 42,998,560	\$ 43,110,730	\$ 47,231,650
<u>11,385,576</u>	<u>10,802,934</u>	<u>10,939,233</u>	<u>10,162,872</u>	<u>9,111,348</u>	<u>8,550,248</u>
\$ <u>31,447,314</u>	\$ <u>32,172,716</u>	\$ <u>32,077,217</u>	\$ <u>32,835,688</u>	\$ <u>33,999,382</u>	\$ <u>38,681,402</u>
26.58%	25.14%	25.43%	23.64%	21.13%	18.10%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed value	\$ <u>472,316,500</u>
Debt limit (10% of total assessed value)	\$ 47,231,650
Net debt applicable to limit	<u>8,550,248</u>
Legal debt margin	<u>\$ 38,681,402</u>

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Town Population	County Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
2021	4,858	23,709	\$ 596,755,530	\$ 25,170	4.90%
2020	4,848	23,902	598,051,942	25,021	9.00%
2019	4,858	23,933	575,756,181	24,057	3.30%
2018	4,817	23,731	538,290,273	22,683	3.80%
2017	4,895	23,586	524,576,226	22,241	5.60%
2016	4,878	23,719	523,786,677	22,083	4.60%
2015	4,860	24,083	556,895,292	23,124	6.90%
2014	4,860	24,079	539,971,575	22,425	7.60%
2013	4,896	24,215	586,027,215	24,201	8.20%
2012	4,980	24,042	581,840,442	24,201	9.10%

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

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Page County Public Schools	540	1	9.65%	644	1	11.34%
County of Page, Virginia	300	2	5.36%	204	5	3.59%
Emco, Inc.	278	3	4.97%	200	6	3.52%
Delaware North (Prev. Aramark)	277	4	4.95%	325	2	5.72%
Luray Caverns Corp	200	5	3.57%	180	8	3.17%
Walmart	192	6	3.43%	218	4	3.84%
Valley Health (Page Memorial Hospital)	189	7	3.38%	199	7	3.51%
Wrangler/VF Jeanswear	100	8	1.79%	230	3	4.05%
Town of Luray, Virginia	72	9	1.29%	64	10	1.13%
Valley Care Management	61	10	1.09%	168	9	2.96%
Totals	2,209		39.47%	2,432		42.84%

Source: Weldon Cooper Center for Public Service

Town of Luray, Virginia

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

Function	Fiscal Year				
	2012	2013	2014	2015	2016
General government	7	9	9	9	9
Public safety					
Police department	11	11	12	11	11
Public works					
General maintenance	12	12	12	12	12
Waste Water Treatment Plant	6	5	6	6	5
Culture and recreation					
Parks and recreation	6	5	6	6	6
Community development					
Planning	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Totals	<u><u>43</u></u>	<u><u>43</u></u>	<u><u>46</u></u>	<u><u>45</u></u>	<u><u>44</u></u>

Source: Individual Town departments.

Table 16

Fiscal Year				
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
8	9	9	9	9
11	11	11	13	13
12	12	12	12	12
5	5	6	6	6
6	7	7	7	7
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u><u>42</u></u>	<u><u>44</u></u>	<u><u>45</u></u>	<u><u>47</u></u>	<u><u>47</u></u>

Town of Luray, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
Public safety					
Police department:					
Physical arrests	141	208	89	64	194
Traffic violations	386	178	261	213	197
Fire and rescue:					
Number of calls answered	906	1,005	908	946	947
Public works					
General maintenance:					
Trucks/vehicles	17	17	17	17	18
Culture and recreation					
Parks and recreation:					
Youth sports participants	625	625	900	800	815
Community development					
Planning:					
Zoning permits issued	89	81	67	62	76

Source: Individual Town departments.

Table 17

Fiscal Year				
2017	2018	2019	2020	2021
303	375	364	264	307
311	243	240	226	473
1,055	1,038	1,035	441	723
18	18	18	19	19
800	800	775	458	356
97	93	113	138	175

Town of Luray, Virginia

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016
General government					
Administration buildings	18	18	19	19	19
Vehicles	1	1	2	2	2
Public safety					
Police department:					
Patrol units	8	8	8	8	8
Other vehicles					
Public works					
General maintenance:					
Trucks/vehicles	17	17	17	17	18
Waste Water Treatment Plant:					
Vehicles	4	5	4	4	4
Culture and recreation					
Parks and recreation:					
Vehicles	9	9	10	10	10
Parks acreage	190	190	190	190	190
Swimming pools	1	1	1	1	1

Source: Individual Town departments.

Table 18

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
19 2	19 2	19 1	19 1	19 1
10 2	10 2	11 1	11 1	12 1
18 4	18 4	18 4	19 4	19 6
9 190 1	9 190 1	10 190 1	12 190 1	12 190 1

COMPLIANCE



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Luray, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Luray, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Luray, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Luray, Virginia's major federal programs for the year ended June 30, 2021. Town of Luray, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Luray, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Luray, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Luray, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Luray, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of Luray, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Luray, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Luray, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2021

Town of Luray, Virginia
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development Pass Through Payments: Department of Housing and Community Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ <u>141,221</u>
Total Department of Housing and Urban Development			\$ <u>141,221</u>
Environmental Protection Agency Pass Through Payments: Department of Forestry Chesapeake Bay Program	66.466	Not available	\$ <u>1,685</u>
Total Environmental Protection Agency			\$ <u>1,685</u>
Department of Treasury: Pass Through Payments: County of Page, Virginia COVID-19 Coronavirus Relief Fund	21.019	STL0022	\$ 877,649
Direct Payments: COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	Not applicable	<u>344</u>
Total Department of Treasury			\$ <u>877,993</u>
Total Expenditures of Federal Awards			\$ <u><u>1,020,899</u></u>

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Luray, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Luray, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the Town of Luray, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Pass-through identifying numbers are presented where available.

NOTE C - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE D - LOANS

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

NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	
General fund	\$ 879,678
Special revenue fund - CDBG	<u>141,221</u>
Total primary government	\$ <u><u>1,020,899</u></u>

Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ <u><u>1,020,899</u></u>
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**Town of Luray, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

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

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

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

Identification of major programs:

<i>Assistance Listing #</i>	<i>Name of Federal Program or Cluster</i>
21.019	COVID-19 Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Year Findings

There were no prior year findings.