

TOWN OF MARION, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2024

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TOWN OF MARION, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2024

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## TOWN OF MARION, VIRGINIA

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### TOWN COUNCIL

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Avery Cornett, Mayor

Jim Gates, Vice Mayor

Suzanne Jennings

Tricia Spencer

Hunter Atwell

Todd May

### OTHER OFFICIALS

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Billy Hamm .....	Town Manager
Cynthia Stanley .....	Town Clerk/Director of Finance
Mark Fenyk.....	FOIA Officer
John Clair .....	Police Chief
Ken Heath.....	Director of Economic Development
Todd Long .....	Town Information Technology/Town Engineer
Rusty Hamm.....	Fire Chief

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## CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Town Council  
Town of Marion, Virginia

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

##### ***Opinions***

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

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

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

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

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

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB information, and budgetary comparison information on pages 5–13, 67-71 and 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2025, on our consideration of the Town of Marion, 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 the Town of Marion, 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 Marion, Virginia's internal control over financial reporting and compliance.

*Lucker, Brandenburg & Company, PLLC*

Lebanon, Virginia  
April 25, 2025



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

Our discussion and analysis of the Town of Marion's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the transmittal letter and the Town's financial statements.

### Financial Highlights

The general fund is the chief operating fund of the Town. At June 30, 2023, the unassigned fund balance of the general fund was \$5,515,920 and the nonspendable fund balance was \$163,882 for prepaid expenses. At June 30, 2024, the unassigned fund balance was \$6,149,207 and the nonspendable fund balance was \$206,414.

At June 30, 2023 the net position of governmental activities was \$8,002,302. At June 30, 2024 the net position was \$9,890,619.

At June 30, 2023 the net position of business-type activities was \$13,658,383 of which \$13,521,362 was invested in capital assets. At June 30, 2024 the net position was \$15,411,459 of which \$14,888,028 was invested in capital assets. Proprietary funds reported operating revenues of \$6,125,858, an increase of \$899,441 compared to 2023.

### Overview of the Basic Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Town of Marion's basic financial statements. The basic financial statements consist of 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Financial Statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements present the information for governmental activities. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Historically, the primary focus of local government financial statements has been summarized fund-type information on a current financial basis. The basic financial statements are presented under this approach and use the modified accrual basis. This year the report also includes the Statement of Net Position and the Statement of Activities, which use the full accrual basis.

This report contains a Comparative Analysis of Financial Statements. The Town implemented GASB Statement 34 for the fiscal year June 30, 2005, and is therefore required to complete a comparative analysis.

## Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about the Town's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the Town's net position and current-year changes in net position. The Town's net position—the difference between assets and liabilities—is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are an indicator of whether the Town's financial health is improving or declining. Other indicators are non-financial, such as changes in the Town's property tax base and the condition of the Town's roads. Together financial and non-financial indicators reflect the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two kinds of activities:

1) Governmental Activities and 2) Business-type Activities.

The governmental financial statements provide both long-term and short-term information, including the General Fund and Other Governmental Funds. The services reported as governmental activities include general government; public safety; public works; parks, recreation, and cultural; and community development. These activities are financed by property taxes and other local taxes, state and federal funding, and transfers from proprietary funds.

The business-type financial statements represent the water, sewer, and CIRP fund and the swimming pool fund. These funds charge customers for services. Transfers are made from the water, sewer, and CIRP fund to balance any shortfalls in the general fund or swimming pool fund.

## Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds must be established in accordance with State law or bond covenants. The Town Council may establish other funds to help it control and manage money for specific purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other moneys. The Town's three kinds of funds are governmental, proprietary, and fiduciary.

Governmental funds—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent within the next year to finance the Town's programs. Exhibits 4 and 6 reconcile the differences between governmental funds reported on the modified accrual basis and the Statement of Net Position and Statement of Activities.

## Fund Financial Statements (continued)

Proprietary funds—When the Town charges customers for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary funds—This fund accounts for assets held by the Town in a purely custodial capacity. The reporting entity includes one fiduciary fund, which is the Perpetual Care Fund. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the Fund Financial Statements.

## Government-wide Financial Analysis – Governmental Activities

Net position—accrual basis assets in excess of liabilities—may serve over time as a useful indicator of government's financial position. At June 30, 2024 the net position for governmental activities was \$9,890,619. Net position increased \$1,888,317 during the year.

Unrestricted net position was \$1,627,522. Restricted net position was \$118,893 which is subject to external restriction on how resources may be used. The largest portion of net position reflects the Town's \$8,144,204 net investment in capital assets. Net investment in capital assets includes assets such as land, buildings, equipment, improvements, infrastructure, and construction in progress, less any outstanding debt used to acquire those assets. The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's net 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.

General revenues and transfers were \$7,749,993. This includes revenues such as property taxes, other local taxes, interest income, miscellaneous income, and net transfers from or to other funds.

Program revenues were \$3,935,494. This includes charges for services, operating grants and contributions, and capital grants and contributions.

Total expenses for governmental activities were \$9,797,170. This includes expenses for general government, public safety, public works, culture and recreation, community development, and interest on debt.

## Government-wide Financial Analysis – Business-type Activities

Business-type activities include the water, sewer, and CIRP fund and the swimming pool fund. At June 30, 2024 the net position for business-type activities was \$15,411,459. Net position increased \$1,753,066 during the year.

Net investment in capital assets was \$14,888,028. Restricted net position was \$271,829 for debt service and bond covenants. Unrestricted net position was \$251,602.

Charges for services were \$6,125,858. These are operating revenues such as water and sewer services, tap and connection fees, and pool fees. Operating expenses incurred to provide these services were \$2,421,875. Nonoperating interest income was \$228 and nonoperating interest expense was \$103,742. Capital grants and contributions were \$208,190. Net transfers to other funds were \$2,055,593.

## Primary Government Comparative Statements

Table 1 compares the net assets of the Town's governmental and business-type activities at June 30, 2023 and 2024.

Table 1. Comparative Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2024	2023	2024	2023	2024
Assets:						
Current Assets	\$ 7,855,809	\$ 8,153,828	\$ 1,478,246	\$ 1,799,743	\$ 9,334,055	\$ 9,953,571
Capital Assets	9,142,890	9,476,992	20,170,326	21,222,000	29,313,216	30,698,992
Total Assets	<u>16,998,699</u>	<u>17,630,820</u>	<u>21,648,572</u>	<u>23,021,743</u>	<u>38,647,271</u>	<u>40,652,563</u>
Deferred Outflows of Resources	<u>780,997</u>	<u>689,717</u>	<u>182,364</u>	<u>124,580</u>	<u>963,361</u>	<u>814,297</u>
Liabilities:						
Current Liabilities	2,088,818	982,833	1,017,045	1,268,753	3,105,863	2,251,586
Long-term Liabilities	<u>5,326,353</u>	<u>5,227,212</u>	<u>6,908,069</u>	<u>6,323,570</u>	<u>12,234,422</u>	<u>11,550,782</u>
Total Liabilities	<u>7,415,171</u>	<u>6,210,045</u>	<u>7,925,114</u>	<u>7,592,323</u>	<u>15,340,285</u>	<u>13,802,368</u>
Deferred Inflows of Resources	<u>2,362,223</u>	<u>2,219,873</u>	<u>247,429</u>	<u>142,541</u>	<u>2,609,652</u>	<u>2,362,414</u>
Net Position:						
Net Investment in Capital Assets	7,170,994	8,144,204	13,521,362	14,888,028	20,692,356	23,032,232
Restricted	118,893	118,893	255,426	271,829	374,319	390,722
Unrestricted	<u>712,415</u>	<u>1,627,522</u>	<u>(118,395)</u>	<u>251,602</u>	<u>594,020</u>	<u>1,879,124</u>
Total Net Position	<u>\$ 8,002,302</u>	<u>\$ 9,890,619</u>	<u>\$ 13,658,393</u>	<u>\$ 15,411,459</u>	<u>\$ 21,660,695</u>	<u>\$ 25,302,078</u>

TOWN OF MARION, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

Primary Government Comparative Statements (continued)

Table 2 compares the revenues and expenses for the Town's governmental activities and business-type activities as of the years ended June 30, 2023 and 2024.

Table 2. Comparative Statement of Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2024	2023	2024	2023	2024
Revenues:						
Charges for Services	\$ 966,385	\$ 1,217,079	\$ 5,226,417	\$ 6,125,858	\$ 6,192,802	\$ 7,342,937
Operating Grants/Contributions	2,418,838	2,718,415	-	-	2,418,838	2,718,415
Capital Grants/Contributions	-	-	289,536	208,190	289,536	208,190
Program Revenues	3,385,223	3,935,494	5,515,953	6,334,048	8,901,176	10,269,542
Taxes	4,579,222	4,690,597	-	-	4,579,222	4,690,597
Interest Income	115,983	167,022	154	228	116,137	167,250
Miscellaneous	58,506	48,690	-	-	58,506	48,690
Fines, forfeitures, permits	13,413	16,080	-	-	13,413	16,080
Recovered costs	129,690	533,563	-	-	129,690	533,563
Grants not restricted to program	4,683,448	164,807	-	-	4,683,448	164,807
Gain (loss) on disposal of assets	39,986	73,641	-	-	39,986	73,641
General Revenues	9,620,248	5,694,400	154	228	9,620,402	5,694,628
Total Revenues	13,005,471	9,629,894	5,516,107	6,334,276	18,521,578	15,964,170
Expenses:						
General Government	1,906,288	1,997,755	-	-	1,906,288	1,997,755
Public Safety	3,068,389	2,899,598	-	-	3,068,389	2,899,598
Public Works	3,694,899	3,478,137	-	-	3,694,899	3,478,137
Parks, Recreation, and Cultural	141,948	198,777	-	-	141,948	198,777
Community Development	1,628,857	1,113,532	-	-	1,628,857	1,113,532
Interest expense	11,017	109,371	-	-	11,017	109,371
Swimming pool	-	-	130,292	129,728	130,292	129,728
Water and Sewer	-	-	2,448,242	2,395,889	2,448,242	2,395,889
Total Expenses	10,451,398	9,797,170	2,578,534	2,525,617	13,029,932	12,322,787
Transfers	1,700,566	2,055,593	(1,700,566)	(2,055,593)	-	-
Change in Net Position	4,254,639	1,888,317	1,237,007	1,753,066	5,491,646	3,641,383
Beginning Net Position	3,747,663	8,002,302	12,421,386	13,658,393	16,169,049	21,660,695
Ending Net Position	\$ 8,002,302	\$ 9,890,619	\$ 13,658,393	\$ 15,411,459	\$ 21,660,695	\$ 25,302,078

### Financial Analysis of the Town's Funds – Governmental Funds

The focus of the Town of Marion's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirement. Particularly unreserved or unassigned fund balances, which may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2024 governmental fund balance was \$6,323,194. Fund balance includes \$206,414 nonspendable for prepaid expenses, \$118,893 restricted for specific purposes, and \$5,997,887 unassigned. Fund balance increased \$675,819 during the year.

Total revenues were \$10,110,921. This includes revenues such as property taxes, other local taxes, permits, fees and licenses, fines and forfeitures, revenue from the use of money and property, charges for services, recovered costs, intergovernmental, and miscellaneous income.

Total expenditures for governmental funds were \$22,709,367. This includes expenditures for general government, public safety, public works, culture and recreation, community development, capital projects, debt service principal retirement, and debt service interest expense.

Net revenues and expenditures resulted in a deficiency before other financing sources of \$(12,598,446). Recovered costs from Marion EDA were \$313,694. Net transfers from proprietary funds were \$2,055,593. Proceeds from a line of credit were \$10,790,678. Proceeds from long-term debt were \$114,300.

### Financial Analysis of the Town's Funds – Proprietary Funds

The Town's proprietary funds statements provide more detail for the information found in the government-wide financial statements.

At June 30, 2024 the net position for the water, sewer, and CIRP fund was \$14,760,758. Net position includes \$14,236,029 net investment in capital assets, \$271,829 restricted for debt service and bond covenants, and \$252,900 unrestricted. Net position increased by \$1,790,939 during the year.

Operating revenues for the water, sewer, and CIRP fund were \$6,043,980 for charges for services. Operating expenses incurred to provide services were \$2,292,147. Nonoperating interest income was \$228 and nonoperating interest expense was \$103,742. Capital grants and contributions were \$208,190. Net transfers to other funds were \$2,065,570.

At June 30, 2024 the net position for the swimming pool fund was \$650,701. Net position includes \$651,999 net investment in capital assets and \$(1,298) unrestricted. Net position decreased by \$(37,873) during the year.

Operating revenues for the swimming pool fund were \$66,588 for charges for services and \$15,290 for other revenues. Operating expenses incurred to provide services were \$129,728. Net transfers from other funds were \$(9,977).

## General Fund Budgetary Highlights

Over the course of the year, the Town Council did not revise the budget.

Budgetary Highlights for Fiscal 2023-2024:

	General Fund Budget	General Fund Actual	Variance
Revenues	\$ 9,259,646	\$ 10,110,921	\$ 851,275
Expenditures	(12,711,904)	(22,709,367)	(9,997,463)
Other Financing Sources (Uses)	3,452,258	13,274,265	9,822,007
Total	\$ -	\$ 675,819	\$ 675,819

Variance in revenues is often attributable to intergovernmental revenues for funding projects of the Town. Such revenues depend on outside factors such as availability of funding and materials. During 2024, charges for services and recovered costs were higher than expected due to collections of Fire/EMS billings and recoveries from Smyth County for Fire and Rescue equipment.

Variance in expenditures is often attributable to capital projects department classification. Capital asset expenditures may be budgeted initially to nondepartmental capital projects, but then actually expended by specific departments based on purpose and available funding.

Variance in expenditures and other financing sources (uses) is often attributable to line of credit activity. The Town's line of credit may be used for short-term financing while awaiting funding such as grant reimbursement. Delays in funding can substantially increase drawdowns and repayments including interest. All drawdowns during the year are reported as other financing sources. All repayments during the year are reported as expenditures on debt service.

## Capital Asset Activity

At June 30, 2024 the Town had capital assets including land, buildings, construction in progress, land improvements, equipment, and infrastructure. See "Major Projects" section for narrative descriptions of projects.

Major asset events during the fiscal year included the following:

Capital expenditures for governmental projects totaled \$258,107 for the year. Construction in progress asset of \$891,749 is cumulative progress of \$713,543 on Callen Drive Recreational Park and \$178,205 on Park Boulevard Drainage. During fiscal 2024, the Town completed elevator upgrades for Town Hall for a capitalized total of \$78,032.

Capital expenditures for the business-type project Comprehensive Infrastructure Replacement Program (CIRP) totaled \$1,958,493 for the year. The Town capitalizes individual Phases when completed. Construction in progress asset of \$979,247 is cumulative progress on Phases VIII Water and VIII Sewer. During fiscal 2024, the Town completed Phases VII Water and VII Sewer for a capitalized total of \$979,246.



## Long-Term Debt Activity

At June 30, 2024, governmental activities had the following outstanding debt:

Description	Balance July 1, 2023	Issuances	Retirements	Balance June 30, 2024
General obligation bonds	\$ 286,440	\$ 114,300	\$ (8,913)	\$ 391,827
Loans payable	1,010,797	-	(79,481)	931,316
Line of credit	659,807	10,790,678	(11,450,485)	-
Lease liability	14,852	-	(5,207)	9,645
Deferred rebate	37,500	-	(6,250)	31,250
Compensated absences	341,756	64,032	-	405,788
Pension liability	2,188,590	-	(224,453)	1,964,137
OPEB liability	2,089,123	137,406	-	2,226,529
Total	<u>\$ 6,628,865</u>	<u>\$ 11,106,416</u>	<u>\$ (11,774,789)</u>	<u>\$ 5,960,492</u>

At June 30, 2024, business-type activities had the following outstanding debt:

Description	Balance July 1, 2023	Issuances	Retirements	Balance June 30, 2024
General obligation bonds	\$ 6,648,964	\$ 696,077	\$ (1,011,069)	\$ 6,333,972
Line of credit	-	55,000	(55,000)	-
Compensated absences	80,842	1,714	(20,114)	62,442
Pension liability	511,039	-	(156,270)	354,769
OPEB liability	487,814	-	(85,650)	402,164
Total	<u>\$ 7,728,659</u>	<u>\$ 752,791</u>	<u>\$ (1,328,103)</u>	<u>\$ 7,153,347</u>

## Major Projects

### *Emory & Henry College*

Ongoing. The Town continues to partner with Emory & Henry College for the development of the Marion campus. As part of that partnership, the office of Community and Economic Development is serving as liaison for addressing needs and opportunities with the school.

### *BAUD Project*

Ongoing. Project BAUD (Blighted, Abandoned, Underutilized, Derelict) is a comprehensive, multiyear plan to replace aging housing stock, both homeowner and residential rental. The Town is currently implementing the third phase. The Town's component unit Marion Economic Development Authority (EDA) purchases blighted and distressed properties. The EDA redevelops the properties and maintains them in good condition. Properties may be rented out during redevelopment. Redeveloped properties will be sold to homeowners, sold to other entities, or transferred to

the Town. The EDA, in conjunction with Smyth County, Mount Rogers PDC, and the Marion Housing Authority continue to investigate options to address the shortage of mid-range affordable housing in town. They also intend to address anticipated rental shortages after Emory & Henry's north campus expansion. Town management are reviewing and revising town ordinances to improve enforcement to maintain properties in good condition.

*Capital Infrastructure Replacement Plan (CIRP)*

Ongoing. This project is a comprehensive, multiyear plan to replace the Town's aging water, sewer, paving, and storm water facilities. It serves as a framework to coordinate future facility installations by intersections and will incorporate exterior utilities such as natural gas, cable, and phone. During fiscal 2024, the Town completed Phases VII Water and VII Sewer. Phases VIII Water and VIII Sewer and the VDH Lead Service Line Project are under construction. Phases IX Water, X Water, XI Water, and the Water Meter Radio Read projects have been funded by VDH and are anticipated in 2025 and 2026.

*Callen Drive Recreational Park*

Ongoing. This multi-year project will convert a portion of the quarry (approximately 80 acres in the center of Town) to a multi-use outdoor recreation facility using funds from DCR, DEQ, Town, and others. The Town received a 50/50 funding package for \$3.4 million from the National Park Service. The project should be substantially completed by Spring 2026. Grading began in 2025.

*Community Development Block Grant – Church Street Rehabilitation*

Ongoing. Precursor study completed in fiscal 2024. The Town submitted the project application in June 2024. If approved, the project is anticipated in 2025 and 2026.

*Exit 47 Land*

The Town purchased 209 acres of land at Exit 47 for future development. It may develop the property commercially or residentially pending a boundary adjustment. The Town currently leases out a section for grazing in exchange for maintenance.

*ARPA Generational Investments*

The Town received ARPA funds of approximately \$5.8 million. The Town intends to make generational investments in town facilities. Town management has prepared a targeted approach for such expenditures. Projects completed or committed so far include the BAUD Program, Marion Waterpark, backup generators for Town Hall and Fire Station, Chatham Hill drainage project, Town Hall elevator replacement project, Round Hill Cemetery upgrade project, Callen Drive Recreational Park, and Town Hall renovation.

## Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Town of Marion  
P.O. Box 1005  
138 West Main Street  
Marion, Virginia 24354

**FINANCIAL  
STATEMENTS**

Town of Marion, Virginia  
Statement of Net Position  
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 315,981	\$ 489,804	\$ 805,785	\$ -
Investments	4,996,739	-	4,996,739	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,324,699	-	1,324,699	-
Accounts receivable	923,384	1,002,067	1,925,451	-
Other receivables	208,073	-	208,073	-
Lease receivable	14,506	-	14,506	-
Due from other governmental units	164,032	12,753	176,785	268,620
Prepaid expenses	206,414	23,290	229,704	-
Restricted cash and cash equivalents	-	271,829	271,829	-
Capital assets (net of accumulated depreciation):				
Land	2,030,214	707,377	2,737,591	2,758,619
Construction in progress	891,749	979,247	1,870,996	-
Buildings, system, and improvements	3,107,205	472,874	3,580,079	-
Infrastructure and plant & lines in service	2,374,648	18,156,422	20,531,070	-
Machinery and equipment	1,073,176	906,080	1,979,256	-
Total assets	<u>17,630,820</u>	<u>23,021,743</u>	<u>40,652,563</u>	<u>3,027,239</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pensions	638,338	115,299	753,637	-
Deferred other post employment benefits	51,379	9,281	60,660	-
Total deferred outflows of resources	<u>689,717</u>	<u>124,580</u>	<u>814,297</u>	<u>-</u>
Total assets & deferred outflows	<u>\$ 18,320,537</u>	<u>\$ 23,146,323</u>	<u>\$ 41,466,860</u>	<u>\$ 3,027,239</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 193,359	\$ 352,222	\$ 545,581	\$ 386,568
Accrued liabilities	50,510	7,580	58,090	-
Due to Primary Government	-	-	-	61,916
Customers' deposits	-	47,200	47,200	-
Accrued interest payable	5,684	31,974	37,658	-
Long-term liabilities due within one year	733,280	829,777	1,563,057	592,250
Long-term liabilities due in more than one year	5,227,212	6,323,570	11,550,782	286,218
Total liabilities	<u>6,210,045</u>	<u>7,592,323</u>	<u>13,802,368</u>	<u>1,326,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	1,412,810	-	1,412,810	-
Deferred lease receivable	17,900	-	17,900	-
Deferred pensions	753,436	136,088	889,524	-
Deferred other post employment benefits	35,727	6,453	42,180	-
Total deferred inflows of resources	<u>2,219,873</u>	<u>142,541</u>	<u>2,362,414</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in capital assets	8,144,204	14,888,028	23,032,232	1,880,151
Restricted for:				
Debt service and bond covenants	-	271,829	271,829	-
Other purposes	118,893	-	118,893	-
Unrestricted (deficit)	1,627,522	251,602	1,879,124	(179,864)
Total net position	<u>9,890,619</u>	<u>15,411,459</u>	<u>25,302,078</u>	<u>1,700,287</u>
Total liabilities & deferred inflows & net position	<u>\$ 18,320,537</u>	<u>\$ 23,146,323</u>	<u>\$ 41,466,860</u>	<u>\$ 3,027,239</u>

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

Town of Marion, Virginia  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit	
					Governmental Activities	Business-type Activities	Total	Economic Development Authority	
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,997,755	\$ 33,786	\$ -	\$ -	\$ (1,963,969)	\$ -	\$ (1,963,969)	\$ -	
Public safety	2,899,598	678,381	434,897	-	(1,786,320)	-	(1,786,320)	-	
Public works	3,478,137	483,854	2,152,100	-	(842,183)	-	(842,183)	-	
Parks, recreation, and cultural	198,777	15,673	-	-	(183,104)	-	(183,104)	-	
Community development	1,113,532	5,385	131,418	-	(976,729)	-	(976,729)	-	
Interest on long-term debt	109,371	-	-	-	(109,371)	-	(109,371)	-	
Total government activities	9,797,170	1,217,079	2,718,415	-	(5,861,676)	-	(5,861,676)	-	
Business-type activities:									
Water, Sewer and CIRP	2,395,889	6,043,980	-	208,190	-	3,856,281	3,856,281	-	
Swimming Pool	129,728	81,878	-	-	-	(47,850)	(47,850)	-	
Total business-type activities	2,525,617	6,125,858	-	208,190	-	3,808,431	3,808,431	-	
Total primary government	\$ 12,322,787	\$ 7,342,937	\$ 2,718,415	\$ 208,190	\$ (5,861,676)	\$ 3,808,431	\$ (2,053,245)	\$ -	
COMPONENT UNITS:									
Economic Development Authority	\$ 133,823	\$ 119,276	\$ -	\$ 1,243,600	\$ -	\$ -	\$ -	1,229,053	
Total component units	\$ 133,823	\$ 119,276	\$ -	\$ 1,243,600	\$ -	\$ -	\$ -	1,229,053	
General revenues:									
General property taxes					\$ 988,844	\$ -	\$ 988,844	\$ -	
Other local taxes:									
Local sales and use taxes					283,531	-	283,531	-	
Consumers' utility taxes					111,295	-	111,295	-	
Business license taxes					625,284	-	625,284	-	
Communication tax					84,960	-	84,960	-	
Motor vehicle licenses					80,232	-	80,232	-	
Bank stock tax					228,972	-	228,972	-	
Meals taxes					1,798,080	-	1,798,080	-	
Other local taxes					489,399	-	489,399	-	
Permits, privilege fees, and regulatory licenses					3,398	-	3,398	-	
Fines and forfeitures					12,682	-	12,682	-	
Unrestricted revenues from use of money and property					167,022	228	167,250	-	
Miscellaneous					48,690	-	48,690	-	
Recovered costs					533,563	-	533,563	-	
Grants and contributions not restricted to specific programs					164,807	-	164,807	-	
Gain (loss) on disposal of capital assets					73,641	-	73,641	-	
Transfers					2,055,593	(2,055,593)	-	-	
Total general revenues and transfers					7,749,993	(2,055,365)	5,694,628	-	
Change in net position					1,888,317	1,753,066	3,641,383	1,229,053	
Net position - beginning					8,002,302	13,658,393	21,660,695	471,234	
Net position - ending					\$ 9,890,619	\$ 15,411,459	\$ 25,302,078	\$ 1,700,287	

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

Town of Marion, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 315,457	\$ 524	\$ 315,981
Investments	4,996,739	-	4,996,739
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,324,699	-	1,324,699
Accounts receivable	923,384	-	923,384
Other receivables	208,073	-	208,073
Due from other funds	32,951	118,369	151,320
Due from other governmental units	164,032	-	164,032
Prepaid expenses	206,414	-	206,414
Total assets	<u>\$ 8,171,749</u>	<u>\$ 118,893</u>	<u>\$ 8,290,642</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 193,359	\$ -	\$ 193,359
Accrued liabilities	50,510	-	50,510
Due to other funds	-	151,320	151,320
Total liabilities	<u>243,869</u>	<u>151,320</u>	<u>395,189</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	<u>1,572,259</u>	<u>-</u>	<u>1,572,259</u>
<b>FUND BALANCE</b>			
Fund balances:			
Nonspendable:			
Prepaid expense	206,414	-	206,414
Restricted for:			
Downtown housing project	-	118,893	118,893
Unassigned	6,149,207	(151,320)	5,997,887
Total fund balances	<u>6,355,621</u>	<u>(32,427)</u>	<u>6,323,194</u>
Total liabilities & deferred inflows & fund balances	<u>\$ 8,171,749</u>	<u>\$ 118,893</u>	<u>\$ 8,290,642</u>

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

Town of Marion, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 6,323,194
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,476,992
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	173,955
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Interest payable	(5,684)
Bonds, loans, lines of credit, and leases	(1,332,788)
Deferred rebate	(31,250)
Compensated absences	(405,788)
Pension liability	(1,964,137)
OPEB liability	(2,226,529)
Deferred outflows of resources reported in the Statement of Net Position.	689,717
Deferred inflows of resources reported in the Statement of Net Position.	<u>(807,063)</u>
Net position of governmental activities	<u><u>\$ 9,890,619</u></u>

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

Town of Marion, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
General property taxes	\$ 963,147	\$ -	\$ 963,147
Other local taxes	3,701,753	-	3,701,753
Permits, privilege fees, and regulatory licenses	3,398	-	3,398
Fines and forfeitures	12,682	-	12,682
Revenue from the use of money and property	165,174	-	165,174
Charges for services	1,217,079	-	1,217,079
Miscellaneous	122,331	-	122,331
Recovered costs	1,042,135	-	1,042,135
Intergovernmental revenues:			
Commonwealth	2,021,479	-	2,021,479
Federal	861,743	-	861,743
Total revenues	<u>10,110,921</u>	<u>-</u>	<u>10,110,921</u>
<b>EXPENDITURES</b>			
General government administration	1,930,807	-	1,930,807
Public safety	3,761,047	-	3,761,047
Public works	3,535,114	-	3,535,114
Parks, recreation, and cultural	391,016	-	391,016
Community development	1,132,761	-	1,132,761
Capital projects	307,205	-	307,205
Debt service:			
Principal retirement	11,538,879	-	11,538,879
Interest and other fiscal charges	112,538	-	112,538
Total expenditures	<u>22,709,367</u>	<u>-</u>	<u>22,709,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,598,446)</u>	<u>-</u>	<u>(12,598,446)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Recovered costs from Marion EDA	313,694	-	313,694
Transfers in (out)	2,055,593	-	2,055,593
Proceeds from a line of credit	10,790,678	-	10,790,678
Proceeds from long-term debt	114,300	-	114,300
Total other financing sources (uses)	<u>13,274,265</u>	<u>-</u>	<u>13,274,265</u>
Net change in fund balances	675,819	-	675,819
Fund balances - beginning	5,679,802	(32,427)	5,647,375
Fund balances - ending	<u>\$ 6,355,621</u>	<u>\$ (32,427)</u>	<u>\$ 6,323,194</u>

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



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

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

Net change in fund balances - total governmental funds	\$	675,819
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period:

Capital outlays		844,400
Depreciation expense		(510,298)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		18,088
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, 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.		633,901
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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 interest payable		3,167
Change in lease payable and deferred inflow on receivable		14,772
Change in deferred rebate		6,250
Change in compensated absences		(64,032)
Change in pension and deferred items		386,186
Change OPEB and deferred items		(119,936)

Change in net position of governmental activities	\$	1,888,317
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The notes to the financial statements are an integral part of this statement.

Town of Marion, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2024

	Enterprise Funds		
	Water, Sewer and CIRP Fund	Swimming Pool Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 489,604	\$ 200	\$ 489,804
Accounts receivables, net of allowances for uncollectibles	1,002,067	-	1,002,067
Due from other funds	-	-	-
Due from other governmental units	12,753	-	12,753
Prepaid expenses	23,290	-	23,290
Total current assets	<u>1,527,714</u>	<u>200</u>	<u>1,527,914</u>
Noncurrent assets:			
Restricted current assets:			
Cash and cash equivalents	271,829	-	271,829
Total restricted current assets	<u>271,829</u>	<u>-</u>	<u>271,829</u>
Capital assets:			
Land	528,252	179,125	707,377
Construction in progress	979,247	-	979,247
Utility plant in service	33,823,259	-	33,823,259
Pool	-	1,520,275	1,520,275
Machinery and equipment	4,609,376	29,151	4,638,527
Less accumulated depreciation	(19,370,133)	(1,076,552)	(20,446,685)
Total capital assets	<u>20,570,001</u>	<u>651,999</u>	<u>21,222,000</u>
Total noncurrent assets	<u>20,841,830</u>	<u>651,999</u>	<u>21,493,829</u>
Total assets	<u>22,369,544</u>	<u>652,199</u>	<u>23,021,743</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	115,299	-	115,299
Deferred other post employment benefits	9,281	-	9,281
Total deferred outflows of resources	<u>124,580</u>	<u>-</u>	<u>124,580</u>
Total assets & deferred outflows	<u>\$ 22,494,124</u>	<u>\$ 652,199</u>	<u>\$ 23,146,323</u>

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

Town of Marion, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2024

	Enterprise Funds		
	Water, Sewer and CIRP Fund	Swimming Pool Fund	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 350,724	\$ 1,498	\$ 352,222
Accrued liabilities	7,580	-	7,580
Customers' deposits	47,200	-	47,200
Accrued interest payable	31,974	-	31,974
General obligation bonds payable - current portion	747,468	-	747,468
Compensated absences	46,832	-	46,832
Pension liability	35,477	-	35,477
Line of credit	-	-	-
Total current liabilities	<u>1,267,255</u>	<u>1,498</u>	<u>1,268,753</u>
Noncurrent liabilities:			
General obligation bonds payable - net of current portion	5,586,504	-	5,586,504
Compensated absences	15,610	-	15,610
Pension liability	319,292	-	319,292
OPEB liability	402,164	-	402,164
Total noncurrent liabilities	<u>6,323,570</u>	<u>-</u>	<u>6,323,570</u>
Total liabilities	<u>7,590,825</u>	<u>1,498</u>	<u>7,592,323</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pensions	136,088	-	136,088
Deferred other post employment benefits	6,453	-	6,453
Total deferred inflows of resources	<u>142,541</u>	<u>-</u>	<u>142,541</u>
<b>NET POSITION</b>			
Net Investment in capital assets	14,236,029	651,999	14,888,028
Restricted for debt service and bond covenants	271,829	-	271,829
Unrestricted	252,900	(1,298)	251,602
Total net position	<u>14,760,758</u>	<u>650,701</u>	<u>15,411,459</u>
Total liabilities & deferred inflows & net position	<u>\$ 22,494,124</u>	<u>\$ 652,199</u>	<u>\$ 23,146,323</u>

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

Town of Marion, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2024

	Enterprise Funds		
	Water, Sewer and CIRP Fund	Swimming Pool Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,043,980	\$ 66,588	\$ 6,110,568
Other revenues	-	15,290	15,290
Total operating revenues	6,043,980	81,878	6,125,858
<b>OPERATING EXPENSES</b>			
Personal services	595,425	62,455	657,880
Fringe benefits	25,467	4,073	29,540
Contractual services	99,342	1,642	100,984
Materials and supplies	230,671	22,361	253,032
Other charges	356,726	2,822	359,548
Depreciation	984,516	36,375	1,020,891
Total operating expenses	2,292,147	129,728	2,421,875
Operating income (loss)	3,751,833	(47,850)	3,703,983
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	228	-	228
Interest expense	(103,742)	-	(103,742)
Total nonoperating revenues (expenses)	(103,514)	-	(103,514)
Income (loss) before contributions and transfers	3,648,319	(47,850)	3,600,469
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	208,190	-	208,190
Net transfers in (out)	(2,065,570)	9,977	(2,055,593)
Total contributions and transfers	(1,857,380)	9,977	(1,847,403)
Change in net position	1,790,939	(37,873)	1,753,066
Net position - beginning	12,969,819	688,574	13,658,393
Net position - ending	\$ 14,760,758	\$ 650,701	\$ 15,411,459

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

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

	Enterprise Funds		Total
	Water, Sewer and CIRP Fund	Swimming Pool Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 6,005,170	\$ 81,878	\$ 6,087,048
Payments to suppliers	(443,855)	(29,400)	(473,255)
Payments to and for employees	(903,510)	(62,455)	(965,965)
Net cash provided (used by) operating activities	4,657,805	(9,977)	4,647,828
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from (to) other funds	(2,065,570)	9,977	(2,055,593)
Net cash provided (used) by noncapital financing activities	(2,065,570)	9,977	(2,055,593)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	(2,072,565)	-	(2,072,565)
Principal payments on debt	(1,066,069)	-	(1,066,069)
Proceeds from indebtedness	751,077	-	751,077
Capital contributions	210,416	-	210,416
Interest payments	(124,500)	-	(124,500)
Net cash provided (used) by capital and related financing activities	(2,301,641)	-	(2,301,641)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	228	-	228
Net cash provided (used) by investing activities	228	-	228
Net increase (decrease) in cash and cash equivalents	290,822	-	290,822
Cash and cash equivalents - beginning	470,611	200	470,811
Cash and cash equivalents - ending	\$ 761,433	\$ 200	\$ 761,633
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 3,751,833	\$ (47,850)	\$ 3,703,983
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	984,516	36,375	1,020,891
(Increase) decrease in accounts receivable	(37,490)	-	(37,490)
(Increase) decrease in prepaid expenses	4,589	-	4,589
Increase (decrease) in customer deposits	(1,320)	-	(1,320)
Increase (decrease) in accounts payable	263,101	1,498	264,599
Increase (decrease) in OPEB liability	(85,650)	-	(85,650)
Increase (decrease) in deferred OPEB	(3,253)	-	(3,253)
Increase (decrease) in pension liability	(156,270)	-	(156,270)
Increase (decrease) in deferred pensions	(43,851)	-	(43,851)
Increase (decrease) in compensated absences	(18,400)	-	(18,400)
Net cash provided (used) by operating activities	\$ 4,657,805	\$ (9,977)	\$ 4,647,828

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

Town of Marion, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2024

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	Cemetery Fund
ASSETS	
Cash and cash equivalents	\$ 5,407
Investments, at fair value	149,335
Total assets	<u>\$ 154,742</u>
NET POSITION	
Amounts held for cemetery maintenance	\$ 154,742
Total liabilities	<u>\$ 154,742</u>

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

Town of Marion, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2024

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	Cemetery Fund
<b>ADDITIONS</b>	
Investment earnings:	
Interest and dividends	\$ 1,613
Realized gain (loss) on investment	526
Unrealized gain (loss) on investment	11,699
Total additions	<u>13,838</u>
<b>DEDUCTIONS</b>	
Distributions	5,015
Fees	235
Total deductions	<u>5,250</u>
Change in net position	8,588
Net position - beginning	146,154
Net position - ending	<u><u>\$ 154,742</u></u>

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

NOTES TO  
FINANCIAL STATEMENTS



## Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established by GAAP and used by the Town are discussed below.

### Reporting Entity

The Town of Marion, Virginia (the Town) was incorporated in 1832. The Town operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, development services, culture, community development, water services, sewer services, and industrial development. The accompanying financial statements present the government.

The Town reports the Economic Development Authority of the Town of Marion as a discretely presented component unit. The Town has no blended component units, related organizations, or jointly governed organizations.

### Discretely Presented Component Unit

The Economic Development Authority of the Town of Marion (EDA) encourages and finances programs to promote economic development in the Town. The EDA is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The EDA does not issue separate financial statements.

The EDA is a separate legal entity but is accountable to and fiscally dependent on the Town. EDA directors are appointed by the Town Council. The Town provides significant funding and approves debt issuances. The EDA does not have separate taxing powers. Some types of external funding must be coordinated through the Town due to legal or contractual limitations. The EDA reimburses the Town for services performed and materials provided by the Town for administration, demolition, maintenance, or rehabilitation of properties owned by the EDA.

### Government-wide and fund financial statements

The government-wide financial statements (the Statement of Net position and the Statement of Activities) report information on all the nonfiduciary activities of the Town. Direct 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.

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

## Note 1 - Summary of Significant Accounting Policies (continued)

### 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 as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims & judgments are recorded only when payment is due.

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 un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred 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 the government receives cash.

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. All general tax revenue and other receipts that are not restricted by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

Other governmental funds are restricted for specific purposes. The Town has separate funds for Streetscape Program, Downtown Housing Project, and CDBG Gilman Street.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

## Note 1 - Summary of Significant Accounting Policies (continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

The Town has two proprietary funds. The water, sewer, and CIRP fund operates the Town's water and sewer systems and funds the Comprehensive Infrastructure Replacement Program (CIRP) to maintain and upgrade those systems. The pool fund operates the Town swimming pool.

The Town has a fiduciary fund for cemetery care in perpetuity.

### Deposits and Investments

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.

### Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 6. The Town bills and collects its own property taxes.

Note 1 - Summary of Significant Accounting Policies (continued)

Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2024 the allowance for governmental activities amounted to approximately \$48,970 for property taxes, \$42,124 for garbage billings, and \$72,077 for EMS. The allowance for business-type activities amounted to approximately \$319,127 for water and sewer billings.

Concentration of Credit Risk

The Town has a credit risk associated with water and sewer fund accounts receivable due to geographic proximity of the Town's customers. The risk is mitigated by the large number of customers and relatively low individual balances.

Prepaid Expenses

Prepaid expenses are for payments made by the Town in the current fiscal year to provide services occurring in the subsequent fiscal year.

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, not including infrastructure assets, with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Infrastructure assets capitalized have an original cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

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

<u>Asset Type</u>	<u>Years</u>
Buildings	20-50
Water and Sewer System	30-50
Infrastructure	20-35
Machinery and equipment	5-10
Improvements	10-20

## Note 1 - Summary of Significant Accounting Policies (continued)

### Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities statement of net position for government-wide and proprietary funds. 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. Bond issuance costs are expensed when incurred. In the governmental fund financial statements, long-term debt activity is reported as other financing sources or expenses when incurred. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are expensed when incurred.

### 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. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The Town accrues compensated absences for vacation leave payable at termination.

### Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. 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 Political Subdivision Retirement Plan and the additions to/deductions from the Political Subdivision Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program 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. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Town Council of the Town of Marion is dedicated to maintaining an appropriate level of fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates; and therefore, formally establishes this policy for the Town's Fund Balance. This policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Fund balance is the difference between the assets and liabilities reported in a governmental fund. The following five fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. 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.

*Nonspendable*

Fund balance is not in spendable form (such as inventory and prepaids) or required to be maintained intact (corpus of a permanent fund). Nonspendable fund balance at June 30, 2024 was as follows:

<i>Nonspendable Fund Balance</i>	
Prepaid expense	<u><u>\$ 206,414</u></u>

*Restricted*

Fund balance is constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Restricted fund balance at June 30, 2024 was as follows:

<i>Restricted Fund Balance - Other Governmental Funds</i>	
Downtown Housing Fund	<u><u>\$ 118,893</u></u>

*Committed*

Fund balance is constrained to specific purposes by a government itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The Town Council is the Town's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Town Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

*Assigned*

Fund balance is intended for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. For all funds except the general fund, assigned fund balance is the residual fund balance classification. The Town Council has authorized the Town's Finance Director to assign fund balance to a specific purpose as approved by this fund balance policy.

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

*Unassigned*

Fund balance is available for any purpose. The Town does not maintain a minimum unassigned fund balance policy. Other Governmental Funds with more liabilities than assets are reported in unassigned fund balance as negative amounts. Such deficit fund balance at June 30, 2024 was as follows:

<i>Deficit Fund Balance - Other Governmental Funds</i>	
CDBG Gilman Street Fund	\$ (32,951)
Streetscape Fund	(118,369)
Total Other Governmental Funds - Unassigned	<u>\$ (151,320)</u>

Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in proprietary funds and government-wide statements. Net position is divided into three components. When both restricted and unrestricted resources are available for a specific purpose, it is the Town's policy to deplete restricted resources first.

*Net investment in capital assets*

Net position consists of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows less deferred inflows related to those assets.

*Restricted*

Net position consists of assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on share revenues), by grantors (both federal and state), and by other contributors. Restricted net position at June 30, 2024 was as follows:

<i>Governmental Activities</i>	
Restricted for downtown housing project	<u>\$ 118,893</u>
<i>Business-type Activities</i>	
Restricted for debt service and bond covenants	<u>\$ 271,829</u>

*Unrestricted (deficit)*

Net position consists of all other net assets or (net liabilities).

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.

## Note 1 - Summary of Significant Accounting Policies (continued)

### 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; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of property, general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Virginia Municipal Group contributions and assessments into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Through the liability pool, the Town's Public Employees Dishonesty Coverage is \$200,000.

### Contingencies

The Town participates in certain federal and state grant programs. Grant funds are subject to audit by funding agencies to determine compliance with various grant requirements. Should any expenditure be disallowed, they must be returned to the grantor. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

### Recent Accounting Pronouncements

No new Governmental Accounting Standards Board (GASB) Statements were implemented in the current year. Upcoming GASB Statements and estimated implementation dates are as follows. Management has not yet estimated the effects, if any, of adopting the standards below.

Statement No. 100, *Accounting Changes and Error Corrections*, aims to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for the fiscal year ending June 30, 2025.

Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement is effective for the fiscal year ending June 30, 2025. For the year ended June 30, 2024 the Town accrues vacation leave eligible for payment at termination. It currently does not accrue personal, sick, or excess vacation leave.

### Subsequent Events

Subsequent events have been evaluated as of April 25, 2025, which is the date the financial statements were available to be reissued. The financial statements were reissued to report VDOT Park Blvd grant revenue as federal categorical aid and to report such revenue on the Schedule of Expenditures of Federal Awards.



## Note 2 - Stewardship, Compliance, and Accountability

### Budgetary information

The Town charter establishes the fiscal year as the twelve-month period beginning July 1<sup>st</sup>. The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Town Council can revise the appropriation for each department or category.
5. Formal budgetary integration is employed as a management control device during 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.

## Note 3 - Deposits and Investments

### Deposits

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

### Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

#### Note 4 - Restricted Cash and Cash Equivalents

Business-type activities restricted cash of \$271,829 at June 30, 2024 is set aside for debt service in the water, sewer, and CIRP fund.

#### Note 5 - Lease Receivable

The Town leases out acreage near Exit 47 for grazing in exchange for maintenance. Lease term is 5 years beginning May 20, 2022. Annual rent payments of \$8,383 are due every May. The Town may terminate with 180 days' notice. The Town does not expect to terminate as of June 30, 2024. Lease receivable is discounted at a rate of 3.5% based on comparable debt rates at inception. The present value of lease payments at inception was \$37,850. Deferred revenue is amortized at a daily rate of \$25.91 rounded to \$9,430 annually.

Annual requirements to amortize lease receivable and the deferred revenue are as follows:

Year Ending June 30,	Lease Receivable		Deferred
	Receivable	Interest	Amortization
2025	\$ 7,875	\$ 508	\$ (9,430)
2026	6,631	1,752	(8,470)
Total	<u>\$ 14,506</u>	<u>\$ 2,260</u>	<u>\$ (17,900)</u>

#### Note 6 - Interfund Balances

Interfund balances on the balance sheet of governmental funds consisted of the following at June 30, 2024:

Primary Government Fund	Due from other funds	Due to other funds
General Fund	\$ 32,951	\$ -
Downtown Housing Fund	118,369	-
CDBG Gilman Street Fund	-	32,951
Streetscape Fund	-	118,369
Total	<u>\$ 151,320</u>	<u>\$ 151,320</u>

## Note 7 - Due from Other Governmental Units

Due from Other Governmental Units consisted of the following at June 30, 2024:

<i>Commonwealth of Virginia</i>	
Local sales tax	\$ 42,140
Communication tax	13,364
Non-categorical aid	2,191
<i>Federal Government</i>	
Land and Water Conservation Fund	44,421
<i>Component Unit - Marion EDA</i>	
Recovered costs	61,916
Total Due from other governmental units	<u>\$ 164,032</u>

## Note 8 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2024 was as follows.

Governmental Activities	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 2,030,214	\$ -	\$ -	\$ 2,030,214
Construction in progress	711,673	258,107	(78,031)	891,749
Total capital assets not being depreciated	<u>\$ 2,741,887</u>	<u>\$ 258,107</u>	<u>\$ (78,031)</u>	<u>\$ 2,921,963</u>
Capital assets, being depreciated:				
Buildings	\$ 7,372,460	\$ 202,027	\$ -	\$ 7,574,487
Infrastructure	3,649,508	5,677	-	3,655,185
Machinery and equipment	7,681,155	456,620	(19,983)	8,117,792
Total capital assets being depreciated	<u>\$ 18,703,123</u>	<u>\$ 664,324</u>	<u>\$ (19,983)</u>	<u>\$ 19,347,464</u>
Less: accumulated depreciation for:				
Buildings	\$ (4,320,830)	\$ (146,452)	\$ -	\$ (4,467,282)
Infrastructure	(1,192,021)	(88,516)	-	(1,280,537)
Machinery and equipment	(6,789,269)	(275,330)	19,983	(7,044,616)
Total accumulated depreciation	<u>\$ (12,302,120)</u>	<u>\$ (510,298)</u>	<u>\$ 19,983</u>	<u>\$ (12,792,435)</u>
Total capital assets being depreciated, net	<u>\$ 6,401,003</u>	<u>\$ 154,026</u>	<u>\$ -</u>	<u>\$ 6,555,029</u>
Governmental activities capital assets, net	<u>\$ 9,142,890</u>	<u>\$ 412,133</u>	<u>\$ (78,031)</u>	<u>\$ 9,476,992</u>

**Note 8 - Capital Assets (continued)**

Depreciation expense was charged to Governmental functions/programs as follows.

<b>Governmental Activities:</b>	
General government	\$ 123,957
Public safety	172,411
Public works	200,250
Parks, recreation, and culture	13,680
Total depreciation expense - governmental activities	<u>\$ 510,298</u>

Capital asset activity for business-type activities – Water, Sewer, and CIRP Fund for the year ended June 30, 2024 was as follows.

<b>Business-type Activities</b>	<b>Balance</b>			<b>Balance</b>
<b>Water, Sewer, and CIRP Fund</b>	<b>July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2024</b>
Capital assets, not being depreciated:				
Land	\$ 528,252	\$ -	\$ -	\$ 528,252
Construction in progress	-	1,958,493	(979,246)	979,247
Total capital assets not being depreciated	<u>\$ 528,252</u>	<u>\$ 1,958,493</u>	<u>\$ (979,246)</u>	<u>\$ 1,507,499</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 32,844,012	\$ 979,247	\$ -	\$ 33,823,259
Machinery and equipment	4,495,305	114,071	-	4,609,376
Total capital assets being depreciated	<u>\$ 37,339,317</u>	<u>\$ 1,093,318</u>	<u>\$ -</u>	<u>\$ 38,432,635</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (14,920,623)	\$ (746,214)	\$ -	\$ (15,666,837)
Machinery and equipment	(3,464,994)	(238,302)	-	(3,703,296)
Total accumulated depreciation	<u>\$ (18,385,617)</u>	<u>\$ (984,516)</u>	<u>\$ -</u>	<u>\$ (19,370,133)</u>
Total capital assets being depreciated, net	<u>\$ 18,953,700</u>	<u>\$ 108,802</u>	<u>\$ -</u>	<u>\$ 19,062,502</u>
Water, Sewer and CIRP capital assets, net	<u>\$ 19,481,952</u>	<u>\$ 2,067,295</u>	<u>\$ (979,246)</u>	<u>\$ 20,570,001</u>

Depreciation expense for the Water, Sewer, and CIRP Fund was \$984,516 for the year ended June 30, 2024.

**Note 8 - Capital Assets (continued)**

Capital asset activity for business-type activities – Swimming Pool Fund for the year ended June 30, 2024 was as follows.

Business-type Activities Swimming Pool Fund	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 179,125	\$ -	\$ -	\$ 179,125
Total capital assets not being depreciated	<u>\$ 179,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,125</u>
Capital assets, being depreciated:				
Pool	\$ 1,520,275	\$ -	\$ -	\$ 1,520,275
Equipment	29,151	-	-	29,151
Total capital assets being depreciated	<u>\$ 1,549,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,549,426</u>
Less: accumulated depreciation for:				
Pool	\$ (1,011,026)	\$ (36,375)	\$ -	\$ (1,047,401)
Equipment	(29,151)	-	-	(29,151)
Total accumulated depreciation	<u>\$ (1,040,177)</u>	<u>\$ (36,375)</u>	<u>\$ -</u>	<u>\$ (1,076,552)</u>
Total capital assets being depreciated, net	<u>\$ 509,249</u>	<u>\$ (36,375)</u>	<u>\$ -</u>	<u>\$ 472,874</u>
Swimming Pool capital assets, net	<u>\$ 688,374</u>	<u>\$ (36,375)</u>	<u>\$ -</u>	<u>\$ 651,999</u>

Depreciation expense for the Swimming Pool Fund was \$36,375 for the year ended June 30, 2024.

**Note 9 - Deferred Revenue**

Deferred 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. Governmental deferred revenue totaling \$1,572,259 is comprised of the following:

Property Taxes - \$1,319,913 representing uncollected tax billings not available for funding current expenditures.

RBEG Loans - \$252,346 representing uncollected loan payments not available for funding current expenditures.

Note 10 - Long-Term Debt

Primary Government - Governmental Activity Indebtedness

The following is a summary of long-term debt transactions for governmental activities for the year ended June 30, 2024.

Description	Balance July 1, 2023	Issuances	Retirements	Balance June 30, 2024
General obligation bonds	\$ 286,440	\$ 114,300	\$ (8,913)	\$ 391,827
Loans payable	1,010,797	-	(79,481)	931,316
Line of credit	659,807	10,790,678	(11,450,485)	-
Lease liability	14,852	-	(5,207)	9,645
Deferred rebate	37,500	-	(6,250)	31,250
Compensated absences	341,756	64,032	-	405,788
Pension liability	2,188,590	-	(224,453)	1,964,137
OPEB liability	2,089,123	137,406	-	2,226,529
Total	<u>\$ 6,628,865</u>	<u>\$ 11,106,416</u>	<u>\$ (11,774,789)</u>	<u>\$ 5,960,492</u>

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

Year Ending June 30,	General Obligation Bonds		Loan Payable		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 138,710	\$ 10,553	\$ 82,313	\$ 40,566	\$ 5,252	\$ 63
2026	63,426	6,795	85,702	37,179	4,393	37
2027	66,166	4,989	76,380	33,603	-	-
2028	66,930	3,107	80,092	29,890	-	-
2029	56,595	1,257	84,625	25,987	-	-
2030-2034	-	-	227,434	92,844	-	-
2035-2039	-	-	233,714	35,932	-	-
2040-2044	-	-	61,056	2,412	-	-
Totals	<u>\$ 391,827</u>	<u>\$ 26,701</u>	<u>\$ 931,316</u>	<u>\$ 298,413</u>	<u>\$ 9,645</u>	<u>\$ 100</u>

TOWN OF MARION, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

Note 10 - Long-Term Debt (continued)

Primary Government - Governmental Activity Indebtedness (continued)

Details of long-term indebtedness at June 30, 2024:

	<u>Total Amount</u>	<u>Due Within One Year</u>
<b>General Obligation Bonds</b>		
Bank of Marion bond, issued June 29, 2016, annual installments of principal and semi-annual installments of interest. Interest computed at a rate of 2.6% for sixteen years.	\$ 286,440	\$ 117,000
Rural Development note, issued January 23, 2024, monthly installments of principal and interest in the amount of \$2,068. Interest computed at a rate of 3.25% for five years.	105,387	21,710
Total General Obligation Bonds	<u>\$ 391,827</u>	<u>\$ 138,710</u>
<b>Loan Payable</b>		
Bank of Marion, issued February 1, 2018, monthly installments of principal and interest in the amount of \$2,030. Interest computed at a rate of 3.5% for twenty years.	\$ 266,390	\$ 13,394
Bank of Marion, issued August 28, 2019, monthly installments of principal and interest in the amount of \$2,651. Interest computed at a rate of 4.99% for ten years.	140,988	25,347
Bank of Marion, issued February 18, 2015, monthly installments of principal and interest in the amount of \$1,311. Interest computed at a rate of 4.5% for fifteen years.	76,738	12,545
Bank of Marion, issued May 6, 2021, monthly installments of principal and interest in the amount of \$2,120. Interest computed at a rate of 3.99% for twenty years.	310,760	13,198
VRA, issued March 18, 2016, semiannual installments of principal and interest in the amount of \$6,449. Interest computed at a rate of 0.25% for ten years.	25,700	12,841
Bank of Marion, issued July 31, 2021, monthly installments of principal and interest in the amount of \$709. Interest computed at a rate of 3.25% for twenty years.	110,740	4,988
Total Loans Payable	<u>\$ 931,316</u>	<u>\$ 82,313</u>
<b>Line of Credit</b>		
Bank of Marion up to \$2,000,000. Variable interest. 8.50% at June 30, 2024.	<u>\$ -</u>	<u>\$ -</u>
<b>Lease Liability</b>		
Copier lease. Monthly payments of \$443 until April 2026. Interest computed at 0.87%.	<u>\$ 9,645</u>	<u>\$ 5,252</u>
<b>Other Obligations</b>		
Deferred rebate	\$ 31,250	\$ 6,250
Compensated absences	405,788	304,341
Pension liability	1,964,137	196,414
OPEB liability	2,226,529	-
Total Other Obligations	<u>\$ 4,627,704</u>	<u>\$ 507,005</u>
Total Long-Term Obligations	<u>\$ 5,960,492</u>	<u>\$ 733,280</u>

Note 10 - Long-Term Debt (continued)

Primary Government - Business-type Activity Indebtedness

The following is a summary of long-term debt transactions for business-type activities for the year ended June 30, 2024.

Description	Balance July 1, 2023	Issuances	Retirements	Balance June 30, 2024
General obligation bonds	\$ 6,648,964	\$ 696,077	\$ (1,011,069)	\$ 6,333,972
Line of credit	-	55,000	(55,000)	-
Compensated absences	80,842	1,714	(20,114)	62,442
Pension liability	511,039	-	(156,270)	354,769
OPEB liability	487,814	-	(85,650)	402,164
Total	<u>\$ 7,728,659</u>	<u>\$ 752,791</u>	<u>\$ (1,328,103)</u>	<u>\$ 7,153,347</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2025	\$ 747,468	\$ 124,603
2026	477,118	121,155
2027	486,903	115,266
2028	382,608	105,553
2029	365,915	97,904
2030-2034	1,360,322	411,243
2035-2039	968,807	275,971
2040-2044	964,199	152,240
2045-2049	440,767	49,029
2050-2054	139,865	5,491
Totals	<u>\$ 6,333,972</u>	<u>\$ 1,458,455</u>



Note 10 - Long-Term Debt (continued)

Primary Government - Business-type Activity Indebtedness

Details of long-term indebtedness at June 30, 2024:

<u>Lender</u>	<u>Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>	<u>Due Within One Year</u>
<b>General Obligation Bonds</b>					
Virginia Resource Authority	12/15/2011	4/1/2032	0.000%	\$ 397,805	\$ 50,514
VRA	9/30/2016	5/1/2037	0.650%	73,328	18,442
VRA	7/27/2017	4/1/2038	1.700%	128,169	8,930
VRA	12/19/2018	5/1/2039	2.200%	146,801	14,009
VRA	5/28/2020	1/1/2046	0.500%	374,122	19,208
VRA	12/22/2021	4/1/2048	0.500%	367,399	14,877
VRA	5/24/2024	11/1/2049	0.500%	60,652	2,283
VRA	7/13/2023	4/1/2053	0.500%	188,579	6,282
VRA	6/9/2023	3/1/2044	2.950%	1,026,280	47,707
VRA	12/2/2022	1/1/2053	2.200%	535,504	14,322
VRA	2/26/2019	5/1/2050	2.500%	348,577	12,861
VRA	2/26/2019	6/1/2051	2.500%	436,689	13,648
VRA	12/1/2020	12/1/2051	2.500%	332,387	40,911
VRA	4/20/2017	7/1/2047	2.650%	130,302	8,174
VRA	6/16/2016	7/1/2046	2.250%	30,015	7,603
VRA	3/1/2018	1/1/2049	2.650%	195,304	7,948
VRA	3/24/2006	4/1/2027	3.000%	320,600	104,004
Rural Development	7/14/2011	6/14/2051	2.375%	475,589	12,695
Bank of Marion	6/29/2016	2/1/2025	2.160%	270,344	270,344
BOM	10/9/2020	10/9/2030	3.250%	495,526	72,706
Total General Obligation Bonds				<u>\$ 6,333,972</u>	<u>\$ 747,468</u>
<b>Line of Credit</b>					
Bank of Marion up to \$1,500,000. Variable interest.			8.500%	<u>\$ -</u>	<u>\$ -</u>
<b>Other Obligations</b>					
Compensated absences				\$ 62,442	\$ 46,832
Pension liability				354,769	35,477
OPEB liability				402,164	-
Total Other Obligations				<u>\$ 819,375</u>	<u>\$ 82,309</u>
Total Long Term Obligations				<u>\$ 6,682,214</u>	<u>\$ 760,821</u>

## Note 11 - Compensated Absences

Employees accumulate earned but unused vacation leave for carryover and payout at termination. Maximum accumulated vacation leave hours are three times annual vacation hours earned. Annual hours earned varies with length of service. Full-time employees earn twelve days and an additional day with each additional five years of service.

Years of Service	Days Earned Annually	Hours Earned	Maximum Accumulated
0	12	96	288
5	13	104	312
10	14	112	336
15	15	120	360
20	16	128	384
25	17	136	408

Payout at termination is at the employee's hourly rate at termination. Vacation leave is accrued at the employee's hourly rate at year-end. At June 30, 2024, accrued vacation was \$405,788 and \$62,442 for governmental and business-type activities, respectively. Employees do not receive similar payouts for unused personal or sick leave.

However, upon retirement with 30 years of VRS service, the Town pays 25% of accumulated and unused sick pay up to \$2,500. Sick leave is not accrued due to the difficulty in estimating the number of employees who may retire with 30 years of VRS service.

## Note 12 - Pension Plan

All full-time, salaried permanent employees of the Town are automatically covered by the VRS Retirement Plan upon employment. This plan is 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.

The System administers three different benefit structures for covered employees—Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table beginning on the next page.

Note 12 - Pension Plan (continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b>  Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b>  Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b>  The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b>  Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i>  VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's</p>	<p><b>Eligible Members</b>  Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i>  Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for</p>	<p><b>Eligible Members</b>  Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1- April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><i>*Non-Eligible Members</i>  Some employees are not eligible to participate in the Hybrid Retirement</p>

Note 12 - Pension Plan (continued)

<p>effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.</p>	<p>eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	<p>Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b></p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their</p>	<p><b>Service Credit</b></p> <p>Same as Plan 1.</p>	<p><b>Service Credit</b></p> <p><i>Defined Benefit Component:</i></p> <p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one</p>

Note 12 - Pension Plan (continued)

<p>retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>		<p>of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined Contributions Component:</i>  Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <i>Defined Benefit Component:</i>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i>  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan,</p>

Note 12 - Pension Plan (continued)

		<p>based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law until age 73.</p>
<p><b>Calculating the Benefit</b>  The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <i>Defined Benefit Component:</i>  See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i>  The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b>  A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><i>Sheriffs and regional jail superintendents:</i> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%</p> <p><i>Political subdivision hazardous</i></p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><i>Sheriffs and regional jail superintendents:</i> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p><i>Sheriffs and regional jail</i></p>

Note 12 - Pension Plan (continued)

<p><i>duty employees:</i> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p><i>superintendents:</i> Not applicable.</p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p>Normal Retirement Age  VRS: Age 65.</p> <p><i>Political subdivisions hazardous duty employees:</i> Age 60.</p>	<p>Normal Retirement Age  VRS: Normal Social Security retirement age.</p> <p><i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.</p>	<p>Normal Retirement Age  <i>Defined Benefit Component:</i>  VRS: Same as Plan 2.</p> <p><i>Political subdivisions hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility  VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><i>Political subdivisions hazardous duty employees:</i> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility  VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility  <i>Defined Benefit Component:</i>  VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><i>Political subdivisions hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility  VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><i>Political subdivisions hazardous duty employees:</i> Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility  VRS: Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility  <i>Defined Benefit Component:</i>  VRS: Age 60 with at least five years (60 months) of service credit.</p> <p><i>Political subdivision hazardous duty employees:</i> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive</p>

Note 12 - Pension Plan (continued)

		distributions upon leaving employment, subject to restrictions.
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i>  For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><i>Eligibility:</i>  Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i>  Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <i>Defined Benefit Component:</i>  Same as Plan 2.</p> <p><i>Defined Contribution Component:</i>  Not applicable.</p> <p><i>Eligibility:</i>  Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i>  Same as Plan 1 and Plan 2.</p>



Note 12 - Pension Plan (continued)

<p>causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</p> <ul style="list-style-type: none"> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>		
<p><b>Disability Coverage</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>  Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer- paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work- related disability benefits.</p>
<p><b>Purchase of Prior Service</b>  Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service.  Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b>  Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <i>Defined Benefit Component:</i>  Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component:</i>  Not applicable.</p>

## Note 12 - Pension Plan (continued)

### Employees Covered by Benefit Terms

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

<u>Membership</u>	<u>Number</u>
Retirees and Beneficiaries	58
Inactive Vested Members	12
Inactive Nonvested Members	33
Long-term Disability	0
Active Elsewhere in VRS	24
Active Employees	79
Total	<u>206</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% of their compensation toward their retirement.

The Town's contractually required contribution rate for the year ended June 30, 2024 was 14.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The rate does not include the employer matching contribution to the defined contribution portion of the hybrid plan.

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. Employer contributions to the pension plan were \$687,725 and \$601,352 for the years ended June 30, 2024 and June 30, 2023, respectively.

### Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. the net pension liability was measured as of June 30, 2023. For the Town of Marion, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

### Actuarial Assumptions

The total pension liability for General Employees and Public Safety Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Note 12 - Pension Plan (continued)

Actuarial Assumptions (continued)

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

Participants with General Employees Benefit Coverage:

*Mortality rates:*

15% of deaths are assumed to be service related.

*Pre-Retirement:*

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

*Post-Retirement:*

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

*Post-Disablement:*

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

*Beneficiaries and Survivors:*

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

*Mortality Improvement:*

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

Participants with Enhanced Hazardous Duty Benefit Coverage:

*Mortality rates:*

45% of deaths are assumed to be service related.

*Pre-Retirement:*

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

*Post-Retirement:*

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

*Post-Disablement:*

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

*Beneficiaries and Survivors:*

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

*Mortality Improvement:*

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

Note 12 - Pension Plan (continued)

Actuarial Assumptions (continued)

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

Assumption	Non-Hazardous Duty	Hazardous Duty
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
Disability Rates	No change	No change
Salary Scale	No change	No change
Line of Duty Disability	No change	No change
Discount Rate	No change	No change

Long-Term Expected Rate of Return

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

Note 12 - Pension Plan (continued)

Actuarial Assumptions (continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers 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.

Note 12 - Pension Plan (continued)

Changes in Net Pension Liability

<i>Reporting Date: June 30, 2024</i> <i>Measurement Date: June 30, 2023</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 20,701,737	\$ 18,002,108	\$ 2,699,629
Changes for the year:			
Service Cost	475,111	-	475,111
Interest	1,399,029	-	1,399,029
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(331,865)	-	(331,865)
Contributions - employer	-	576,762	(576,762)
Contributions - employee	-	189,409	(189,409)
Net investment income	-	1,167,790	(1,167,790)
Benefit payments, including refunds of employee contributions	(900,979)	(900,979)	-
Administrative expenses	-	(11,434)	11,434
Other changes	-	471	(471)
Net changes	641,296	1,022,019	(380,723)
Balance at June 30, 2023	\$ 21,343,033	\$ 19,024,127	\$ 2,318,906

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 or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 5,127,176	\$ 2,318,906	\$ 3,692

**Note 12 - Pension Plan (continued)**

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

For the year ended June 30, 2024, the Town recognized pension expense of \$(586,307). At June 30, 2024, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 609,097
Change in assumptions	94,683	-
Net difference between projected and actual earnings on pension plan investments	-	280,427
Employer contributions subsequent to the measurement date	658,954	-
Total	<u>\$ 753,637</u>	<u>\$ 889,524</u>

\$658,954 reported as deferred outflows of resources related to pensions, resulting from the political subdivision's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Amortization Amount</u>
2025	\$ (512,960)
2026	(523,161)
2027	232,792
2028	8,488
Thereafter	-
Total Deferred	<u>\$ (794,841)</u>

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the Pension Plan**

At June 30, 2024, the Town reported accrued liability of \$58,140 for June 2024 contributions to the pension plan.

Note 13 - Other Post-Employment Benefits – Health Insurance

Plan Description

The Town provides postemployment medical coverage for retired employees through a single-employer defined benefit plan. The Town may change, add or delete coverage as they deem appropriate and with the approval of the Town Council. The plan does not grant retirees vested health benefits.

A retiree eligible for post-retirement medical coverage is defined as a full-time employee who retires directly from the Town and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the Town. Employees of the Town are allowed to stay on the plan until death of the employee. The Town pays 50% of the subscriber premium.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* and GASB Statement No. 85, *Omnibus 2017* establish accounting and financial reporting requirements for OPEB plans and standardize the valuation methodology. The cost of postemployment healthcare benefits are associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The Town meets the requirements and elects to use the alternative measurement method.

Employees Covered by Benefit Terms

<u>Status</u>	<u>Number</u>
Active participants	89
Retired participants	3
Total covered employees	92

Funding Policy and Contributions

The Town currently funds postemployment health care benefits on a pay-as-you-go basis. The Town does not accumulate assets in a trust. During fiscal year 2024, the Town made OPEB benefit payments of \$14,472.

Total OPEB Liability

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

Actuarial Methods and Assumptions

The Town uses the alternative measurement method in accordance with GASB methodology. In the valuation for the year ended June 30, 2024, the cost method used to determine OPEB liability was entry age normal level percentage of payroll. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Employer future premium contribution is assumed to remain a level percentage of the total cost over time.



Note 13 - Other Post-Employment Benefits – Health Insurance (continued)

Actuarial Methods and Assumptions (continued)

Mortality rates are the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover rates are derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System. Other assumptions are as follows.

Average retirement age	62 years
Salary increases	3.00%
Amortization period	20 years

Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

For the year ended June 30, 2024, the Town’s primary government recognized OPEB expense of \$49,688. At June 30, 2024, the primary government did not report deferred outflows of resources or deferred inflows of resources related to OPEB because the Town is on a pay-as-you-go basis.

Discount Rate and Municipal Bond Rate

Pursuant to GASB 75, the discount rate for unfunded plans should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer’s 20 bond index is often cited as an appropriate benchmark. A discount rate of 3.650% was used for the valuation.

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

The following presents the total OPEB liability using the discount rate of 4.02%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.02%	Discount Rate 4.02%	1% Increase 5.02%
Total OPEB Liability	\$ 2,652,961	\$ 2,422,531	\$ 2,223,511

**Note 13 - Other Post-Employment Benefits – Health Insurance (continued)**

Healthcare Trend Rates

<u>Year</u>	<u>Medical</u>	<u>Pharmacy</u>	<u>Dental</u>	<u>Vision</u>
Year 1	4.70%	5.20%	3.50%	3.00%
Year 2	4.80%	4.80%	3.50%	3.00%
Year 3	4.70%	4.70%	3.00%	3.00%
Year 4	4.60%	4.60%	3.00%	3.00%
Year 5	4.50%	4.50%	3.00%	3.00%
Year 6	4.40%	4.40%	3.00%	3.00%
Year 7	4.30%	4.30%	3.00%	3.00%
Year 8	4.20%	4.20%	3.00%	3.00%
Year 9	4.20%	4.20%	3.00%	3.00%
Thereafter	4.20%	4.20%	3.00%	3.00%

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

	<u>1% Decrease (Baseline -1%)</u>	<u>Healthcare Trend Rate - Baseline</u>	<u>1% Increase (Baseline +1%)</u>
Total OPEB Liability	\$ 2,073,497	\$ 2,422,531	\$ 2,844,339

**Note 14 - Other Post-Employment Benefits – Group Life Insurance**

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the Group Life Insurance Program OPEB. The specific information for GLI OPEB, including eligibility, coverage, and benefits is set out on the next page.

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

## Note 14 - Other Post-Employment Benefits – Group Life Insurance (continued)

### Plan Description (continued)

#### *Benefit Amounts*

The benefits payable under the GLI Program have several components.

- Natural Death Benefit: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit: The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These benefits include: accidental dismemberment, safety belt, repatriation, felonious assault, accelerated death option.

#### *Reduction in Benefit Amounts*

The benefit amounts provided to members covered under the GLI Program 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.

#### *Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)*

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit 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 COLA was \$9,254 as of June 30, 2024.

### Contributions

The contribution requirements for the GLI Program 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 Program was 1.34% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.80% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Town contributions to the GLI Program were \$24,973 and \$21,860 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The Town's proportionate share was \$1,744.

Note 14 - Other Post-Employment Benefits – Group Life Insurance (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the same assumptions as the VRS pension plan, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments is the same as the VRS pension plan.

Discount Rate

The discount rate used to measure the total GLI OPEB was 6.75%, the same as the VRS pension plan.

GLI OPEB Liabilities, Expense, and Related Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the Town reported a liability of \$206,162 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the Net GLI OPEB Liability was based on the Town's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Town's proportion was 0.01719% as compared to 0.01695% at June 30, 2022.

For the year ended June 30, 2024, the Town recognized GLI OPEB expense of \$(18,657). Since there was a change in the proportionate share between measure dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,589	\$ 6,258
Net difference between projected and actual investment earnings on OPEB plan investments	-	8,285
Change in assumptions	4,407	14,284
Changes in proportion	10,691	13,353
Employer contributions subsequent to the measurement date	24,973	-
Total	<u>\$ 60,660</u>	<u>\$ 42,180</u>

**Note 14 - Other Post-Employment Benefits – Group Life Insurance (continued)**

GLI OPEB Liabilities, Expense, and Related Deferred Outflows and Deferred Inflows of Resources (continued)

\$24,973 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in the future reporting periods as follows:

<u>Year ended June 30</u>	<u>Amortization Amount</u>
2025	\$ (3,247)
2026	(10,620)
2027	2,142
2028	2,697
2029	2,535
Thereafter	-
Total Deferred	<u>\$ (6,493)</u>

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the entire GLI Program is as follows:

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 3,907,052,000
Plan Fiduciary Net Position	2,707,739,000
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,199,313,000</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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

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 or one percentage point higher than the current rate.

Note 14 - Other Post-Employment Benefits – Group Life Insurance (continued)

Sensitivity of Employer's Proportionate Share of Net GLI OPEB Liability to Changes in Discount Rate (continued)

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Employer's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 305,596	\$ 206,162	\$ 125,769

Group Life Insurance Program Fiduciary Net Position

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

Note 15 - Reconciliation of Pension and OPEB to the Statement of Net Position

	Pension	Health OPEB	GLI OPEB	Total
<i>Governmental Activities</i>				
Deferred (outflows)	\$ (638,338)	\$ -	\$ (51,379)	\$ (689,717)
Pension liability	1,964,137	-	-	1,964,137
OPEB liability	-	2,051,908	174,621	2,226,529
Deferred inflows	753,436	-	35,727	789,163
Total governmental	<u>\$ 2,079,235</u>	<u>\$ 2,051,908</u>	<u>\$ 158,969</u>	<u>\$ 4,290,112</u>
<i>Business-Type Activities</i>				
Deferred (outflows)	\$ (115,299)	\$ -	\$ (9,281)	\$ (124,580)
Pension liability	354,769	-	-	354,769
OPEB liability	-	370,623	31,541	402,164
Deferred inflows	136,088	-	6,453	142,541
Total business-type	<u>\$ 375,558</u>	<u>\$ 370,623</u>	<u>\$ 28,713</u>	<u>\$ 774,894</u>
<i>Primary Government</i>				
Deferred (outflows)	\$ (753,637)	\$ -	\$ (60,660)	\$ (814,297)
Pension liability	2,318,906	-	-	2,318,906
OPEB liability	-	2,422,531	206,162	2,628,693
Deferred inflows	889,524	-	42,180	931,704
Total primary government	<u>\$ 2,454,793</u>	<u>\$ 2,422,531</u>	<u>\$ 187,682</u>	<u>\$ 5,065,006</u>

## Note 16 - Interfund Transfers

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net In (Out)</u>
General Fund	\$ 2,055,593	\$ -	
Other Governmental Funds	-	-	
<i>Total Governmental Funds</i>			\$ 2,055,593
Water, Sewer and CIRP Fund	-	2,065,570	
Swimming Pool Fund	9,977	-	
<i>Total Proprietary Funds</i>			<i>(2,055,593)</i>
Total	<u>\$ 2,065,570</u>	<u>\$ 2,065,570</u>	<u>\$ -</u>

## Note 17 - Economic Development Authority of the Town of Marion

The Town Council issued an ordinance to create an Economic Development Authority (EDA), pursuant to the Industrial Development and Revenue Bond Act, which Authority shall be a political subdivision of the Commonwealth. The Economic Development Authority of the Town of Marion, Virginia, a political subdivision of the Commonwealth of Virginia, is empowered by Section 15.2-4901 of the Code to acquire, own, lease, and dispose of properties and make loans for the benefit of the inhabitants of the Commonwealth through the promotion of their safety, health, welfare, convenience, and prosperity.

### BAUD Project

Project BAUD (Blighted, Abandoned, Underutilized, Derelict) is a comprehensive, multiyear plan to replace aging housing stock, both homeowner and residential rental. The EDA purchases blighted properties, redevelops them, and maintains them in good condition. Properties may be rented out during redevelopment to offset costs.

Redeveloped properties will be sold to homeowners, sold to other entities, or transferred to the Town. Therefore properties are reported in the financial statements as land held for resale. At June 30, 2024 land held for resale was \$2,758,619. Properties are recorded at cost, including all costs necessary to redevelop properties such as purchase price, demolition, contract and professional fees. Administration and maintenance are expensed as incurred. The EDA reimburses the Town for services performed and materials provided by the Town for administration, demolition, maintenance, or rehabilitation of properties owned by the EDA. For the year ended June 30, 2024 the Town recognized \$313,694 in recovered costs from the EDA.

The Town contributed initial funding of \$500,000. The EDA has received additional funding from property sales, rentals, donated property, and grants. At June 30, 2024 grants due from other governmental units were \$268,620.

The EDA has a line of credit with Bank of Marion. Variable interest of 8.50% at June 30, 2024. Liability was \$578,468 and due in full within one year.

**Note 17 - Economic Development Authority of the Town of Marion (continued)**

The EDA has a note payable to the Marion Volunteer Fire Department. Issued March 28, 2024. Payable in twice yearly installments of principal and interest in the amount of \$14,383.39. Interest computed at a rate of 5.0% for fifteen years. Annual requirements to amortize long-term obligations and the related interest are as follows:

Year Ending June 30,	Note Payable	
	Principal	Interest
2025	\$ 13,782	\$ 14,986
2026	14,487	14,280
2027	15,228	13,539
2028	16,007	12,760
2029	16,826	11,941
2030-2034	98,717	45,117
2035-2039	124,953	19,668
Totals	<u>\$ 300,000</u>	<u>\$ 132,291</u>



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

Town of Marion, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 930,300	\$ 930,300	\$ 963,147	\$ 32,847
Other local taxes	3,710,000	3,710,000	3,701,753	(8,247)
Permits, privilege fees, and regulatory licenses	1,600	1,600	3,398	1,798
Fines and forfeitures	12,100	12,100	12,682	582
Revenue from the use of money and property	213,392	213,392	165,174	(48,218)
Charges for services	1,021,200	1,021,200	1,217,079	195,879
Miscellaneous	42,050	42,050	122,331	80,281
Recovered costs	658,500	658,500	1,042,135	383,635
Intergovernmental revenues:				
Commonwealth	1,893,004	1,893,004	2,021,479	128,475
Federal	777,500	777,500	861,743	84,243
Total revenues	9,259,646	9,259,646	10,110,921	851,275
EXPENDITURES				
Current:				
General government administration	2,116,888	2,116,888	1,930,807	186,081
Public safety	3,183,183	3,183,183	3,761,047	(577,864)
Public works	4,149,954	4,149,954	3,535,114	614,840
Parks, recreation, and cultural	172,529	172,529	391,016	(218,487)
Community development	830,924	830,924	1,132,761	(301,837)
Capital projects	861,675	861,675	307,205	554,470
Debt service:				
Principal retirement	1,383,260	1,383,260	11,538,879	(10,155,619)
Interest and other fiscal charges	13,491	13,491	112,538	(99,047)
Total expenditures	12,711,904	12,711,904	22,709,367	(9,997,463)
Excess (deficiency) of revenues over (under) expenditures	(3,452,258)	(3,452,258)	(12,598,446)	(9,146,188)
OTHER FINANCING SOURCES (USES)				
Recovered costs from Marion EDA	10,000	10,000	313,694	303,694
Net transfers in (out)	2,777,287	2,777,287	2,055,593	(721,694)
Proceeds from a line of credit	550,671	550,671	10,790,678	10,240,007
Proceeds from long-term debt	114,300	114,300	114,300	-
Total other financing sources and uses	3,452,258	3,452,258	13,274,265	9,822,007
Net change in fund balances	-	-	675,819	675,819
Fund balances - beginning	-	-	5,679,802	5,679,802
Fund balances - ending	\$ -	\$ -	\$ 6,355,621	\$ 6,355,621

Town of Marion, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 475,111	\$ 424,657	\$ 414,875	\$ 410,322	\$ 346,558	\$ 334,311	\$ 336,131	\$ 300,090	\$ 280,978	\$ 309,838
Interest	1,399,029	1,392,792	1,288,104	1,211,257	1,211,524	1,170,293	1,154,105	1,106,559	1,086,547	1,047,788
Changes of benefit terms	-	-	65,364	-	-	-	-	-	-	-
Changes of assumptions	-	-	725,904	-	525,302	-	(150,313)	-	-	-
Differences between expected and actual experience	(331,865)	(865,342)	(309,443)	579,267	(508,337)	(68,621)	(392,828)	(945)	(308,291)	-
Benefit Payments, including refunds of employee contributions	(900,979)	(919,338)	(1,197,722)	(927,023)	(948,928)	(745,014)	(686,676)	(766,265)	(780,442)	(827,402)
Net change in total pension liability	641,296	32,769	987,082	1,273,823	626,119	690,969	260,419	639,439	278,792	530,224
Total pension liability - beginning	20,701,737	20,668,968	19,681,886	18,408,063	17,781,944	17,090,975	16,830,556	16,191,117	15,912,325	15,382,101
Total pension liability - ending (a)	<u>\$ 21,343,033</u>	<u>\$ 20,701,737</u>	<u>\$ 20,668,968</u>	<u>\$ 19,681,886</u>	<u>\$ 18,408,063</u>	<u>\$ 17,781,944</u>	<u>\$ 17,090,975</u>	<u>\$ 16,830,556</u>	<u>\$ 16,191,117</u>	<u>\$ 15,912,325</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 576,762	\$ 483,475	\$ 440,501	\$ 407,335	\$ 405,287	\$ 434,259	\$ 440,467	\$ 491,344	\$ 477,291	\$ 489,193
Contributions - employee	189,409	177,778	160,788	172,294	170,323	163,869	162,871	164,306	150,330	146,395
Net investment income	1,167,790	(18,953)	3,994,579	285,535	948,150	1,000,242	1,482,890	209,114	532,938	1,604,633
Benefit Payments, including refunds of employee contributions	(900,979)	(919,338)	(1,197,722)	(927,023)	(948,928)	(745,014)	(686,676)	(766,265)	(780,442)	(827,402)
Administrative expense	(11,434)	(11,355)	(10,222)	(9,793)	(9,487)	(8,575)	(8,464)	(7,475)	(7,338)	(8,728)
Other	471	423	375	(336)	(598)	(894)	(1,326)	(89)	(111)	84
Net change in plan fiduciary net position	1,022,019	(287,970)	3,388,299	(71,988)	564,747	843,887	1,389,762	90,935	372,668	1,404,175
Plan fiduciary net position - beginning	18,002,108	18,290,078	14,901,779	14,973,767	14,409,020	13,565,133	12,175,371	12,084,436	11,711,768	10,307,593
Plan fiduciary net position - ending (b)	<u>\$ 19,024,127</u>	<u>\$ 18,002,108</u>	<u>\$ 18,290,078</u>	<u>\$ 14,901,779</u>	<u>\$ 14,973,767</u>	<u>\$ 14,409,020</u>	<u>\$ 13,565,133</u>	<u>\$ 12,175,371</u>	<u>\$ 12,084,436</u>	<u>\$ 11,711,768</u>
<b>Net pension liability - ending (a - b)</b>	<u>\$ 2,318,906</u>	<u>\$ 2,699,629</u>	<u>\$ 2,378,890</u>	<u>\$ 4,780,107</u>	<u>\$ 3,434,296</u>	<u>\$ 3,372,924</u>	<u>\$ 3,525,842</u>	<u>\$ 4,655,185</u>	<u>\$ 4,106,681</u>	<u>\$ 4,200,557</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	89.14%	86.96%	88.49%	75.71%	81.34%	81.03%	79.37%	72.34%	74.64%	73.60%
<b>Covered-employee payroll for plan year</b>	\$ 4,563,538	\$ 3,990,391	\$ 3,681,645	\$ 3,340,710	\$ 3,595,046	\$ 3,619,993	\$ 3,609,997	\$ 3,348,354	\$ 3,185,403	\$ 2,985,915
<b>Net pension liability as a percentage of covered-employee payroll</b>	50.81%	67.65%	64.61%	143.09%	95.53%	93.17%	97.67%	139.03%	128.92%	140.68%

Town of Marion, Virginia  
Schedule of Changes in Net Health Insurance OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 155,167	\$ 175,880	\$ 229,396	\$ 190,142	\$ 141,858	\$ 130,672	\$ 103,811
Interest	92,011	84,397	67,556	67,675	93,591	103,656	50,397
Effect of economic/demographic gains or loss	(101,767)	(140,031)	(694,379)	(62,660)	(231,892)	(125,418)	973,592
Effect of assumptions changes or inputs	(81,251)	(64,193)	(331,403)	54,182	347,528	201,930	(194,880)
Benefit payments	(14,472)	(23,220)	(25,739)	(25,920)	(24,010)	(26,754)	(26,082)
Net change in total OPEB liability	49,688	32,833	(754,569)	223,419	327,075	284,086	906,838
Total OPEB liability - beginning	2,372,843	2,340,010	3,094,579	2,871,160	2,544,085	2,259,999	1,353,161
<b>Total OPEB liability - ending (a)</b>	<b>\$ 2,422,531</b>	<b>\$ 2,372,843</b>	<b>\$ 2,340,010</b>	<b>\$ 3,094,579</b>	<b>\$ 2,871,160</b>	<b>\$ 2,544,085</b>	<b>\$ 2,259,999</b>
<b>Plan fiduciary net position</b>							
Benefit payments	\$ (14,472)	\$ (23,220)	\$ (25,739)	\$ (927,023)	\$ (948,928)	\$ (26,754)	\$ (26,082)
Employer contributions	14,472	23,220	25,739	927,023	948,928	26,754	26,082
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB liability - ending (a - b)</b>	<b>\$ 2,422,531</b>	<b>\$ 2,372,843</b>	<b>\$ 2,340,010</b>	<b>\$ 3,094,579</b>	<b>\$ 2,871,160</b>	<b>\$ 2,544,085</b>	<b>\$ 2,259,999</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll (GLI)</b>	<b>\$ 4,624,715</b>	<b>\$ 4,048,192</b>	<b>\$ 3,686,036</b>	<b>\$ 3,345,171</b>	<b>\$ 3,613,862</b>	<b>\$ 3,386,499</b>	<b>\$ 3,331,367</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>52.38%</b>	<b>58.61%</b>	<b>63.48%</b>	<b>92.51%</b>	<b>79.45%</b>	<b>75.12%</b>	<b>67.84%</b>

\*Schedule is intended to show information for ten years.

Since fiscal year 2018 (plan year 2018) is the first year for this presentation, no other data is available.

Additional years will be included as they become available.

Town of Marion, Virginia  
Schedule of Employer's Share of Net GLI OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018
Employer's Proportion of Net GLI OPEB Liability	0.01719%	0.01695%	0.01620%	0.01756%	0.01812%	0.01806%	0.01781%
Employer's Proportionate Share of Net GLI OPEB Liability (Asset)	\$ 206,162	\$ 204,094	\$ 188,612	\$ 293,048	\$ 295,000	\$ 271,000	\$ 271,000
Employer's Covered Payroll	\$ 4,624,715	\$ 4,048,192	\$ 3,686,036	\$ 3,345,171	\$ 3,613,862	\$ 3,386,499	\$ 3,331,367
Employer's Proportionate Share of Net GLI OPEB Liability (Asset) as a % of Covered Payroll	4.45783%	5.04161%	5.11693%	8.76033%	8.16301%	8.00236%	8.13480%
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

\*Schedule is intended to show information for ten years.

Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no other data is available.

Additional years will be included as they become available.

Town of Marion, Virginia  
Schedule of Funding Progress and Related Ratios  
Last Ten Fiscal Years\*

Town Retirement Plan						
Fiscal Year Ended June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (1) - (2)	(4) Funded Ratio Assets as % of AAL (2) / (3)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (4) / (6)
2024	\$ 19,024,127	\$ 21,343,033	\$ (2,318,906)	89.14%	\$ 4,563,538	-50.81%
2023	18,002,108	20,701,737	(2,699,629)	86.96%	3,990,391	-67.65%
2022	18,290,078	20,668,968	(2,378,890)	88.49%	3,681,645	-64.61%
2021	14,901,779	19,681,886	(4,780,107)	75.71%	3,340,710	-143.09%
2020	14,973,767	18,408,063	(3,434,296)	81.34%	3,595,046	-95.53%
2019	14,409,020	17,781,944	(3,372,924)	81.03%	3,619,993	-93.17%
2018	13,565,133	17,090,975	(3,525,842)	79.37%	3,609,997	-97.67%
2017	12,175,371	16,830,556	(4,655,185)	72.34%	3,348,354	-139.03%
2016	12,084,436	16,191,117	(4,106,681)	74.64%	3,185,403	-128.92%
2015	11,711,768	15,912,325	(4,200,557)	73.60%	2,985,915	-140.68%

Town OPEB Health Insurance Plan						
Fiscal Year Ended June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (1) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
2024	\$ -	\$ 2,422,531	\$ 2,422,531	0.00%	\$ 4,624,715	52.38%
2023	-	2,372,843	2,372,843	0.00%	4,048,192	58.61%
2022	-	2,340,010	2,340,010	0.00%	3,686,036	63.48%
2021	-	3,094,579	3,094,579	0.00%	3,345,171	92.50%
2020	-	2,871,160	2,871,160	0.00%	3,613,862	86.46%
2019	-	2,544,085	2,544,085	0.00%	3,386,499	83.12%
2018	-	2,259,999	2,259,999	0.00%	3,331,367	75.97%
2017	-	1,159,350	1,159,350	0.00%	3,110,627	34.18%
2016	-	1,919,820	1,919,820	0.00%	3,020,125	54.93%

\*Schedule is intended to show information for ten years.

Since fiscal year 2016 is the first year for this presentation, no other data is available.

Additional years will be included as they become available.

Town of Marion, Virginia  
Schedule of Employer Contributions and Related Ratios  
Last Ten Fiscal Years

Town Retirement Plan*					
Fiscal Year Ended June 30,	(1) Contractually Required Contribution	(2) Contributions in Relation to Required Contr.	(3) Contribution Deficiency (Excess)	(4) Employer's Covered Employee Payroll	(5) Contributions as a % of Covered Payroll
2024	\$ 687,725	\$ 687,725	\$ -	\$ 4,563,538	15.07%
2023	601,352	601,352	-	3,990,391	15.07%
2022	503,281	503,281	-	3,681,645	13.67%
2021	446,987	446,987	-	3,340,710	13.38%
2020	423,137	423,137	-	3,595,046	11.77%
2019	424,897	424,897	-	3,619,993	11.74%
2018	434,951	434,951	-	3,609,997	12.05%
2017	416,969	416,969	-	3,348,354	12.45%
2016	516,881	516,881	-	3,185,403	16.23%
2015	527,823	527,823	-	2,985,915	17.68%

\* Beginning fiscal 2020, includes employer contributions (mandatory and match) to the defined contribution plan.

Town OPEB Group Life Insurance Plan					
Fiscal Year Ended June 30,	(1) Contractually Required Contribution	(2) Contributions in Relation to Required Contr.	(3) Contribution Deficiency (Excess)	(4) Employer's Covered Employee Payroll	(5) Contributions as a % of Covered Payroll
2024	\$ 24,973	\$ 24,973	\$ -	\$ 4,624,715	0.54%
2023	19,431	21,860	(2,429)	4,048,192	0.54%
2022	19,905	19,905	-	3,686,036	0.54%
2021	18,064	18,064	-	3,345,171	0.54%
2020	18,792	18,792	-	3,613,862	0.52%
2019	18,411	18,411	-	3,386,499	0.54%
2018	17,610	17,610	-	3,331,367	0.53%
2017	17,323	17,323	-	3,110,627	0.56%
2016	16,486	14,931	1,555	3,020,125	0.49%
2015	16,001	14,497	1,504	2,811,966	0.52%

OTHER  
SUPPLEMENTARY  
INFORMATION



Town of Marion, Virginia  
Combining Balance Sheet  
Other Governmental Funds  
June 30, 2024

	Streetscape Program	Downtown Housing Project	CDBG Gilman Street	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 524	\$ -	\$ 524
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	-	-	-
Due from other funds	-	118,369	-	118,369
Total assets	<u>\$ -</u>	<u>\$ 118,893</u>	<u>\$ -</u>	<u>\$ 118,893</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ 118,369	\$ -	\$ 32,951	\$ 151,320
Total liabilities	<u>118,369</u>	<u>-</u>	<u>32,951</u>	<u>151,320</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	(118,369)	118,893	(32,951)	(32,427)
Total fund balances	<u>(118,369)</u>	<u>118,893</u>	<u>(32,951)</u>	<u>(32,427)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 118,893</u>	<u>\$ -</u>	<u>\$ 118,893</u>

Town of Marion, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Other Governmental Funds  
For the Year Ended June 30, 2024

	Streetscape Program	Downtown Housing Project	CDBG Gilman Street	Total
OTHER FINANCING SOURCES (USES)				
Net transfers in (out)	\$ -	\$ -	\$ -	\$ -
Proceeds from long-term debt	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	(118,369)	118,893	(32,951)	(32,427)
Fund balances - ending	\$ (118,369)	\$ 118,893	\$ (32,951)	\$ (32,427)

DISCRETELY PRESENTED  
COMPONENT UNIT

Town of Marion, Virginia  
Discretely Presented Component Unit  
Economic Development Authority  
Statement of Net Position - Proprietary Fund  
June 30, 2024

	Enterprise Fund
<hr/>	
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Due from other governmental units	268,620
Noncurrent assets:	
Land held for resale	2,758,619
	<hr/>
Total assets	\$ 3,027,239
	<hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Cash and cash equivalents overdraft	\$ 5,666
Accounts payable	380,902
Due to Town	61,916
Line of credit	578,468
Note payable - current portion	13,782
Total current liabilities	1,040,734
	<hr/>
Noncurrent liabilities:	
Note payable - net of current portion	286,218
	<hr/>
Total liabilities	1,326,952
	<hr/>
<b>NET POSITION</b>	
Unrestricted	1,700,287
	<hr/>
Total liabilities & deferred inflows & net position	\$ 3,027,239
	<hr/>

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

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

	Enterprise Fund
<b>OPERATING REVENUES</b>	
Charges for services	\$ 46,408
Net gain (loss) on sales of property	72,868
Total operating revenues	<u>119,276</u>
<b>OPERATING EXPENSES</b>	
Insurance	7,012
Utilities	1,582
Office and administration	37,417
Property taxes	1,728
Mowing	16,860
Total operating expenses	<u>64,599</u>
Operating income (loss)	<u>54,677</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	<u>(69,224)</u>
Income (loss) before contributions and transfers	<u>(14,547)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>	
Capital contributions from Department of Housing and Urban Development	1,000,000
Capital contributions from Mount Rogers Planning District Commission	136,500
Assessed land value of donated property	107,100
Total contributions and transfers	<u>1,243,600</u>
Change in net position	1,229,053
Net position - beginning	471,234
Net position - ending	<u><u>\$ 1,700,287</u></u>

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

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

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ (149,344)
Payments to suppliers	378,219
Net cash provided (used by) operating activities	<u>228,875</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions	1,243,600
Capital assets purchased	(1,726,454)
Line of credit proceeds	1,190,007
Line of credit payments	(1,163,350)
Note payable proceeds	300,000
Interest expense	(69,224)
Net cash provided (used by) capital and related financing activities	<u>(225,421)</u>
Net increase (decrease) in cash and cash equivalents	3,454
Cash and cash equivalents - beginning	(9,120)
Cash and cash equivalents - ending	<u><u>\$ (5,666)</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ 54,677</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(268,620)
Increase (decrease) in accounts payable	442,818
Net cash provided (used) by operating activities	<u><u>\$ 228,875</u></u>

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

## SUPPORTING SCHEDULES

Town of Marion, Virginia  
Schedule of Revenues - Budget and Actual  
General Fund  
For the Year Ended June 30, 2024

Schedule 1  
Page 1 of 3

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 572,500	\$ 572,500	\$ 550,560	\$ (21,940)
Public service corporation taxes	28,000	28,000	36,364	8,364
Personal property taxes	307,800	307,800	263,665	(44,135)
Penalties and Interest	22,000	22,000	112,558	90,558
Total general property taxes	930,300	930,300	963,147	32,847
Other local taxes:				
Local sales and use taxes	260,000	260,000	283,531	23,531
Communications taxes	100,000	100,000	84,960	(15,040)
Consumers' utility taxes	115,000	115,000	111,295	(3,705)
Lodging taxes	185,000	185,000	158,206	(26,794)
Business license taxes	600,000	600,000	625,284	25,284
Consumer license taxes	30,000	30,000	27,633	(2,367)
Motor vehicle licenses	100,000	100,000	80,232	(19,768)
Bank stock taxes	210,000	210,000	228,972	18,972
Tobacco taxes	375,000	375,000	300,055	(74,945)
Meals taxes	1,730,000	1,730,000	1,798,080	68,080
Comcast PEG capital fees	5,000	5,000	3,505	(1,495)
Total other local taxes	3,710,000	3,710,000	3,701,753	(8,247)
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	1,600	1,600	3,398	1,798
Total permits, privilege fees, and regulatory licenses	1,600	1,600	3,398	1,798
Fines and forfeitures:				
Court fines and forfeitures	10,000	10,000	11,561	1,561
Parking Fines	100	100	-	(100)
E-Summons	2,000	2,000	1,121	(879)
Total fines and forfeitures	12,100	12,100	12,682	582
Revenue from use of money and property:				
Revenue from use of money	200,000	200,000	142,666	(57,334)
Revenue from use of property	13,392	13,392	22,508	9,116
Total revenue from use of money and property	213,392	213,392	165,174	(48,218)
Charges for services:				
Parking lot charges	500	500	480	(20)
Charges for sanitation and waste removal	464,500	464,500	483,374	18,874
Charges for parks and recreation	8,000	8,000	8,680	680
Farmers market	7,200	7,200	6,108	(1,092)
Fire/EMS	500,000	500,000	675,881	175,881
Police patrol	2,500	2,500	2,500	-
Credit card fees	30,000	30,000	33,786	3,786
Senior center-District III	1,000	1,000	885	(115)
Cemetery maintenance fees	7,500	7,500	5,385	(2,115)
Total charges for services	1,021,200	1,021,200	1,217,079	195,879



Town of Marion, Virginia  
Schedule of Revenues - Budget and Actual  
General Fund  
For the Year Ended June 30, 2024

Schedule 1  
Page 2 of 3

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 15,050	\$ 15,050	\$ 23,939	\$ 8,889
Insurance proceeds	-	-	22,421	22,421
Sale of property and equipment	27,000	27,000	73,641	46,641
Donations	-	-	2,330	2,330
<i>Total miscellaneous revenue</i>	<u>42,050</u>	<u>42,050</u>	<u>122,331</u>	<u>80,281</u>
Recovered costs:				
County of Smyth - Recreation facilities	40,000	40,000	40,000	-
County of Smyth - Fire and rescue	460,000	460,000	760,629	300,629
Other recovered costs	158,500	158,500	241,506	83,006
<i>Total recovered costs</i>	<u>658,500</u>	<u>658,500</u>	<u>1,042,135</u>	<u>383,635</u>
<b>Total revenue from local sources</b>	<b>6,589,142</b>	<b>6,589,142</b>	<b>7,227,699</b>	<b>638,557</b>
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	1,500	1,500	7,236	5,736
Fire programs	25,000	25,000	25,894	894
Law enforcement grants	-	-	9,464	9,464
Street and highway maintenance	1,450,000	1,450,000	1,709,867	259,867
<i>Total categorical aid</i>	<u>1,476,500</u>	<u>1,476,500</u>	<u>1,752,461</u>	<u>275,961</u>
Noncategorical aid:				
Commission of the Arts	4,500	4,500	4,500	-
EMS grant	196,004	196,004	7,753	(188,251)
Law enforcement grants	180,000	180,000	188,879	8,879
Litter control grant	4,000	4,000	6,026	2,026
Personal property tax relief funds	-	-	45,785	45,785
Rental tax	25,000	25,000	10,479	(14,521)
Rolling stock tax	6,000	6,000	5,552	(448)
Other state aid	1,000	1,000	44	(956)
<i>Total noncategorical aid</i>	<u>416,504</u>	<u>416,504</u>	<u>269,018</u>	<u>(147,486)</u>
<b>Total revenue from the Commonwealth</b>	<b>1,893,004</b>	<b>1,893,004</b>	<b>2,021,479</b>	<b>128,475</b>
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	500	500	-	(500)
Community Development Block Grant	-	-	126,918	126,918
FEMA	-	-	95,238	95,238
Small Business Loan Pool	-	-	10,000	10,000
State and Community Highway Safety	25,000	25,000	10,940	(14,060)
USDA Community Facilities Grant	140,000	140,000	139,700	(300)
VDOT Park Blvd Drainage Project	612,000	612,000	100,575	(511,425)
<i>Total categorical aid</i>	<u>777,500</u>	<u>777,500</u>	<u>483,371</u>	<u>(294,129)</u>

Town of Marion, Virginia  
Schedule of Revenues - Budget and Actual  
General Fund  
For the Year Ended June 30, 2024

Schedule 1  
Page 3 of 3

Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Fund: (Continued)				
Revenue from the federal government: (Continued)				
Noncategorical aid:				
American Rescue Plan Act (ARPA) - Law Enforcement	-	-	187,987	187,987
Edward Byrne Memorial Justice Assistance Grant	-	-	4,453	4,453
Land and Water Conservation Fund	-	-	185,932	185,932
<i>Total noncategorical aid</i>	<u>-</u>	<u>-</u>	<u>378,372</u>	<u>378,372</u>
 Total revenue from the federal government	 <u>777,500</u>	 <u>777,500</u>	 <u>861,743</u>	 <u>84,243</u>
Other financing sources:				
Recovered costs from Marion EDA	\$ 10,000	\$ 10,000	\$ 313,694	\$ 303,694
Net transfers in (out)	2,777,287	2,777,287	2,055,593	(721,694)
Proceeds from a line of credit	550,671	550,671	10,790,678	10,240,007
Proceeds from long-term debt	114,300	114,300	114,300	-
<i>Total other financing sources</i>	<u>3,452,258</u>	<u>3,452,258</u>	<u>13,274,265</u>	<u>9,822,007</u>
 Total other financing sources	 <u>3,452,258</u>	 <u>3,452,258</u>	 <u>13,274,265</u>	 <u>9,822,007</u>
 Total General Fund	 <u>\$ 12,711,904</u>	 <u>\$ 12,711,904</u>	 <u>\$ 23,385,186</u>	 <u>\$ 10,673,282</u>
 Total Primary Government	 <u>\$ 12,711,904</u>	 <u>\$ 12,711,904</u>	 <u>\$ 23,385,186</u>	 <u>\$ 10,673,282</u>

Town of Marion, Virginia  
Schedule of Expenditures - Budget and Actual  
General Fund  
For the Year Ended June 30, 2024

Schedule 2  
Page 1 of 2

Fund, Function and Department Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 317,033	\$ 317,033	\$ 102,853	\$ 214,180
Town clerk	408,475	408,475	412,731	(4,256)
<i>Total legislative</i>	<u>\$ 725,508</u>	<u>\$ 725,508</u>	<u>\$ 515,584</u>	<u>\$ 209,924</u>
General and financial administration:				
Town manager	\$ 247,028	\$ 247,028	\$ 256,209	\$ (9,181)
Legal services	29,548	29,548	35,713	(6,165)
Independent auditor	43,224	43,224	40,250	2,974
Finance	452,453	452,453	432,874	19,579
Information technology	87,574	87,574	121,162	(33,588)
Risk management	131,505	131,505	146,161	(14,656)
Motor pool	191,001	191,001	181,290	9,711
Central purchasing	209,047	209,047	201,564	7,483
<i>Total general and financial administration</i>	<u>\$ 1,391,380</u>	<u>\$ 1,391,380</u>	<u>\$ 1,415,223</u>	<u>\$ (23,843)</u>
Total general government administration	<u>\$ 2,116,888</u>	<u>\$ 2,116,888</u>	<u>\$ 1,930,807</u>	<u>\$ 186,081</u>
Public safety:				
Law enforcement and traffic control:				
Police	\$ 2,239,767	\$ 2,239,767	\$ 2,320,227	\$ (80,460)
<i>Total law enforcement and traffic control</i>	<u>\$ 2,239,767</u>	<u>\$ 2,239,767</u>	<u>\$ 2,320,227</u>	<u>\$ (80,460)</u>
Fire and rescue services:				
Fire and rescue services	\$ 943,416	\$ 943,416	\$ 1,440,820	\$ (497,404)
<i>Total fire and rescue services</i>	<u>\$ 943,416</u>	<u>\$ 943,416</u>	<u>\$ 1,440,820</u>	<u>\$ (497,404)</u>
Total public safety	<u>\$ 3,183,183</u>	<u>\$ 3,183,183</u>	<u>\$ 3,761,047</u>	<u>\$ (577,864)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 3,281,179	\$ 3,281,179	\$ 2,806,355	\$ 474,824
General engineering and administration	207,448	207,448	248,550	(41,102)
<i>Total maintenance of highways, streets, bridges &amp; sidewalks</i>	<u>\$ 3,488,627</u>	<u>\$ 3,488,627</u>	<u>\$ 3,054,905</u>	<u>\$ 433,722</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 661,327	\$ 661,327	\$ 480,209	\$ 181,118
<i>Total sanitation and waste removal</i>	<u>\$ 661,327</u>	<u>\$ 661,327</u>	<u>\$ 480,209</u>	<u>\$ 181,118</u>
Total public works	<u>\$ 4,149,954</u>	<u>\$ 4,149,954</u>	<u>\$ 3,535,114</u>	<u>\$ 614,840</u>

Town of Marion, Virginia  
Schedule of Expenditures - Budget and Actual  
General Fund  
For the Year Ended June 30, 2024

Schedule 2  
Page 2 of 2

Fund, Function and Department Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation	\$ 172,529	\$ 172,529	\$ 391,016	\$ (218,487)
<i>Total parks and recreation</i>	<u>\$ 172,529</u>	<u>\$ 172,529</u>	<u>\$ 391,016</u>	<u>\$ (218,487)</u>
<i>Total parks, recreation, and cultural</i>	<u>\$ 172,529</u>	<u>\$ 172,529</u>	<u>\$ 391,016</u>	<u>\$ (218,487)</u>
Community development:				
Planning and community development:				
Planning	\$ 53,053	\$ 53,053	\$ 84,118	\$ (31,065)
Community development	405,305	405,305	675,533	(270,228)
Economic development	372,566	372,566	373,110	(544)
<i>Total planning and community development</i>	<u>\$ 830,924</u>	<u>\$ 830,924</u>	<u>\$ 1,132,761</u>	<u>\$ (301,837)</u>
<i>Total community development</i>	<u>\$ 830,924</u>	<u>\$ 830,924</u>	<u>\$ 1,132,761</u>	<u>\$ (301,837)</u>
Capital projects:				
Capital outlays	\$ 861,675	\$ 861,675	\$ 275,682	\$ 585,993
American Rescue Plan Act (ARPA)	-	-	31,523	(31,523)
<i>Total capital projects</i>	<u>\$ 861,675</u>	<u>\$ 861,675</u>	<u>\$ 307,205</u>	<u>\$ 554,470</u>
Debt service:				
Principal retirement	\$ 1,383,260	\$ 1,383,260	\$ 11,538,879	\$ (10,155,619)
Interest and other fiscal charges	13,491	13,491	112,538	(99,047)
<i>Total debt service</i>	<u>\$ 1,396,751</u>	<u>\$ 1,396,751</u>	<u>\$ 11,651,417</u>	<u>\$ (10,254,666)</u>
 Total General Fund	 <u>\$ 12,711,904</u>	 <u>\$ 12,711,904</u>	 <u>\$ 22,709,367</u>	 <u>\$ (9,997,463)</u>
 Total Primary Government	 <u>\$ 12,711,904</u>	 <u>\$ 12,711,904</u>	 <u>\$ 22,709,367</u>	 <u>\$ (9,997,463)</u>

Town of Marion, Virginia  
Schedule of Expenditures of Federal Awards By Grant  
For the Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title	Fed. Assist. List No.	Grant ID No.	Federal Expenditures
<i>* Denotes major program</i>			
<b>Department of Agriculture Rural Development</b>			
Small Business Loan Pool	10.351	CLSS00000066034	\$ 10,000
Community Facilities Loans and Grants - Grant	10.766	CPAP000001243320	139,700
Community Facilities Loans and Grants - Loan	10.766	CPAP000001243319	114,300
Total Department of Agriculture			<u>264,000</u>
<b>Department of Homeland Security FEMA</b>			
Assistance to Firefighters Grant	97.044	EMW-2021-FG-11887	<u>95,238</u>
<b>Department of Housing and Urban Development</b>			
Economic Development Initiative	14.251	* B-23-CP-VA-1455	1,000,000
<i>Passed through VA Dept. of Housing and Community Dev.</i>			
Community Development Block Grants/State's Program	14.228		126,918
Total Department of Housing			<u>1,126,918</u>
<b>Department of the Interior</b>			
<i>Passed through VA Dept. of Conservation and Recreation</i>			
NPS - Land and Water Conservation	15.916	P22AP02127	<u>185,932</u>
<b>Department of Justice</b>			
<i>Passed through VA Department of Criminal Justice</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	523257	<u>4,453</u>
<b>Department of the Treasury</b>			
<i>Passed through VA Department of Criminal Justice</i>			
ARPA Law Enforcement Equipment Grant Program	21.027	509057	<u>187,987</u>
<b>Department of Transportation</b>			
<i>Passed through VA Department of Transportation (VDOT)</i>			
Highway Planning and Construction	20.205	Project 112205	100,575
<b>Highway Safety Cluster</b>			
<i>Passed through VA DMV</i>	20.600	BSC-2023-53042-23042	3,452
State and Community Highway Safety	20.600	BPT-2024-54038-24038	7,488
Total Highway Safety Cluster			<u>10,940</u>
Total Department of Transportation			<u>111,515</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,976,043</u></u>

The accompanying notes are an integral part of this schedule.

Town of Marion, Virginia  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

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#### Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of the Town of Marion under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200 Uniform Administrative Requirement, Cost Principle and Audit Requirement for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

#### Summary of Significant Accounting Policies

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

Grant identifying numbers as awarded or as assigned by pass-through entities are presented where available.

#### Subrecipients

The Town did not have any subrecipients for the year ended June 30, 2024.

#### Loan Balances

##### *USDA Community Facilities Loan of \$114,300*

Issued January 23, 2024. Expended during the year ended June 30, 2024 by the General Fund on the modified accrual basis of accounting. Therefore, the schedule of expenditures of federal awards reported expenditures of \$114,300 for the year ended June 30, 2024. Loan payments are reported as debt service expense. On the accrual basis of accounting, loan balances are reported on the government-wide statements as long-term liability.

At June 30, 2024 the outstanding balance was \$105,387.

##### *USDA Community Facilities Loan of \$1,018,000*

Awarded in September 2022. Has not been expended or issued as of June 30, 2024.

##### *USDA Rural Development Loan of \$606,000*

Issued July 14, 2011. Reported by the Proprietary Water/Sewer Fund on the accrual basis of accounting as long-term liability.

At June 30, 2024 the outstanding balance was \$475,589.

## STATISTICAL INFORMATION

Table 1

Town of Marion, Virginia  
Fund Balances  
Governmental Funds  
Last Ten Fiscal Years

Fiscal Year	Nonspendable		Restricted		Assigned		Unassigned		Total
2014-15	\$	139,959	\$	223,752	\$	168,868	\$	(670,499)	\$ (137,920)
2015-16		147,688		223,752		198,279		(56,557)	513,162
2016-17		144,403		223,752		211,180		(274,813)	304,522
2017-18		147,100		223,752		126,762		(908,596)	(410,982)
2018-19		84,408		244,393		125,144		147,841	601,786
2019-20		157,702		244,393		140,083		(346,023)	196,155
2020-21		165,201		248,893		-		(253,463)	160,631
2021-22		137,504		248,893		-		1,296,472	1,682,869
2022-23		163,882		118,893		-		5,364,600	5,647,375
2023-24		206,414		118,893		-		5,997,887	6,323,194



Table 2

Town of Marion, Virginia  
Net Position  
Primary Government  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		
	Net Investment in Capital Assets	Restricted	Unrestricted	Net Investment in Capital Assets	Restricted	Unrestricted
2014-15	\$ 7,969,363	\$ 219,941	\$ (4,751,409)	\$ 7,828,856	\$ 281,408	\$ 441,535
2015-16	7,919,083	219,941	(3,848,874)	7,626,911	287,799	758,156
2016-17	8,225,246	219,941	(3,930,253)	7,936,517	403,974	290,518
2017-18	7,880,197	219,941	(5,687,135)	8,599,747	272,229	(96,037)
2018-19	7,791,284	240,582	(4,754,890)	8,388,122	214,746	75,617
2019-20	7,556,411	244,393	(5,432,634)	9,111,023	244,258	289,554
2020-21	6,859,399	248,893	(5,837,041)	10,253,546	267,271	383,003
2021-22	6,954,203	248,893	(3,455,433)	12,265,338	309,605	(153,557)
2022-23	7,170,994	118,893	712,415	13,521,362	255,426	(118,395)
2023-24	8,144,204	118,893	1,627,522	14,888,028	271,829	251,602

Table 3

Town of Marion, Virginia  
Changes in Fund Balances  
Governmental Funds  
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Capital Projects	Excess (deficit) of Revenues over (under) Expenditures
2014-15	\$ 7,269,565	\$ 14,037,831	\$ 1,371,408	\$ (8,139,674)
2015-16	7,951,804	13,487,442	320,259	(5,855,897)
2016-17	6,991,146	13,178,868	406,044	(6,593,766)
2017-18	6,984,219	16,728,796	524,397	(10,268,974)
2018-19	8,250,669	17,395,178	384,628	(9,529,137)
2019-20	7,847,519	17,587,021	12,104	(9,751,606)
2020-21	8,594,046	16,065,552	117,007	(7,588,513)
2021-22	7,971,531	17,355,179	625,527	(10,009,175)
2022-23	13,315,734	19,100,284	810,510	(6,595,060)
2023-24	10,110,921	22,402,162	307,205	(12,598,446)

  

Fiscal Year	Proceeds from Debt	Transfers In (Out) & Recovered costs from EDA	Total Other Financing Sources (Uses)	Net Change in Fund Balance
2014-15	\$ 6,429,052	\$ 1,302,097	\$ 7,731,149	\$ (408,525)
2015-16	5,134,244	1,372,735	6,506,979	651,082
2016-17	5,302,760	1,082,367	6,385,127	(208,639)
2017-18	8,367,347	1,186,123	9,553,470	(715,504)
2018-19	8,680,000	1,861,905	10,541,905	1,012,768
2019-20	8,418,500	927,475	9,345,975	(405,631)
2020-21	6,580,000	972,989	7,552,989	(35,524)
2021-22	9,412,500	2,118,913	11,531,413	1,522,238
2022-23	8,859,000	1,700,566	10,559,566	3,964,506
2023-24	10,904,978	2,369,287	13,274,265	675,819

Table 4

Town of Marion, Virginia  
Changes in Net Position  
Primary Government  
Last Ten Fiscal Years

Fiscal Year	Expenses	Program Revenues	Net (Expense)	General Revenues	Transfers	Change in Net Position
2014-15	\$ 9,961,916	\$ 6,745,613	\$ (3,216,303)	\$ 3,432,361	\$ -	\$ 216,058
2015-16	10,532,808	7,088,849	(3,443,959)	4,417,281	-	973,322
2016-17	10,006,005	6,554,713	(3,451,292)	3,634,219	-	182,927
2017-18	11,737,767	6,598,463	(5,139,304)	3,990,626	-	(1,148,678)
2018-19	10,690,927	7,430,200	(3,260,727)	4,027,246	-	766,519
2019-20	11,884,191	8,080,452	(3,803,739)	3,861,283	-	57,544
2020-21	11,503,043	7,321,302	(4,181,741)	4,343,807	-	162,066
2021-22	9,816,591	8,837,287	(979,304)	4,973,282	-	3,993,978
2022-23	13,029,932	8,901,176	(4,128,756)	9,620,402	-	5,491,646
2023-24	12,322,787	10,269,542	(2,053,245)	5,694,628	-	3,641,383

Table 5

Town of Marion, Virginia  
Expenses by Function  
Primary Government  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development
2014-15	\$ 1,412,681	\$ 1,568,289	\$ 2,325,699	\$ 1,194,373	\$ 1,196,299
2015-16	1,326,908	1,875,229	2,871,732	1,062,583	1,002,968
2016-17	1,367,052	2,100,570	2,128,625	1,091,145	973,886
2017-18	1,592,878	2,605,326	2,850,070	1,372,153	975,852
2018-19	1,613,462	2,417,178	2,808,194	933,385	805,158
2019-20	1,678,914	2,616,381	3,329,208	862,124	962,468
2020-21	2,130,256	3,027,956	2,877,353	386,720	890,537
2021-22	1,683,623	2,430,541	2,242,621	73,226	922,621
2022-23	1,906,288	3,068,389	3,694,899	141,948	1,628,857
2023-24	1,997,755	2,899,598	3,478,137	198,777	1,113,532

  

Fiscal Year	Interest on Long-term Debt	Water, Sewer and CIRP	Swimming Pool	Total
2014-15	\$ 93,019	\$ 2,127,095	\$ 44,461	\$ 9,961,916
2015-16	116,184	2,233,194	44,010	10,532,808
2016-17	34,523	2,220,782	89,422	10,006,005
2017-18	129,029	2,169,160	43,299	11,737,767
2018-19	114,692	1,960,102	38,756	10,690,927
2019-20	105,288	2,294,588	35,220	11,884,191
2020-21	119,711	2,042,524	27,986	11,503,043
2021-22	138,720	2,263,858	61,381	9,816,591
2022-23	11,017	2,448,242	130,292	13,029,932
2023-24	109,371	2,395,889	129,728	12,322,787

Table 6

Town of Marion, Virginia  
Revenues  
Primary Government  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES			
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	General Property Taxes	Other Local Taxes	Permits, Fees & Licenses	Fines & Forfeitures
2014-15	\$ 4,192,231	\$ 1,721,986	\$ 831,396	\$ 593,460	\$ 2,676,220	\$ 105	\$ 17,027
2015-16	4,802,192	1,942,168	344,489	603,510	2,839,312	370	17,007
2016-17	4,473,292	1,880,265	201,156	553,350	2,728,276	655	19,589
2017-18	4,632,913	1,750,013	215,537	666,766	2,849,725	345	30,430
2018-19	5,034,506	2,231,719	163,975	688,058	2,907,998	806	27,205
2019-20	5,173,854	2,638,324	268,274	739,068	2,878,585	626	17,832
2020-21	5,023,129	1,910,936	387,237	785,024	3,009,533	635	20,184
2021-22	5,808,354	1,938,011	1,090,922	933,197	3,197,720	750	8,286
2022-23	6,192,802	2,418,838	289,536	859,666	3,719,556	1,282	12,131
2023-24	7,342,937	2,718,415	208,190	988,844	3,701,753	3,398	12,682

GENERAL REVENUES continued

Fiscal Year	Unrestricted Investment Earnings	Miscellaneous	Recovered Costs	Not Restricted Grants & Contributions	Gain (Loss) on Disposal of Capital Assets	Total
2014-15	\$ 18,243	\$ 54,199	\$ 4,459	\$ 68,648	\$ -	\$ 10,177,974
2015-16	14,117	51,429	819,333	72,203	-	11,506,130
2016-17	13,728	154,184	98,263	66,174	-	10,188,932
2017-18	14,228	208,413	137,867	71,952	10,900	10,589,089
2018-19	13,503	55,684	84,495	74,136	175,361	11,457,446
2019-20	11,712	32,370	89,488	89,320	2,282	11,941,735
2020-21	3,553	47,283	363,922	1,021,466	(907,793)	11,665,109
2021-22	6,198	75,285	123,187	624,558	4,101	13,810,569
2022-23	116,137	58,506	129,690	4,683,448	39,986	18,521,578
2023-24	167,250	48,690	533,563	164,807	73,641	15,964,170

Table 7

Town of Marion, Virginia  
Expenditures by Function  
Governmental Funds  
Last Ten Fiscal Years

Fiscal Year	General and Financial Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total (1)
2014-15	\$ 1,331,669	\$ 1,620,227	\$ 2,241,570	\$ 1,233,400	\$ 1,128,235	\$ 6,482,730	\$ 14,037,831
2015-16	1,311,957	1,917,880	2,839,192	967,524	1,018,176	5,432,713	13,487,442
2016-17	1,290,385	2,112,993	2,213,453	1,062,512	953,939	5,545,586	13,178,868
2017-18	1,401,842	2,268,517	2,611,775	1,687,284	934,742	7,824,636	16,728,796
2018-19	1,498,311	2,315,792	3,012,536	845,947	816,620	8,905,972	17,395,178
2019-20	1,529,100	2,390,236	3,512,760	757,629	938,806	8,458,490	17,587,021
2020-21	2,214,745	2,648,149	2,628,637	934,486	865,271	6,774,264	16,065,552
2021-22	1,745,361	2,727,263	2,307,903	114,726	960,617	9,499,309	17,355,179
2022-23	1,831,212	3,180,080	3,848,083	184,536	1,661,023	8,395,350	19,100,284
2023-24	1,930,807	3,761,047	3,535,114	391,016	1,132,761	11,651,417	22,402,162

(1) Excludes capital projects

Table 8

Town of Marion, Virginia  
Revenues by Source  
Governmental Funds  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees & Licenses	Fines & Forfeitures	Revenue from Money & Property
2014-15	\$ 590,482	\$ 2,676,220	\$ 105	\$ 17,027	\$ 13,604
2015-16	592,351	2,839,312	370	17,007	14,057
2016-17	640,192	2,728,276	655	19,589	13,520
2017-18	675,388	2,849,725	345	30,430	14,088
2018-19	684,666	2,907,040	806	27,205	13,368
2019-20	746,348	2,877,242	626	17,832	11,573
2020-21	786,684	3,009,533	635	20,184	3,407
2021-22	803,114	3,197,720	750	8,286	13,371
2022-23	855,996	3,719,556	1,282	12,131	113,904
2023-24	963,147	3,701,753	3,398	12,682	165,174

Fiscal Year	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
2014-15	\$ 1,171,451	\$ 54,199	\$ 190,192	\$ 2,556,285	\$ 7,269,565
2015-16	1,230,480	51,429	919,872	2,286,926	7,269,565
2016-17	1,323,523	145,603	173,349	1,946,439	6,991,146
2017-18	1,121,616	221,741	248,921	1,821,965	6,984,219
2018-19	1,435,187	691,465	185,077	2,305,855	8,250,669
2019-20	1,218,634	34,652	212,968	2,727,644	7,847,519
2020-21	1,107,434	369,845	363,922	2,932,402	8,594,046
2021-22	937,706	79,386	368,629	2,562,569	7,971,531
2022-23	966,385	98,492	445,702	7,102,286	13,315,734
2023-24	1,217,079	122,331	1,042,135	2,883,222	10,110,921

Table 9

Town of Marion, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes to Tax Levy
2014-15	\$ 697,201	\$ 609,855	87.47%	\$ 13,089	\$ 622,944	89.35%	\$ 167,485	24.02%
2015-16	744,991	605,140	81.23%	21,192	626,332	84.07%	211,002	28.32%
2016-17	840,980	629,306	74.83%	33,926	663,232	78.86%	177,608	21.12%
2017-18	850,426	690,881	81.24%	17,793	708,674	83.33%	215,424	25.33%
2018-19	895,372	702,530	78.46%	14,701	717,231	80.10%	202,779	22.65%
2019-20	934,624	743,714	79.57%	26,615	770,329	82.42%	182,161	19.49%
2020-21	948,374	794,555	83.78%	18,716	813,271	85.75%	176,830	18.65%
2021-22	1,015,978	799,257	78.67%	29,805	829,062	81.60%	183,296	18.04%
2022-23	1,043,349	858,648	82.30%	26,943	885,591	84.88%	193,111	18.51%
2023-24	1,167,034	870,869	74.62%	25,505	896,374	76.81%	208,420	17.86%

(1) Exclusive of penalties and interest. Includes amounts remitted under the State's personal property tax relief program.

(2) Delinquent taxes are exclusive of penalties and interest and do not include amounts due under the State's personal property tax relief program.



Table 10

Town of Marion, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utility		Total
				Real Estate	Personal Property	
2014-15	\$ 302,902,413	\$ 38,877,153	\$ 9,952,565	\$ 15,906,298	\$ -	\$ 367,638,429
2015-16	302,063,200	39,192,439	9,554,009	16,278,252	-	367,087,900
2016-17	310,460,800	44,487,803	10,844,869	15,860,430	-	381,653,902
2017-18	312,477,300	44,825,654	11,206,414	14,424,559	-	382,933,927
2018-19	314,979,300	47,439,982	11,859,995	15,136,716	-	389,415,993
2019-20	336,427,400	46,489,542	11,622,385	18,284,088	-	412,823,415
2020-21	337,488,700	48,907,135	12,226,784	15,959,684	-	414,582,303
2021-22	339,019,273	62,536,379	15,634,095	16,283,825	-	433,473,572
2022-23	340,488,300	65,502,982	16,375,745	21,535,055	-	443,902,082
2023-24	465,764,600	63,584,723	15,896,181	32,515,159	-	577,760,663

Table 11

Town of Marion, Virginia  
Property Tax Rates  
Last Ten Fiscal Years

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Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2014-15	0.15	0.35	0.35
2015-16	0.15	0.35	0.35
2016-17	0.15	0.35	0.35
2017-18	0.15	0.35	0.35
2018-19	0.17	0.35	0.35
2019-20	0.17	0.40	0.40
2020-21	0.17	0.40	0.40
2021-22	0.17	0.40	0.40
2022-23	0.17	0.40	0.40
2023-24	0.17	0.40	0.40

Table 12

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	5,968	\$ 367,088	\$ 7,607,567	2.07%	\$ 1,275
2015-16	5,968	381,654	7,425,172	1.95%	1,244
2016-17	5,968	382,934	7,434,278	1.94%	1,246
2017-18	5,968	389,416	8,408,072	2.16%	1,409
2018-19	5,968	412,823	8,427,305	2.04%	1,412
2019-20	5,968	412,823	8,212,518	1.99%	1,376
2020-21	5,751	414,582	7,702,524	1.86%	1,339
2021-22	5,762	433,474	7,699,517	1.78%	1,336
2022-23	5,666	443,902	8,620,860	1.94%	1,522
2023-24	5,617	577,761	7,666,760	1.33%	1,365

(1) U.S. Census Bureau.

(2) Includes all long-term general obligation bonds, anticipation notes, and lines of credit.  
Excludes line of credit.

Table 13

Town of Marion, Virginia  
Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2014-15	\$ 6,388,228	\$ 94,502	\$ 6,482,730	\$ 15,409,239	42.07%
2015-16	5,311,758	120,955	5,432,713	13,807,701	39.35%
2016-17	5,476,978	68,608	5,545,586	13,584,912	40.82%
2017-18	7,700,735	123,901	7,824,636	17,253,193	45.35%
2018-19	8,785,727	120,245	8,905,972	17,779,806	50.09%
2019-20	8,349,762	108,728	8,458,490	17,599,125	48.06%
2020-21	6,658,193	116,071	6,774,264	16,182,559	41.86%
2021-22	9,357,763	141,546	9,499,309	17,980,706	52.83%
2022-23	8,388,506	6,844	8,395,350	19,910,794	42.16%
2023-24	11,538,879	112,538	11,651,417	22,709,367	51.31%

Table 14

Town of Marion, Virginia  
Principal Taxpayers  
June 30, 2024

Company	2022-23		2023-24	
	Assessed Value	Rank	Assessed Value	Rank
General Dynamics	\$ 12,094,400	1	\$ 12,094,400	1
Regency Marion/Walmart	8,244,300	2	8,244,300	2
Smyth County Foundation	6,629,300	3	6,629,300	3
Marion Plaza	4,639,100	4	4,639,100	4
Highland Development	4,000,300	5	4,385,300	5
Marion Manor	3,615,400	6	3,615,400	6
Callan Drive Investments	3,198,600	7	3,198,600	7
Holston Hills Golf Course	3,024,200	8	3,024,200	8
Park Terrace Apartments	2,769,500	9	2,769,500	9
Bank of Marion	2,321,200	10	2,321,200	10

Information provided from the real estate tax book.

Table 15

Town of Marion, Virginia  
Computation of Legal Debt Margin  
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Assessed valuations:					
Assessed value	<u>\$ 367,638,429</u>	<u>\$ 367,087,900</u>	<u>\$ 381,653,902</u>	<u>\$ 382,933,927</u>	<u>\$ 412,823,415</u>
Legal debt margin					
Debt limitation - 10% of assessed value	36,763,843	36,708,790	38,165,390	38,293,393	41,282,342
Debt applicable to limitation:					
General obligation bonds	7,611,885	7,430,784	7,434,278	8,408,072	8,427,305
Less: Amount set aside for repayment	344,559	352,828	403,974	272,229	214,746
Total debt applicable to limitation	<u>7,267,326</u>	<u>7,077,956</u>	<u>7,030,304</u>	<u>8,135,843</u>	<u>8,212,559</u>
Legal debt margin	<u>\$ 29,496,517</u>	<u>\$ 29,630,834</u>	<u>\$ 31,135,086</u>	<u>\$ 30,157,550</u>	<u>\$ 33,069,783</u>
Applicable debt as a % of debt limitation	19.77%	19.28%	18.42%	21.25%	19.89%
	2020	2021	2022	2023	2024
Assessed valuations:					
Assessed value	<u>\$ 412,823,415</u>	<u>\$ 414,582,303</u>	<u>\$ 433,473,572</u>	<u>\$ 443,902,082</u>	<u>\$ 577,760,663</u>
Legal debt margin					
Debt limitation - 10% of assessed value	41,282,342	41,458,230	43,347,357	44,390,208	57,776,066
Debt applicable to limitation:					
General obligation bonds	8,212,518	7,702,524	7,699,517	8,620,860	7,666,760
Less: Amount set aside for repayment	244,258	267,271	309,605	255,426	271,829
Total debt applicable to limitation	<u>7,968,260</u>	<u>7,435,253</u>	<u>7,389,912</u>	<u>8,365,434</u>	<u>7,394,931</u>
Legal debt margin	<u>\$ 33,314,082</u>	<u>\$ 34,022,977</u>	<u>\$ 35,957,445</u>	<u>\$ 36,024,774</u>	<u>\$ 50,381,135</u>
Applicable debt as a % of debt limitation	19.30%	17.93%	17.05%	18.85%	12.80%

Table 16

Town of Marion, Virginia  
Miscellaneous Statistics  
June 30, 2024

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Date of incorporation	1832
Form of government	Council-Manager
Number of full-time employees:	
General government administration	15
Public safety	28
Public works	28
Parks, recreation, and cultural	1
Community development	3
Water, sewer and CIRP	13

COMPLIANCE  
SECTION



# Tucker, Brandenburg & Company, PLLC

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## CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of the Town Council  
Town of Marion, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Marion, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Marion, Virginia's basic financial statements, and have issued our report thereon dated April 25, 2025.

#### Report on Internal Control over Financial Reporting

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

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

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

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Marion, 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.

*Lucker, Brandenburg & Company, PLLC*

Lebanon, Virginia

April 25, 2025

# Tucker, Brandenburg & Company, PLLC

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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Members of the Town Council  
Town of Marion, Virginia

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

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

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

In our opinion, the Town of Marion, 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, 2024.

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

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

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

##### ***Responsibilities of Management for Compliance***

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

##### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Lucker, Brandenburg & Company, PLLC*

Lebanon, Virginia  
April 25, 2025

**Section I - Summary of Auditor Results**

**Financial Statements**

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No

**Federal Awards**

Internal control over major programs:	
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of auditor's opinion issued on compliance for major programs:	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)	No

**Major programs identified:**

	<u>Assistance Listing Number</u>	
Economic Development Initiative	14.251	
Dollar threshold used to distinguish between Type A and Type B Programs:		\$ 750,000
Auditee qualified as low risk?		Yes

**Section II - Financial Statement Findings:**

None Reported

**Section III - Federal Awards Findings and Questioned Costs**

None Reported

**Prior Year Findings**

None Reported