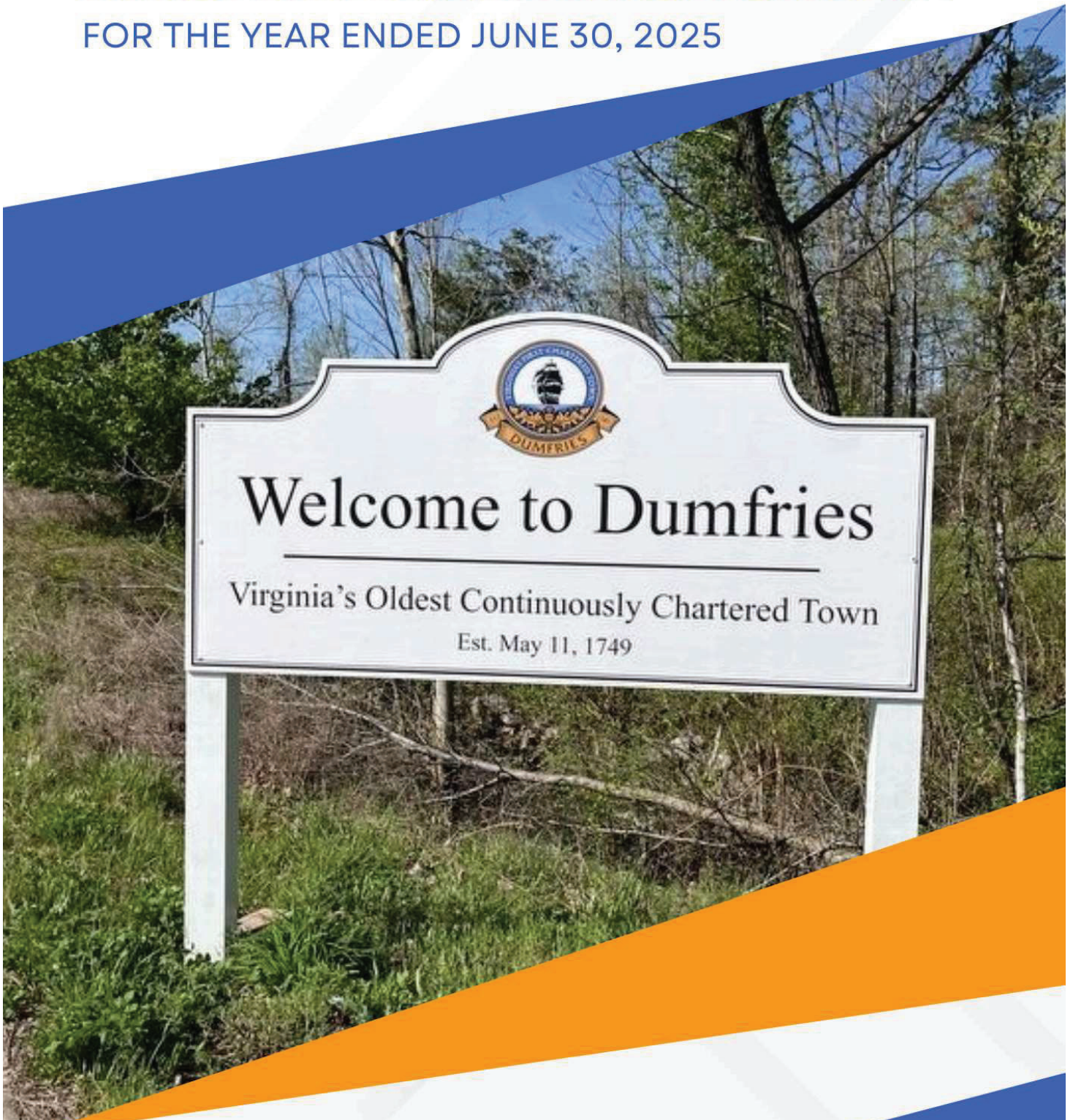




TOWN OF DUMFRIES

# ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025



## Introductory Section

**TOWN OF DUMFRIES, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

PREPARED BY:

Department of Finance  
Curtis Eatman, Chief Financial Officer

TOWN OF DUMFRIES, VIRGINIA  
Financial Report  
For the Year Ended June 30, 2025

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For the Year Ended June 30, 2025

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**TOWN OF DUMFRIES, VIRGINIA  
TOWN OFFICIALS**

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**TOWN COUNCIL**

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**Mayor**

Derrick R. Wood

**Vice-Mayor**

Monaé S. Nickerson

Russel A. Young  
Brian K. Fields  
Selonia B. Miles

Caetrina Peterson  
Shaun Peet

**MANAGEMENT TEAM**

---

**Town Manager**

Tangela Innis

**Town Attorney**

Sandra Robinson

Curtis Eatman  
Vacant  
Nykesha Lucas  
Kiran Uppal  
Vernon Galyen  
Regionald Tabor  
Lorraine Adeeb  
Evan Harris  
James Nichols  
Joseph Vines III

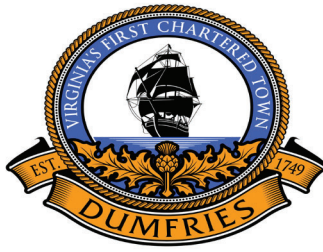
Chief Financial Officer  
Deputy Town Manager  
Town Clerk  
Town Treasurer  
Chief of Police  
Economic Planning & Community Development Direct  
HR Administrator  
Information Technology Administrator  
Director of Public Works  
Recreation/Civic Engagement Director

**INDEPENDENT AUDITORS**

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Robinson, Farmer, Cox Associates  
Certified Public Accountants  
Fredericksburg, Virginia





January 23, 2026

**To The Honorable Mayor, Vice Mayor, Members of Town Council and The Citizens of the Town of Dumfries Residents:**

We are pleased to present the Town of Dumfries, Virginia's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. Town Code, Section 2.6, requires that the Town Treasurer arrange for an annual audit of the Town's financial records by an auditor designated by the Town Council. In addition, Section 15.2-2511 of the Code of Virginia requires that an independent certified public accountant conduct an annual audit of the accounts and records of all counties, cities, and towns with populations greater than 3,500, in accordance with specifications prescribed by the Auditor of Public Accounts of the Commonwealth of Virginia. This ACFR is submitted in fulfillment of these requirements.

The financial statements included in this report have received an unmodified (clean) audit opinion and have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The report also conforms to the financial reporting standards of the Government Finance Officers Association of the United States and Canada (GFOA) and the Auditor of Public Accounts. Responsibility for the accuracy, completeness, and fairness of the information presented rests with Town management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly reflect the Town's financial position and results of operations. All disclosures necessary to enable the reader to gain a clear understanding of the Town's financial activities have been included.

Town management is responsible for establishing and maintaining an internal control structure designed to safeguard Town assets from loss, theft, or misuse and to ensure the reliability of financial reporting. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are achieved, recognizing that the cost of internal controls should not exceed the benefits derived.

The Town's financial statements were audited by Robinson, Farmer, Cox Associates, an independent certified public accounting firm. The audit was conducted in accordance with generally accepted auditing standards and included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is included in the Financial Section of this ACFR.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative overview and analysis of the Town’s financial activities. This letter of transmittal should be read in conjunction with the MD&A.

## **FINANCIAL REPORTING ENTITY**

This Annual Comprehensive Financial Report includes all funds under the jurisdiction and oversight of the Town of Dumfries. Chartered in 1749, the Town of Dumfries is the oldest continuously chartered town in the Commonwealth of Virginia. The Town encompasses approximately 1.54 square miles, has a population of 5,978, and operates under the council-manager form of government. Legislative and policymaking authority is vested in the Town Council, which is composed of a mayor and six council members elected on a nonpartisan, at-large basis. The mayor and council members serve staggered two-year terms. The Town Council appoints the Town Manager, Town Attorney, Town Clerk, and Treasurer, and the Town Manager appoints all department heads.

The Town provides a full range of municipal services authorized by statute, including police protection; sanitation services; construction and maintenance of streets, sidewalks, stormwater systems, and other infrastructure; recreational and cultural programs; zoning and inspection services; and general administrative functions.

The Town prepares an annual budget for all funds. In accordance with the Code of Virginia, the Town Manager is required to submit a balanced budget to Town Council no later than April 1 of each year. Department heads submit budget requests for review and modification by the Town Manager prior to inclusion in the proposed budget. Following duly advertised public hearings, Town Council adopts the annual budget by July 1, as required by Section 15.2-2503 of the Code of Virginia of 1950, as amended.

Budget amendments are approved by Town Council as necessary in accordance with Section 15.2-2507 of the Code of Virginia of 1950, as amended. The Town Manager is authorized to transfer appropriations within departments without Town Council approval. Budgetary compliance is monitored at the department level and reported to management on a monthly basis.

## **ECONOMIC CONDITION AND OUTLOOK**

### **Local Economy**

The Town of Dumfries is located within the Northern Virginia–Greater Washington metropolitan region, an area characterized by a highly skilled workforce and sustained economic growth. As part of one of the fastest-growing regions in the nation, Dumfries is well positioned for defense-related industries, technology firms, commercial enterprises, and retail development. The Town continues to benefit from a stable and expanding economic base.

Population growth has remained steady over the past decade. Between 2010 and 2020, the Town’s population increased by more than 12 percent, largely driven by market-rate single-family residential development. From 2020 through 2025, population increased an additional 4.6 percent,

primarily attributable to the completion of the Town Square Development. Continued growth is anticipated as additional residential projects remain under review or under construction.

The Town maintains a diverse population. Demographic composition includes 27.7 percent Black or African American (Non-Hispanic), 25.1 percent White (Non-Hispanic), 19.7 percent White (Hispanic), 13.1 percent Other (Hispanic), and 7.2 percent Other (Non-Hispanic). The median age of the population is 29.9 years. Median household income was \$78,373 in 2023, reflecting a 5.5 percent increase since 2018. Median home value reached \$303,700 in 2023, and the homeownership rate was approximately 77 percent. The average commute time for employed residents was 34.8 minutes.

In fiscal year 2023, property taxes accounted for more than 15 percent of General Fund revenues and represented the Town's largest single revenue source at that time. While the real estate tax rate has remained unchanged, assessed values increased significantly, particularly following completion of the Town Square Development in 2023. This development added 240 income-restricted multifamily units and 105 market-rate townhomes to the Town's housing inventory. Additional residential growth includes the Harbor at Quantico Creek development, which is expected to add 102 income- and age-restricted units by FY 2027, and the Aras on Main development, which is anticipated to add both market-rate townhomes and multifamily units by FY 2029.

Commercial activity within the Town continues to expand. In 2025, the Town issued 257 business licenses. Food service establishments generate significant revenue through both business license and meals taxes, supported by the Town's strategic location along the I-95 corridor. Construction and retail sectors currently generate the highest total business revenues.

The most significant economic development project in the Town is The Rose Gaming Emporium, a private investment exceeding \$400 million developed by Churchill Downs, Inc., which opened in fall 2024. The facility includes gaming operations, a hotel, and multiple dining venues and has created more than 400 jobs, making it the Town's largest employer. Gaming revenues have grown steadily since initial operations began in 2021.

Additional commercial development includes a Wawa convenience store with fuel sales and electric vehicle charging stations, scheduled to open in FY 2026. The Town is also pursuing acquisition of approximately 160 acres along Quantico Creek to establish a mixed-use Waterfront District. The Town received a Brownfields Grant exceeding \$1 million from the U.S. Environmental Protection Agency to support environmental assessment activities, representing a key step toward redevelopment. Property acquisition is anticipated in FY 2026.

Overall, the Town's economic outlook remains positive. While challenges persist—including income and educational attainment levels below those of surrounding jurisdictions—the Town continues to benefit from sustained private investment, employment growth, and strategic development initiatives that are expected to enhance economic opportunity and long-term financial stability. Although the Town's poverty rate has declined significantly in recent years, it remains higher than that of neighboring communities. Continued economic development and workforce opportunities are anticipated to support further improvement in these indicators.

Primary local revenue sources for the Town continue to be the Gaming Tax and Meals Tax, which account for approximately 45 percent and 10 percent of the General Fund budget, respectively. Gaming revenues have increased steadily in recent years and are projected to remain a significant component of General Fund revenues. Over the past five years, Meals Tax revenues have increased by approximately 32 percent and have remained a stable and reliable local revenue source. The Town’s meals tax rate of 4 percent remains competitive with, and in many cases lower than, similarly situated jurisdictions.

*Waterfront District Development*

The Town has purchased more than 160 acres along Quantico Creek to support development of a mixed-use Waterfront District that will include recreational, commercial, and other community-oriented uses. Due to its previous use as an automobile salvage site, the property required environmental assessments before redevelopment. The Town secured a Brownfields Grant exceeding \$1 million from the U.S. Environmental Protection Agency to fund these critical environmental site assessments, marking an essential first step in the redevelopment process. Planning and feasibility analyses for the property are now underway.

*Real Estate Assessed Value Trends*

The Town’s real estate assessed value has demonstrated sustained growth over the period shown, reflecting continued development activity and strengthening property values. From 2015 through 2019, assessed value increased at a steady and moderate pace, indicating stable market conditions and incremental growth in the Town’s tax base.



Beginning in 2020, the pace of growth accelerated, with particularly notable increases occurring between 2021 and 2022. This period reflects the combined effects of rising market values and the addition of new taxable properties associated with residential and commercial development. Assessed value increased substantially again in 2023 and 2024, reinforcing the Town's expanding real estate base.

The preliminary assessed value for fiscal year 2025 continues this upward trend, reaching its highest level over the period presented. Overall, assessed value has more than doubled since 2015, representing a significant expansion of the Town's taxable property base over the past decade.

This sustained growth in assessed value has strengthened the Town's revenue-generating capacity while allowing the real estate tax rate to remain stable. The expanding tax base enhances financial flexibility, supports long-term financial planning, and provides additional capacity to absorb economic fluctuations without disproportionate reliance on tax rate increases.

From a fiscal management perspective, the trend reflects effective land use planning, successful residential and commercial development, and favorable regional market conditions. Continued growth in assessed value is expected to support the Town's ability to fund essential services, meet debt obligations, and maintain adequate reserves in accordance with adopted financial policies.

#### *Long-Term Financial Planning and Outlook*

Town Council regularly engages with Town staff to discuss the community's vision and long-term financial planning objectives. These discussions include periodic reviews of revenue trends, capital expenditure needs, and the Town's financial forecasts. The FY 2026 Amended Budget incorporates a comprehensive five-year financial forecast to guide decision-making.

The Town Council adopts the annual budget at the fund level, while department heads may reallocate resources within their departments subject to Town Manager approval. Supplemental appropriations exceeding 1% of the total budget or transfers between funds require Council approval.

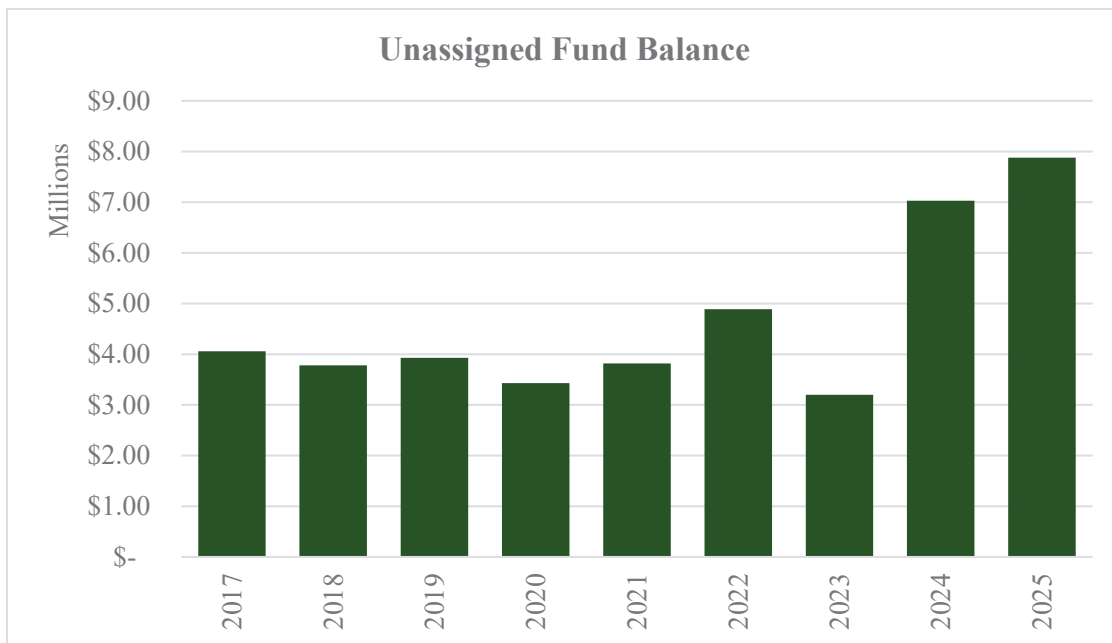
The Town maintains strong financial reserves consistent with its adopted policy, which mandates an unassigned General Fund balance of at least 15% of the subsequent year's budget. Current reserves exceed both this threshold and the Government Finance Officers Association's recommended best practice of 16.7%, demonstrating the Town's commitment to prudent fiscal management.

### *Unassigned Fund Balance Analysis*

The Town’s unassigned fund balance has demonstrated overall growth and financial resilience over the past eight years. Beginning in 2017, the balance remained relatively stable, fluctuating modestly between approximately \$3.4 million and \$4.0 million through 2021.

Notably, the fund balance increased significantly in 2022 to nearly \$5.0 million, reflecting improved fiscal management and positive operating results. Despite a slight decline in 2023, the unassigned fund balance experienced a substantial increase in 2024, reaching approximately \$7.9 million in 2025, the highest level.

This upward trend underscores the Town’s commitment to maintaining robust financial reserves in accordance with its policy and best practices. The growing fund balance strengthens the Town’s capacity to address unforeseen expenditures, economic uncertainties, and future capital needs, thereby supporting long-term financial stability and sustainability.



The primary mechanisms to achieve financial growth is continued adoption of a balanced budget. Key strategic goals supporting this financial growth include:

- Continued adoption of balanced budgets;
- Strengthening internal controls and financial transparency;
- Investment in recreational, cultural, and historical assets;
- Sustained investment in critical infrastructure.

## Relevant Financial Policies

Town Council is required to adopt an annual fiscal year budget no later than the close of the preceding fiscal year. This budget serves as the foundation for the Town's financial planning and control framework. Prepared on a line-item basis at the department level, the budget is appropriated by Town Council at the fund level. Department heads may transfer resources within their departments with the approval of the Town Manager. Supplemental appropriations exceeding one percent of the total budget and inter-fund transfers require Town Council approval.

Town Council is committed to maintaining adequate reserves within the General Fund to provide a buffer against financial emergencies and economic downturns. This policy has enabled the Town to deliver quality services while adhering to sound fiscal management principles and has contributed to maintaining a strong unassigned fund balance.

Council policy requires maintaining an unassigned General Fund balance of at least 15 percent of the subsequent year's budget. For FY 2025, the unassigned fund balance represented 76.7 percent of the budget, well above both the Town's policy and the Government Finance Officers Association (GFOA) best practice recommendation of 16.7 percent, equivalent to approximately two months of expenditures.

### Major Initiatives

**Housing Development:** The Town has several new residential developments underway to address diverse housing needs. Townsquare at Dumfries Phase IV will add 38 income-restricted multi-family units alongside 5,000 square feet of commercial space, expanding affordable housing options. Harbor at Quantico Creek will feature 125 age-restricted multi-family units, a daycare, and a community center, all designated as affordable housing. Aras on Main will contribute 54 townhomes and 220 multi-family market-rate units, while Harbor Reserve, located in Prince William County with an entrance in Dumfries, will introduce 152 market-rate townhomes. Additionally, 17698 Main Street will add 12 market-rate multi-family units to the housing inventory.

**Transportation:** The Main Street Small Area Plan (SAP) aims to transform Main Street into a pedestrian-friendly, mixed-use town center with traffic calming measures and enhanced bicycle and pedestrian amenities. The Route 1 (Fraleley Boulevard) Widening Project seeks to increase roadway capacity to help mitigate existing traffic congestion. The widening of the northbound roadway will allow for additional southbound through-traffic currently served by Main Street. Specifically, the northbound section of Route 1 will be expanded from two lanes to six lanes with a raised median, serving both directions of traffic. The project will also include pedestrian and bicycle facilities. The design phase is approximately 80% complete, with construction expected to begin in 2027 and conclude in 2031. Additionally, the Potomac Shores Route 1 and Route 234 Improvements project will create a quadrant intersection at U.S. Route 1 and Virginia Route 234 to increase capacity and efficiency in anticipation of higher traffic volumes associated with the Rose Gaming Emporium in northwest Dumfries and the Potomac Shores development in Prince William County.

## **OTHER INFORMATION**

### *Independent Audit*

The Town Charter requires an annual audit by independent certified public accountants. Robinson, Farmer, Cox (RFC) Associates performed the audit for the fiscal year ending June 30, 2025. The auditor's report on basic financial statements, and supporting schedules, is included in the financial section of this report.

### *Awards and Designations*

#### *Securing a Bond Rating*

In October 2025, the Town received strong ratings from both S&P Global Ratings and Moody's Ratings. Moody's assigned the Town an Aa3 rating, citing the Town's strong financial position, a growing local economy, and modest leverage with manageable future borrowing plans. Similarly, S&P Global Ratings issued an AA- rating with a stable outlook, highlighting the Town's history of realistic budgeting assumptions, resulting in strengthened reserves, along with well-established financial policies that demonstrate strong management practices.

Both agencies reaffirmed these ratings on November 14, 2025, for the Town's General Obligation Bonds, maintaining the AA- rating from S&P Global Ratings and the Aa3 rating from Moody's Ratings. These affirmations reflect continued confidence in the Town's financial health and long-term stability.

The Town will permanently finance \$5.3 million 2023A General Obligation Bond Anticipation Note (the 2023A BAN) that was originally issued to fund equipment and land in the Town along Quantico Creek. Also, the bonds will fund approximately \$8 million of project costs related to Phase 1 of the conversion of overhead utility infrastructure along Route 1 to underground systems.

#### *Implementing ClearGov Budgeting System*


The Town purchased ClearGov Budget Book, a digital platform that automates the creation of budget documents for local governments. ClearGov transforms raw financial data into an easy-to-understand, interactive, and shareable web-based document. The Town's Finance Department successfully built both the FY 2026 Adopted Budget and the FY 2026 Amended Budget using the ClearGov Budget Book platform.

#### *GFOA Distinguished Budget Presentation Award*

The Town received GFOA's Distinguished Budget Presentation Award for the FY 2025-26 Budget. This award is presented to local governments that prepare a budget that satisfies rigorous criteria for defining the budget document as a policy document, operations guide, financial plan, and communications device. Submitted budgets are reviewed by GFOA and outside reviewers with experience in public-sector budgeting. In July 2025, the Town submitted its FY 2025-26 budget documents for consideration for this recognition. The award was received.


**ACKNOWLEDGEMENTS**

Preparation of this report on a timely basis requires the dedicated services of all Finance Department staff members along with support from other Town departments. Gratitude and appreciation are extended to staff members whose efforts contributed to this report. Staff also thanks Town Council for its leadership and support, which makes the Town's responsible and progressive financial management possible.



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Tangela U. Innis  
Town Manager



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Curtis M. Eatman  
Chief Financial Officer

# TOWN OF DUMFRIES ORGANIZATIONAL CHART

## RESIDENTS OF THE TOWN

**MAYOR & TOWN COUNCIL**  
Derrick R. Wood, Mayor  
Monaé S. Nickerson, Vice Mayor

**COUNCILMEMBERS**  
Brian K. Fields  
Selonia B. Miles  
Shaun R. Peet  
Caeterina A. Peterson  
Russell A. Young

**TOWN ATTORNEY  
(COUNCIL APPOINTED)**

**TOWN MANAGER  
(COUNCIL APPOINTED)**

**DEPUTY TOWN MANAGER**

### Direct Reports to Town Manager

**Administration**

Finance  
Budget  
Procurement

Human  
Resources

Information  
Technology

Public  
Information  
Officer

Treasurer  
DMV Select

**Town Clerk**

**Public  
Safety**

**Police**

### Direct reports to Deputy Town Manager

**Development  
Services**

Economic Planning  
& Community  
Development

**Operations**

**Building  
Inspections**

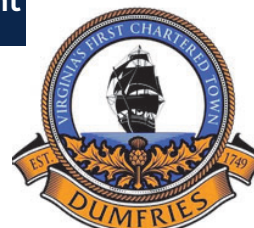
**Public  
Works**

**Stormwater  
Management**

**Community  
Affairs**

**Recreation &  
Civic  
Engagement**

**Tourism**



## Financial Section



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**Independent Auditors' Report**

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

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Dumfries, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Town of Dumfries, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Change in Accounting Principles***

As described in Note 1 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

***Restatement of Beginning Balances***

As described in Note 1 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Dumfries, Virginia's basic financial statements. The supporting schedules 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 supporting schedules 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 auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026, on our consideration of Town of Dumfries, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Dumfries, 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 Dumfries, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
January 23, 2026

**TOWN OF DUMFRIES, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**To Honorable Town Council Members and Town of Dumfries Citizens**

The Town of Dumfries offers readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2025. Readers are encouraged to consider the information presented in this analysis in conjunction with additional information furnished in the letter of transmittal.

**Financial Highlights**

- Total net position on June 30, 2025 was \$13,581,072 compared to \$12,312,034 in 2024. Total net position increased by \$1.269 million or 10 percent, mainly due to the investment of bond proceeds into capital assets. The Town's unrestricted net position increased by \$1,269,038 over the prior year. Town Council may elect to appropriate unrestricted net position funds to meet ongoing obligations to citizens, customers, and creditors.
- As of the close of the reported fiscal year, the Town's governmental fund balance sheet (Exhibit 3) reported a combined ending fund balance of \$13,461,867, an increase of \$1,130,973 million or 9.2 percent compared to the prior year, due to the increase of other local taxes and the sale of land. Of the combined fund balance, \$4,400,874 is assigned for completion of capital projects. This decrease of \$7,318 from last year is due to spending bond proceeds on capital projects offset by the increase of revenue from the use of money and property. The stormwater utility fund balance for the Town's share of stormwater projects decreased \$8,644 from the prior year. The grants fund balance is restricted in the amount of \$18,948, this is an increase from the prior year of \$790. The Town's streets and highway fund balance is restricted for the maintenance and capital projects on streets in highways in the amount of \$442,145, this is an increase of \$124,400 from the prior year. The general fund balance includes \$7,880,440 in unassigned fund balance. This represents 77 percent of total fiscal year 2025-26 General Fund budgeted expenditures.
- The Town's long-term obligations, due across multiple years, decreased by \$342,939 due to continued pay-off of bonds that relate to capital improvements. Long-term obligations due in more than one year totaled \$14,307,915 at year-end. Of this amount, outstanding bonds and notes totaled \$13,449,376, post-employment benefits totaled \$465,957, and premium on bonds total \$50,965. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$338,452 and \$379,575, respectively, at year-end. Accounts payable and \$37,958 of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$113,688 or 43 percent over the preceding year.
- Total cash and investments increased by \$1.190 million compared to the prior fiscal year. The increase is mainly attributed to decrease in capital project spending and increase in other local taxes. Restricted cash and cash equivalents debt reserve funds and capital projects totaled \$5.365 million for 2025.

## **Financial Highlights (Continued)**

- The following table denotes cash and investment increases and decreases by fund.

<b>Fund</b>	<b>FY 25 Cash and Investments</b>	<b>FY 24 Cash and Investments</b>	<b>Increase (Decrease)</b>
General	\$ 12,422,899	\$ 11,383,889	\$ 1,039,010
Capital Projects	4,400,874	4,497,231	(96,357)
Stormwater Utility	88	4,793	(4,705)
Grants	48,053	18,158	29,895
Streets and Highway	540,588	318,104	222,484
Total Cash and investments	<u>\$ 17,412,502</u>	<u>\$ 16,222,175</u>	<u>\$ 1,190,327</u>

## **Overview of Financial Statements**

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

- A. Government-wide financial statements - Government-wide financial statements are designed to provide readers with a broad overview of Town finances, in a manner similar to a private-sector business.
1. Statement of Net Position - presents information on all Town assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets and deferred outflows, liabilities, and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.
  2. Statement of Activities - presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in a statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, and community development.

Town of Dumfries students attend Prince William County Schools, therefore no school-related financial information is reflected in this report.

## **Overview of Financial Statements (Continued)**

B. Fund financial statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Dumfries, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Town funds can be divided into one category: governmental funds.

1. Governmental funds - Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. These activities include general government, police, public works, and community development. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's ability to satisfy near-term financing requirements.

The Town maintains five individual governmental funds: General, Capital Projects Fund, Stormwater Utility Fund, Grants Fund and Streets and Highway Fund. A separate balance sheet and statement of revenues, expenditures, and changes in fund balances have been prepared for each fund. The Town adopts annual appropriated budgets for the General, Capital Projects, Stormwater Utility, Grants and Streets and Highway funds. Accordingly, a budgetary comparison statement has been provided for these funds to demonstrate compliance with budgetary controls.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. Accounting differences between the governmental fund and government-wide financial statements include, but are not limited to, the following:

- a. Asset purchases for land, buildings, and equipment are reflected as expenditures in governmental fund financial statements. These same expenditures are capitalized and allocated (depreciated) to operations over the estimated useful life of the assets in government-wide financial statements.
- b. Interest expense is reflected as an expenditure when due in governmental fund financial statements but is posted as an accrued expense in the government-wide financial statements.
- c. Receivables reported in government-wide financial statements when a claim is established (or revenue is earned) are reported as deferred revenues in government fund financial statements, if not available to pay current-period expenditures.

C. Notes to the financial statements - The notes to the financial statements provide additional information essential to a full understanding of the data provided in government-wide and governmental fund financial statements.

## Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. The Town's total assets and deferred outflows exceeded total liabilities and deferred inflows of resources by \$13,581,072 at year-end, an increase of \$1.269 million or 10.3 percent. The increase in net position of governmental activities is due primarily to increases in general revenues assets and the increase in net pension asset.

The Town's investment in capital assets such as land, buildings, and equipment, net of depreciation, totaled \$14,372,165 on June 30, 2025, a decrease of \$308,896 or 2 percent. The decrease is primarily due to depreciation expense from investments in infrastructure improvements and machinery and equipment. The Town uses these capital assets to provide services to citizens and, consequently, these assets are not available for future spending. Although capital assets are reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table provides an overview of the Town's Statement of Net Position for fiscal year 2025.

<b>Town of Dumfries, Virginia</b>		
<b>Schedule of Assets, Liabilities, Deferred Inflows and Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b><u>Assets:</u></b>		
Current and other assets	\$ 23,932,048	\$ 18,549,585
Capital assets	14,372,165	14,681,061
Total assets	<u>\$ 38,304,213</u>	<u>\$ 33,230,646</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 734,036</u>	<u>\$ 779,463</u>
<b><u>Liabilities:</u></b>		
Long-term liabilities outstanding	\$ 14,767,413	\$ 15,067,067
Other liabilities	3,957,591	4,078,753
Total liabilities	<u>\$ 18,725,004</u>	<u>\$ 19,145,820</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 6,732,173</u>	<u>\$ 2,520,264</u>
<b><u>Net Position:</u></b>		
Net investment in capital assets	\$ 5,415,977	\$ 5,500,334
Restricted	718,565	2,962
Unrestricted	7,446,530	6,840,729
Total net position	<u>\$ 13,581,072</u>	<u>\$ 12,344,025</u>

At the end of the most recent fiscal year, the Town of Dumfries is able to report positive balances in net position for the Town as a whole.

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position** - Governmental activities reflect an increase in net position of \$1,269,038. The following table provides an overview of revenues, expenses, and changes in net position for the fiscal year.

<b>Town of Dumfries, Virginia</b>		
<b>Changes in Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b><u>Revenues:</u></b>		
<b>Program revenues:</b>		
Charges for services	\$ 932,988	\$ 857,920
Operating grants and contributions	624,340	1,391,799
Capital grants and contributions	-	80,750
<b>General revenues:</b>		
Property taxes	1,781,952	1,573,621
Other local taxes	6,707,416	3,921,677
Grants & contributions - unrestricted	282,378	279,409
Unrestricted revenues from the use of money and property	496,725	354,484
Miscellaneous	1,122,302	3,905,638
Sale of land	200,000	-
<b>Total revenues</b>	<b>\$ 12,148,101</b>	<b>\$ 12,365,298</b>
<b><u>Expenses:</u></b>		
General government administration	\$ 3,815,186	\$ 3,445,919
Public safety	2,712,290	2,819,810
Public works	2,667,666	1,885,965
Community development	1,065,896	1,240,564
Interest on long-term debt	618,025	673,589
<b>Total Expenses</b>	<b>\$ 10,879,063</b>	<b>\$ 10,065,847</b>
<b><u>Net Position:</u></b>		
Increase (Decrease) in net position	\$ 1,269,038	\$ 2,299,451
Net assets, beginning of year	12,344,025	10,044,574
Restatement	(31,991)	-
Net position, beginning of year, as restated	12,312,034	-
Net position, end of year	<b>\$ 13,581,072</b>	<b>\$ 12,344,025</b>

*Note – beginning balances have been restated to reflect the implementation of GASB 101.*

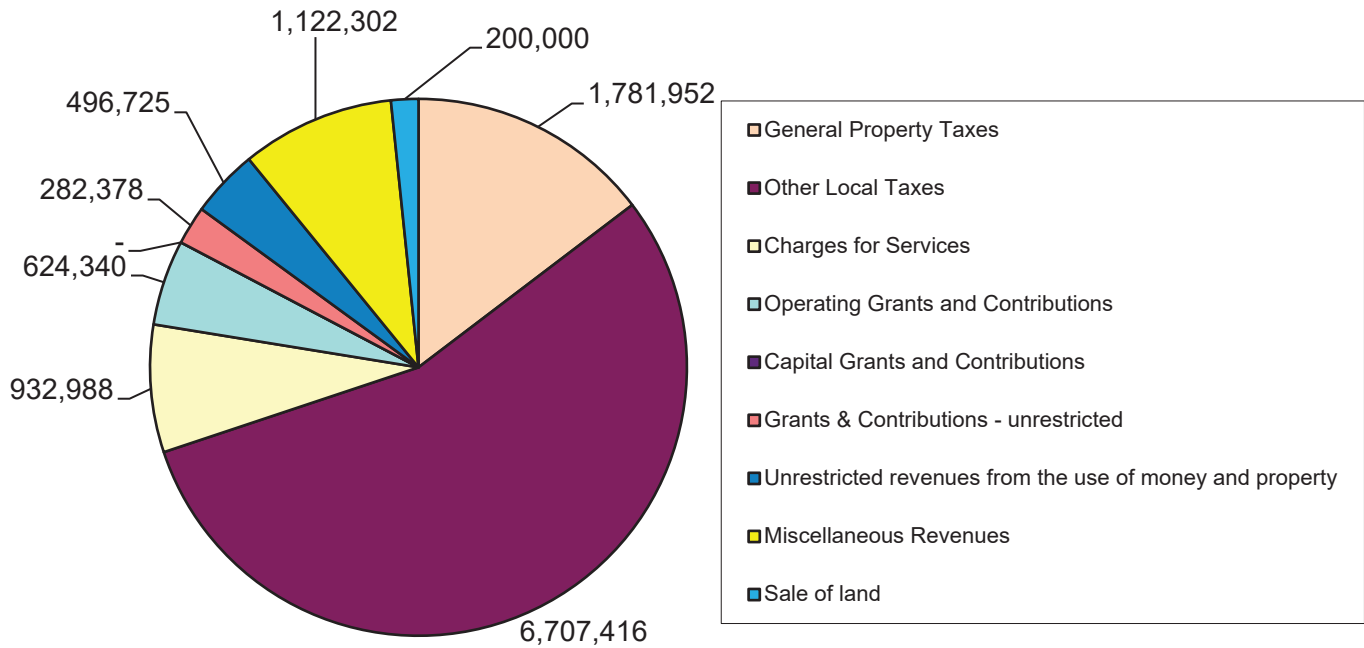
Program revenues, general revenues, and transfers for governmental activities totaled \$12,148,101, an increase of \$1.269 million or 10 percent from the previous fiscal year. Of that amount, property tax revenue totaled \$1,781,952 and other local taxes totaled \$6,707,416. The 13 percent increase in property tax revenue is due to new residential construction plus a 8 (this is for FY 2025) percent overall increase in assessments. Other local taxes increased by 2,785,739 or 71 percent primarily due to increases in gaming taxes over the prior year.

There were no capital grants and contributions in the current, a decrease of \$80,750 from the previous year. This was primarily due to decrease in public safety grants in 2025.

## Government-wide Financial Analysis (Continued)

The chart below provides an overview of fiscal year 2025 revenues by program source.

**Governmental Activities Revenues by Source**

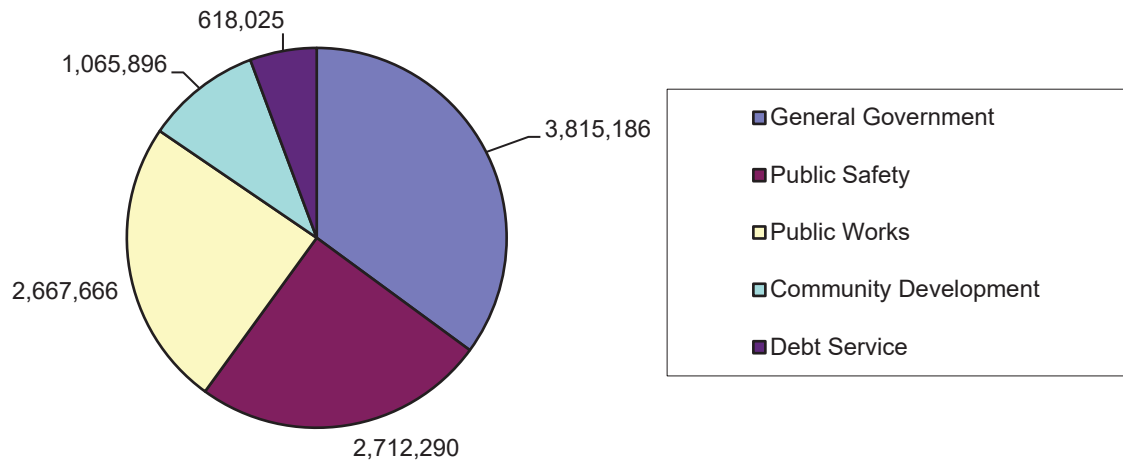


The government-wide statement of activities (Exhibit 2) reports expenses and revenues in a format that focuses on the cost of providing services by function. Expenses associated with individual functions are compared to non-tax revenues generated by charges for services and intergovernmental grants. As indicated in the Statement of Activities, governmental activities expenses totaled \$10,879,063, an increase of \$813,216 or 8.1 percent. Directly supporting these expenditures were charges for services, which generated \$932,988 plus operating grants and contributions totaling \$624,340 and capital grants and contributions of \$0 for total program revenues of \$1,557,328. This represents a decrease from 2024 of \$773,141 or 33 percent. General revenue support of these activities increased by \$555,944 or 5.5 percent, mainly due increased property taxes, business license taxes, state sales tax, meals taxes and gaming taxes.

## Government-wide Financial Analysis (Continued)

The chart below provides a graphical comparison of expenditures by function (general government, public works, etc.).

**Governmental Activities Expenses By Type**



## Financial Analysis of the Town's Funds

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

- general fund
- capital projects fund
- stormwater utility fund
- grants fund
- streets and highway fund

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

## Financial Analysis of the Town's Funds (Continued)

As of the end of fiscal year 2025, the Town's five governmental funds reported combined ending fund balances of \$13,461,867 an increase of \$1.13 million or 9.17 percent from the prior year. The change is mainly the result of the increase of general property taxes and other local taxes. \$5,439,271 or 40.4 percent of the combined fund balance is non-spendable, restricted, committed, or assigned for capital projects, debt service, and other purposes, leaving an unassigned balance of \$7,880,440 or 44.3 percent of the total available for spending by Council appropriation.

The capital project fund balance decreased by \$(7,318) due to spending of prior bond issues offset by transfer from the general fund in the amount of \$214,105 and \$227,683 from the revenue from the use of money and property. The balance at year-end is restricted for various projects that have not been completed yet. The following portions of fund balances are not available for new spending because they already have been committed for expenditures, as follows:

<b>Town of Dumfries, Virginia</b>	
<b>Total Town Fund Balance Components</b>	
<b>Nonspendable:</b>	
Leases	\$ 55,404
Prepaid items	165
Notes receivable	150,800
Total Nonspendable	\$ 206,369
<b>Restricted:</b>	
Asset forfeiture	\$ 586
Courthouse maintenance funds	3,614
Debt reserve funds	399,268
Capital projects	4,965,693
Grants	18,948
Streets and highways	442,145
Total Restricted	\$ 5,830,254
<b>Unassigned:</b>	
General fund	\$ 7,880,440
Capital projects fund	(446,552)
Stormwater funds	(8,644)
Total Unassigned	\$ 7,425,244
Total Fund Balance	\$ 13,461,867

The general fund is the primary operating fund of the Town. At the end of the fiscal year, the fund balance of the general fund totaled \$8,608,544, which equates to 63.9 percent of the \$13,461,867 combined fund balance of the five funds employed by the Town. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. The unassigned general fund balance of \$7,880,440, represents 75.24 percent of current year general fund expenditures, and 76.6 percent of the fiscal year 2025-26 general fund budget.

## **Financial Analysis of the Town's Funds (Continued)**

The total fund balance for the general fund increased \$1,021,745 or 13.5 percent from the previous fiscal year. The unassigned component of fund balance was \$7,425,244 at year-end, an increase from the prior fiscal year of \$848,498 or 10.77 percent. Both changes were functions of the following:

- Overall, general fund revenues decreased \$485,039 or 4.14 percent. This decrease was primarily a result of a one time contribution in the previous year of \$3.6 million for the gaming project. The general fund had increased revenue from property taxes, state sales tax, business license taxes, transient occupancy taxes, meals tax and gaming tax.
- General fund expenditures increased by \$1,032,664 or 11.3 percent over the previous year, mainly due to the increases in personnel expenses related to the Town staff.

## **General Fund Budgetary Highlights and Variances**

During the year, the town had no budget amendments that resulted in differences between the original and final fiscal year 2025 budgets.

General fund actual revenues were \$745,429 or 7.1 percent greater than amended budgetary estimates excluding budgeted use of prior surplus. The favorable variance from real estate, business license fees, sales taxes, miscellaneous revenue, use of property and interest earnings were partially offset by unfavorable variances in the maintenance of general buildings and grounds. General fund actual expenditures were \$322,072 or 3.2 percent less than amended budgets. The majority of budgetary expenditure savings occurred in the public safety spending.

## **Capital Assets and Debt Administration**

**Capital assets** - The Town's investment in capital assets for governmental activities totaled \$14,372,165 (net of accumulated depreciation), a decrease of \$308,896 or 2.10 percent. The decrease is due to depreciation expense outpacing capital outlay in the current year. The schedule below provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity is in Note 4 of the Notes to Financial Statements.

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Land	\$ 2,124,229	\$ 1,889,229
Buildings and improvements	5,501,801	5,725,081
Machinery and equipment	857,100	872,003
Lease equipment	2,066	4,321
Infrastructure	5,886,969	5,687,732
Construction in progress	-	502,695
Total assets - net of depreciation	<u>\$ 14,372,165</u>	<u>\$ 14,681,061</u>

**Long-term obligations** - At the conclusion of the fiscal year, long-term obligations totaled \$14,307,915 for governmental activities. Of these amounts, outstanding bonds totaled \$13,449,376. These amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$338,452 and \$379,575 respectively, at year-end. Except for \$37,958 worth of compensated absences, these obligations will be paid from current resources and are not included in long-term liabilities. Additional information relative to the Town's long-term obligations can be found in Note 6 of the Notes to Financial Statements.

## **Economic Factors and Next Year’s Budget and Rates**

The Town of Dumfries completed and adopted the update of its Comprehensive Plan. The Comprehensive Plan update considered and incorporated several relevant priorities included in the Town’s adopted Strategic Plan, including Affordability and Livability, Economic Development and Infrastructure, and Enhancing Public Safety. The Dumfries Comprehensive Plan includes the vision and goals of the Town for the next twenty years, and it contains a list of actions and policies to achieve those goals. Topics covered by the Comprehensive Plan include, but are not limited to, land use and livability, economic growth, transportation and infrastructure, and Neighborhoods & Housing.

Economic Vitality remains a primary focus area for the Town of Dumfries. As a relatively built-out community with scarce vacant property, redevelopment, reuse, and vertical development are themes that continue in the updated Comprehensive Plan. On the Future Land Use Map, the maintenance of existing neighborhoods is a priority. A significant change in the Town’s Plan is an expansion of mixed-use designations from former commercial designations. The Plan also focuses attention on the development and redevelopment of Five Hubs to boost economic growth and provide the town with additional employment, retail, recreation, and residential opportunities:

1. Main Street Commons
2. Gateway
3. The Entertainment District (The Rose)
4. The Waterfront District
5. Route 234 Crossroads

Each Hub is addressed in the Land Use and Livability section and has associated goals and actions to achieve them. The next step toward the development of several of the Hubs is to complete Small Area Plans, which will be more detailed Plans, to be completed by the end of the 2nd quarter of FY 2027. These Plans will help shape the development of the Town’s Main Street, the Waterfront District, and the Gateway to the Town from its southern border.

Several residential developments within and adjacent to the Town will significantly increase the residential offerings within the Town, including a 152-townhome development in Prince William County that is accessed through the Town of Dumfries, and a 125-unit senior multi-family housing development within the Town. Both are under construction and are anticipated for delivery during the 2nd quarter of FY 2027. Another 220-unit multifamily development with an additional 54 townhomes is currently under Plan and Permit review. These developments increase the Town’s population and market for additional retail and commercial development.

The Route 1 widening project continues to progress, with the project fully funded. The expansion of Route 1 to include two-way traffic along Fraley Boulevard will allow the current southbound lanes to revert to a “Main Street” that will be walkable and more densely developed. Right-of-way acquisition is nearing completion, and construction is anticipated to be completed by 2031.

The Rose resort opened in FY 2025, which transformed the site of a former landfill into a gaming facility and hotel, and a public park. The anticipated revenue projections continue to be met, and plans for an expansion of the hotel, gaming area, and the construction of a conference/event center are expected to begin by FY 2027.

Another new development is a Wawa convenience store and gas station, which opened during the 1st quarter of FY 2026. The development brings 50 new jobs, and is expected to generate additional revenue through food and gasoline sales.

These and additional new developments are anticipated over the next few years to further establish the Town of Dumfries as a destination, generate additional revenue, and further enhance the fiscal position of the Town.

## **Request for Information**

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2025. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer 17739 Main Street, Suite 200 Dumfries, Virginia 22026. Information relative to the Town of Dumfries government also may be obtained by visiting the Town of Dumfries website at [www.Dumfriesva.gov](http://www.Dumfriesva.gov).

## **Basic Financial Statements**

**Government-wide Financial Statements**

Statement of Net Position  
June 30, 2025

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,883,143
Investments	1,164,398
Receivables (net of allowance for uncollectibles):	
Taxes receivable	1,022,418
Accounts receivable	149,403
Due from other governmental units	118,087
Leases receivable	4,739,776
Prepaid items	165
Net pension asset	313,981
Net OPEB asset	5,316
Restricted assets:	
Cash and cash equivalents	5,364,961
Notes receivable	170,400
Capital assets (net of accumulated depreciation):	
Land	2,124,229
Buildings and improvements	5,501,801
Machinery and equipment	857,100
Lease equipment	2,066
Infrastructure	5,886,969
Total assets	<u>\$ 38,304,213</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 392,839
OPEB related items	<u>341,197</u>
Total deferred outflows of resources	<u>\$ 734,036</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 338,452
Accrued liabilities	245,826
Escrow and other deposits	141,699
Accrued interest payable	207,529
Unearned revenue	3,024,085
Long-term liabilities:	
Due within one year	459,498
Due in more than one year	14,307,915
Total liabilities	<u>\$ 18,725,004</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 231,025
OPEB related items	232,738
Leases related	4,684,372
Deferred revenue - property taxes	878,438
Unavailable revenue - sale of future lease rights	<u>705,600</u>
Total deferred inflows of resources	<u>\$ 6,732,173</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 5,415,977
Restricted	
Pension asset	313,981
OPEB asset	5,316
Debt reserve funds	399,268
Unrestricted	<u>7,446,530</u>
Total net position	<u>\$ 13,581,072</u>

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

Statement of Activities  
For the Year Ended June 30, 2025

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 Governmental Activities
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities:					
General government administration	\$ 3,815,186	\$ 44,278	\$ -	\$ -	\$ (3,770,908)
Public safety	2,712,290	-	222,663	-	(2,489,627)
Public works	2,667,666	569,227	401,677	-	(1,696,762)
Community development	1,065,896	319,483	-	-	(746,413)
Interest on long-term debt	618,025	-	-	-	(618,025)
Total governmental activities	\$ 10,879,063	\$ 932,988	\$ 624,340	\$ -	\$ (9,321,735)
General revenues:					
General property taxes					\$ 1,781,952
Local sales and use taxes					661,504
Consumers' utility taxes					190,359
Business licenses					746,593
Restaurant food taxes					1,090,870
Transient occupancy taxes					282,687
Cigarette tax					100,262
Gaming tax					3,546,893
Other local taxes					88,248
Unrestricted revenues from use of money					496,725
Miscellaneous					1,122,302
Grants and contributions not restricted to specific programs					282,378
Sale of land					200,000
Total general revenues					\$ 10,590,773
Change in net position					\$ 1,269,038
Net position - beginning, as previously reported					12,344,025
Restatement					(31,991)
Net position, beginning, as restated					12,312,034
Net position - ending					\$ 13,581,072

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

## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 June 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Stormwater Utility</u>	<u>Grants</u>	<u>Streets and Highway</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,740,966	\$ -	\$ 88	\$ 48,053	\$ 540,588	\$ 11,329,695
Investments	1,164,398	-	-	-	-	1,164,398
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,022,418	-	-	-	-	1,022,418
Accounts receivable	149,403	-	-	-	-	149,403
Due from other governmental units	118,087	-	-	-	-	118,087
Lease receivables	4,739,776	-	-	-	-	4,739,776
Prepaid items	165	-	-	-	-	165
Notes receivable	170,400	-	-	-	-	170,400
Restricted assets:						
Cash and cash equivalents	517,535	4,847,426	-	-	-	5,364,961
Total assets	<u>\$ 18,623,148</u>	<u>\$ 4,847,426</u>	<u>\$ 88</u>	<u>\$ 48,053</u>	<u>\$ 540,588</u>	<u>\$ 24,059,303</u>
<b>LIABILITIES</b>						
Reconciled overdraft	\$ -	\$ 446,552	\$ -	\$ -	\$ -	\$ 446,552
Accounts payable	202,172	-	8,732	29,105	98,443	338,452
Accrued liabilities	245,826	-	-	-	-	245,826
Escrow and other deposits	141,699	-	-	-	-	141,699
Unearned revenue	3,024,085	-	-	-	-	3,024,085
Total liabilities	<u>\$ 3,613,782</u>	<u>\$ 446,552</u>	<u>\$ 8,732</u>	<u>\$ 29,105</u>	<u>\$ 98,443</u>	<u>\$ 4,196,614</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases related	\$ 4,684,372	\$ -	\$ -	\$ -	\$ -	\$ 4,684,372
Unavailable revenue - property taxes	1,010,850	-	-	-	-	1,010,850
Unavailable revenue - sale of future lease rights	705,600	-	-	-	-	705,600
Total deferred inflows of resources	<u>\$ 6,400,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,400,822</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	\$ 165	\$ -	\$ -	\$ -	\$ -	\$ 165
Leases	55,404	-	-	-	-	55,404
Notes receivable	150,800	-	-	-	-	150,800
Restricted:						
Asset forfeiture	586	-	-	-	-	586
Courthouse maintenance funds	3,614	-	-	-	-	3,614
Debt reserve funds	399,268	-	-	-	-	399,268
Capital projects	118,267	4,847,426	-	-	-	4,965,693
Grants	-	-	-	18,948	-	18,948
Streets and highways	-	-	-	-	442,145	442,145
Unassigned:						
General fund	7,880,440	-	-	-	-	7,880,440
Capital projects fund	-	(446,552)	-	-	-	(446,552)
Stormwater funds	-	-	(8,644)	-	-	(8,644)
Total fund balances (deficits)	<u>\$ 8,608,544</u>	<u>\$ 4,400,874</u>	<u>\$ (8,644)</u>	<u>\$ 18,948</u>	<u>\$ 442,145</u>	<u>\$ 13,461,867</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 18,623,148</u>	<u>\$ 4,847,426</u>	<u>\$ 88</u>	<u>\$ 48,053</u>	<u>\$ 540,588</u>	<u>\$ 24,059,303</u>

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

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

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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		\$	13,461,867
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			14,372,165
Some of the Town's taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable revenue in the funds.			132,412
Other long-term assets are not available to pay for current period expenditures, and therefore, are not reported in the funds.			
Net pension asset	\$	313,981	
Net OPEB asset		<u>5,316</u>	319,297
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	392,839	
OPEB related items		<u>341,197</u>	734,036
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when due.			(207,529)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(13,864,376)	
Bond premium		(55,321)	
Lease liabilities		(2,184)	
Compensated absences		(379,575)	
Net OPEB liabilities		<u>(465,957)</u>	(14,767,413)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(231,025)	
OPEB related items		<u>(232,738)</u>	<u>(463,763)</u>
Net position of governmental activities			\$ <u><u>13,581,072</u></u>

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

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

	General	Capital Projects	Stormwater Utility	Grants	Streets and Highway	Total
<b>REVENUES</b>						
General property taxes	\$ 1,773,314	\$ -	\$ -	\$ -	\$ -	1,773,314
Other local taxes	6,707,416	-	-	-	-	6,707,416
Permits, privilege fees, and regulatory licenses	248,405	-	71,078	-	-	319,483
Fines and forfeitures	44,278	-	-	-	-	44,278
Revenue from the use of money and property	838,269	227,683	-	-	-	1,065,952
Miscellaneous	1,122,302	-	-	-	-	1,122,302
Intergovernmental:						
Commonwealth	465,908	-	18,597	29,104	364,272	877,881
Federal	19,433	-	-	9,404	-	28,837
Total revenues	\$ 11,219,325	\$ 227,683	\$ 89,675	\$ 38,508	\$ 364,272	\$ 11,939,463
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 3,537,559	\$ -	\$ -	\$ -	\$ -	3,537,559
Public safety	2,713,075	-	-	37,718	-	2,750,793
Public works	1,870,283	-	129,970	-	239,872	2,240,125
Community development	997,949	-	-	-	-	997,949
Capital projects	23,220	449,106	-	-	-	472,326
Debt service:						
Principal retirement	388,320	-	-	-	-	388,320
Interest and other fiscal charges	621,418	-	-	-	-	621,418
Total expenditures	\$ 10,151,824	\$ 449,106	\$ 129,970	\$ 37,718	\$ 239,872	\$ 11,008,490
Excess (deficiency) of revenues over (under) expenditures	\$ 1,067,501	\$ (221,423)	\$ (40,295)	\$ 790	\$ 124,400	\$ 930,973
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ -	\$ 214,105	\$ 31,651	\$ -	\$ -	245,756
Transfers out	(245,756)	-	-	-	-	(245,756)
Proceeds from the sale of land	200,000	-	-	-	-	200,000
Total other financing sources (uses)	\$ (45,756)	\$ 214,105	\$ 31,651	\$ -	\$ -	\$ 200,000
Net change in fund balances	\$ 1,021,745	\$ (7,318)	\$ (8,644)	\$ 790	\$ 124,400	\$ 1,130,973
Fund balances - beginning	7,586,799	4,408,192	-	18,158	317,745	12,330,894
Fund balances (deficits) - ending	\$ 8,608,544	\$ 4,400,874	\$ (8,644)	\$ 18,948	\$ 442,145	\$ 13,461,867

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

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

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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	\$	1,130,973
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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 capital outlays exceeded depreciation or vice versa in the current period.

Capital outlay	\$	526,139	
Depreciation expense		<u>(835,035)</u>	(308,896)

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

Property taxes	8,638
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Principal repayments	388,320
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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 compensated absences	\$	(113,688)	
Change in pension related items		199,427	
Change in OPEB related items		(39,129)	
Amortization of bond premium		4,509	
Change in interest payable		<u>(1,116)</u>	<u>50,003</u>

Change in net position of governmental activities	\$	<u><u>1,269,038</u></u>
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The notes to financial statements are an integral part of this statement.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025

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

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Narrative Profile:

Town of Dumfries received its charter in 1749. The Town has a population of 5,978 and a land area of 1.54 square miles.

The Town is governed under the Council-Manager form of government. The Town government engages in wide ranges of municipal services including general government administration, public safety, public works, and community development.

The financial statements of Town of Dumfries, Virginia have been prepared in conformity with specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the Town’s accounting policies are described below.

**A. Financial Reporting Entity**

Government-wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

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

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

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

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

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**A. Financial Reporting Entity: (Continued)**

Individual Component Unit Disclosures: Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

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

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units, if applicable. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

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

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 and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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**B. Government-wide and Fund Financial Statements: (Continued)**

Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities is allocated to the various functional expense categories based on the internal charges to each function. In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The following is a brief description of the specific funds used by the Town in FY 2025.

1. *Governmental Funds* - Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

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

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

*Special Revenue Funds* - The Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds include the Stormwater Utility Fund, Grants Fund, and the Streets and Highway Fund, all of which are major funds.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide statements are prepared using the economic resources measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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**C. Measurement Focus and Basis of Accounting: (Continued)**

Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the Town. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when measurable and available or at the time of the specific expenditure and all other grant requirements have been satisfied.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

**D. Budgets and Budgetary Accounting**

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

1. Budgets and Budgetary Accounting
  - a. The Town Manager submits a proposed operating and capital budget to the Town Council prior to June 30 of each year. The budget includes proposed expenditures and the means of financing them.
  - b. Public hearings are conducted to obtain citizen comments.
  - c. Prior to June 30, the budget is legally enacted through Council vote.
  - d. The Town Manager is authorized to transfer budgeted amounts between line items within a department without prior approval from the Town Council.
  - e. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
2. Legally Adopted Budgets

The general fund has a legally adopted annual budget.

**E. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted cash and cash equivalents include debt reserve funds and unspent proceeds of bond issuances restricted for use for capital projects.

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

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**F. Investments**

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

**G. Property Taxes**

Real estate is assessed annually on January 1st by the County of Prince William at fair market value. Real estate taxes attach as an enforceable lien on the property as of January 1st. Taxes are payable semi-annually on June 5th and December 5th. The Town bills and collects its own property taxes. Penalties accrue on real estate taxes beginning June 6<sup>th</sup> and December 6<sup>th</sup>. Interest accrues on real estate taxes beginning July 1st.

**H. Allowance for Uncollectible Accounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes for the General Fund was \$12,572 at June 30, 2025.

**I. Capital Assets**

Capital assets include land, buildings and improvements, machinery and equipment, and infrastructure. Any asset or group of assets acquired by the Town that has a useful life in excess of one year and an acquisition cost, or value (when received), of at least \$5,000 is reported in the applicable column in the government-wide financial statements.

Such assets are recorded at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are depreciated/amortized over their estimated useful lives (or life of the associated contract for lease assets) using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20-30 years
Machinery and equipment	5-7 years
Infrastructure	30 years
Lease equipment	5 years

**J. Compensated Absences**

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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### J. Compensated Absences: (Continued)

Vacation -The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave -The Town's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

### K. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### L. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts 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;
- Assigned fund balance - amounts a government intends to use 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;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

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**M. Credit Risk**

Concentrations of credit risk with respect to receivables are limited due to the large number of customers comprising the Town's customer base. As of June 30, 2025, the Town had no significant concentrations of credit risk.

**N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

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

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

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

**P. Net Position**

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

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

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**Q. Net Position Flow Assumption**

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

**R. Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary position of the Town's Retirement Plan and the additions to/deductions from the Town's 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.

**S. Other Postemployment Benefits**

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

The LODA program also provides health insurance benefits. The health benefits are modeled after the State Employee Health Benefit Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

**T. Leases**

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

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

*Lessor* - The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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

T. Leases: (Continued)

measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenues over the life of the lease term.

*Key Estimates and Judgments*

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

U. Expenditures and Appropriations

Expenditures exceeded appropriations in the following departments of the general fund at June 30, 2025:

<u>Department</u>	<u>Amount</u>
Public Works	\$ 274,375

V. Adoption of Accounting Principles

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in the following restatement of net position:

	<u>Governmental Activities</u>
Balance as reported July 1, 2024	\$ 12,344,025
Implementation of GASB 101	<u>(31,991)</u>
Balance as restated July 1, 2024	<u>\$ 12,312,034</u>

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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

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**W. Deficit Fund Equity**

At June 30, 2025, a deficit fund balance of \$8,644 exists in the Stormwater Utility special revenue fund. The deficit results from actual stormwater management revenues being less than anticipated. The deficit will be eliminated as additional resources are obtained.

A deficit unassigned fund balance of \$446,552 exists in the Capital Projects Fund. The reason for the deficit in this case is that prior capital projects were expended from local sources and not bond proceeds or grants. This deficit will be eliminated as additional resources are obtained or thru a transfer from the General Fund.

**NOTE 2—DEPOSITS AND INVESTMENTS:**

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Deposits:

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

Investments:

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

Custodial Credit Risk (Investments):

The Town’s investments at June 30, 2025 were held by the Town or in the Town’s name by the Town’s custodial banks.

Credit Risk of Debt Securities:

The Town does not have a policy related to credit risk of debt securities. The Town’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 2—DEPOSITS AND INVESTMENTS: (Continued)**

<b>Town's Rated Debt Investments' Values</b>			
<b>Rated Debt Investments</b>	<b>Fair Quality Rating</b>		
	<b>AAAm</b>	<b>AA+f</b>	
VML/VACO Virginia Investment Pool Bond Fund	\$ 399,267	\$	1,164,398
Virginia State Non-Arbitrage Program	4,847,426		-
<b>Total</b>	<b>\$ 5,246,693</b>	<b>\$</b>	<b>1,164,398</b>

Fair Value Measurements:

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the VML/VACO Virginia Investment Pool investments at the net asset value (NAV).

External Investment Pool:

The value of the position in the external investment pool (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized at cost basis portfolio.

Redemption Restrictions:

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

Interest Rate Risk:

The Town does not have a policy related to interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities:

<b>Investment Maturities (in years)</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 Years</b>
VML/VACO Virginia Investment Pool Bond Fund	\$ 1,164,398	\$ 399,267	\$ 1,164,398
Virginia State Non-Arbitrage Program	4,847,426	4,847,426	-
<b>Total</b>	<b>\$ 6,011,824</b>	<b>\$ 5,246,693</b>	<b>\$ 1,164,398</b>

**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 3—DUE FROM OTHER GOVERNMENTAL UNITS:**

At June 30, 2025 the Town has receivables from other governments as follows:

	<u>General Fund</u>
Commonwealth of Virginia:	
Communications tax	\$ 19,379
Automobile rental tax	25,079
Department of Criminal Justice Services	18,654
Prince William County:	
Sales tax	<u>54,975</u>
Totals	<u>\$ 118,087</u>

**NOTE 4—CAPITAL ASSETS:**

The following is a summary of changes in capital assets during the fiscal year:

**Governmental Activities:**

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated:				
Land	\$ 1,889,229	\$ 235,000	\$ -	\$ 2,124,229
Construction in progress	502,695	-	502,695	-
Total capital assets not being depreciated	<u>\$ 2,391,924</u>	<u>\$ 235,000</u>	<u>\$ 502,695</u>	<u>\$ 2,124,229</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 7,910,128	\$ 32,020	\$ -	\$ 7,942,148
Machinery and equipment	2,632,238	259,119	-	2,891,357
Infrastructure	8,601,054	502,695	-	9,103,749
Lease equipment	11,086	-	-	11,086
Total capital assets being depreciated	<u>\$ 19,154,506</u>	<u>\$ 793,834</u>	<u>\$ -</u>	<u>\$ 19,948,340</u>
Accumulated depreciation:				
Buildings and improvements	\$ 2,185,047	\$ 255,300	\$ -	\$ 2,440,347
Machinery and equipment	1,760,235	274,022	-	2,034,257
Infrastructure	2,913,322	303,458	-	3,216,780
Lease equipment	6,765	2,255	-	9,020
Total accumulated depreciation	<u>\$ 6,865,369</u>	<u>\$ 835,035</u>	<u>\$ -</u>	<u>\$ 7,700,404</u>
Total capital assets being depreciated, net	<u>\$ 12,289,137</u>	<u>\$ (41,201)</u>	<u>\$ -</u>	<u>\$ 12,247,936</u>
Governmental activities capital assets, net	<u>\$ 14,681,061</u>	<u>\$ 193,799</u>	<u>\$ 502,695</u>	<u>\$ 14,372,165</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 310,083
Public Safety	241,120
Public Works	196,357
Community Development	<u>87,475</u>
Total	<u>\$ 835,035</u>

**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 5—COMPENSATED ABSENCES:**

The Town had outstanding compensated absences as follows:

Governmental Activities \$ 379,575

**NOTE 6—LONG-TERM OBLIGATIONS:**

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

	<u>Balance at July 1, 2024 As restated</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2025</u>	<u>Amounts Due Within One Year</u>
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 13,700,376	\$ -	\$ 226,000	\$ 13,474,376	\$ 240,000
Revenue bonds	550,000	-	160,000	390,000	175,000
Premium on bonds	59,830	-	4,509	55,321	4,356
Other Liabilities:					
Net pension liability	85,921	-	85,921	-	-
Net OPEB liabilities	432,540	574,944	541,527	465,957	-
Lease liability	4,504	-	2,320	2,184	2,184
Compensated absences*	265,887	113,688	-	379,575	37,958
Total Governmental Activities	<u>\$ 15,099,058</u>	<u>\$ 688,632</u>	<u>\$ 1,020,277</u>	<u>\$ 14,767,413</u>	<u>\$ 459,498</u>

\*The change in compensated absences above is a net change for the year.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<u>Revenue Bonds:</u>		
\$1,615,000 Revenue Refunding Bonds, issued May 2010, maturing annually in installments ranging from \$15,000 to \$135,000 through October 1, 2026, interest ranging from 2.20% to 5.20% payable semiannually (1)	\$ 265,000	\$ 130,000
\$485,000 Revenue Refunding Bonds, issued July 2012, maturing annually in installments ranging from \$5,000 to \$45,000 through October 1, 2027, interest ranging from 2.125% to 5.125% payable semiannually (1)	<u>125,000</u>	<u>45,000</u>
Total revenue bonds	<u>\$ 390,000</u>	<u>\$ 175,000</u>
<u>General Obligation Bonds:</u>		
\$2,721,000 General Refunding Bond, issued May 2020, maturing annually in installments ranging from \$99,000 to \$167,000 through Feb 1, 2041 interest at 2.80% payable semiannually (1)	\$ 2,164,376	\$ 110,000
\$1,850,000 General Obligation Public Improvement Bond, issued April 2018, maturing annually in installments ranging from \$30,000 to \$100,000 through April 1, 2048 interest ranging from 3.625% to 5.125% payable semiannually (1)	1,600,000	45,000
\$3,610,000 General Obligation Public Improvement Bond, issued April 2018, maturing annually in installments ranging from \$70,000 to \$205,000 through April 1, 2048, interest ranging from 2.300% to 4.190% payable semiannually (1)	3,085,000	85,000
\$5,250,000 General Obligation Bond Anticipation Note, issued November 2023, maturing in one installment on January 15, 2029, interest at 5.17% payable semiannually (1)	5,250,000	-
\$1,375,000 General Obligation Bond Anticipation Note, issued November 2023, maturing in one installment on January 15, 2029, interest at 6.56% payable semiannually (1)	<u>1,375,000</u>	<u>-</u>
Total general obligation bonds	<u>\$ 13,474,376</u>	<u>\$ 240,000</u>
Premium on bonds	<u>\$ 55,321</u>	<u>\$ 4,356</u>
Net OPEB liabilities	<u>\$ 465,957</u>	<u>\$ -</u>
<u>Lease liability:</u>		
Secured by equipment through 2026 at discount rate of 2.80%	<u>\$ 2,184</u>	<u>\$ 2,184</u>
Compensated absences	<u>\$ 379,575</u>	<u>\$ 37,958</u>
Total Governmental Activities	<u>\$ 14,767,413</u>	<u>\$ 459,498</u>

(1) Represents direct borrowings and direct placements

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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

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

Year	Direct Borrowings and Direct Placement		Lease Liability	
	General Obligation and Revenue Bonds			
	Principal	Interest	Principal	Interest
2026	\$ 415,000	\$ 622,940	\$ 2,184	\$ -
2027	419,000	606,312	-	-
2028	297,000	592,638	-	-
2029	6,891,000	401,478	-	-
2030	269,000	210,923	-	-
2031	281,000	201,084	-	-
2032	289,000	191,290	-	-
2033	306,000	181,357	-	-
2034	313,000	170,855	-	-
2035	325,000	160,047	-	-
2036	336,000	148,523	-	-
2037	347,000	136,675	-	-
2038	362,000	124,368	-	-
2039	372,000	111,494	-	-
2040	382,000	98,399	-	-
2041	360,376	84,958	-	-
2042	240,000	70,967	-	-
2043	250,000	61,251	-	-
2044	260,000	51,146	-	-
2045	270,000	40,596	-	-
2046	280,000	29,600	-	-
2047	295,000	18,108	-	-
2048	305,000	6,103	-	-
Total	\$ 13,864,376	\$ 4,321,112	\$ 2,184	\$ -

**NOTE 7—PENSION PLAN**

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***Plan Description***

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

***Benefit Structures***

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

- Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 7—PENSION PLAN: (CONTINUED)**

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***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

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

Inactive members or their beneficiaries currently receiving benefits	40
Inactive members:	
Vested inactive members	8
Non-vested inactive members	23
Inactive members active elsewhere in VRS	<u>23</u>
Total inactive members	54
Active members	<u>32</u>
Total covered employees	<u><u>126</u></u>

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 7—PENSION PLAN: (CONTINUED)**

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***Contributions***

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

The Town’s contractually required employer contribution rate for the year ended June 30, 2025 was 10.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$371,794 and \$339,701 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$12,750 for the Town for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$34,779 for the Town for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,156,512 and for the year ended June 30, 2025.

***Net Pension Asset***

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

***Actuarial Assumptions - General Employees***

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

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

**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 7—PENSION PLAN: (CONTINUED)**

***Actuarial Assumptions - General Employees: (Continued)***

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 7—PENSION PLAN: (CONTINUED)**

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***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

All Others (Non 10 Largest) - Hazardous Duty:

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

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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### NOTE 7—PENSION PLAN: (CONTINUED)

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#### *Long-Term Expected Rate of Return: (Continued)*

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

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

#### *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

*Changes in Net Pension Liability (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 6,328,655	\$ 6,242,734	\$ 85,921
Changes for the year:			
Service cost	\$ 353,560	\$ -	\$ 353,560
Interest	435,410	-	435,410
Differences between expected and actual experience	(97,310)	-	(97,310)
Contributions - employer	-	342,204	(342,204)
Contributions - employee	-	145,877	(145,877)
Net investment income	-	607,245	(607,245)
Benefit payments, including refunds	(463,391)	(463,391)	-
Administrative expenses	-	(3,893)	3,893
Other changes	-	129	(129)
Net changes	\$ 228,269	\$ 628,171	\$ (399,902)
Balances at June 30, 2024	\$ 6,556,924	\$ 6,870,905	\$ (313,981)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

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

	Rate		
	1% Decrease (5.75)	Current Discount (6.75%)	1% Increase (7.75%)
Town Net Pension Liability (Asset)	\$ 446,276	\$ (313,981)	\$ (933,712)

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 7—PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2025, the Town recognized pension expense of \$174,870. At June 30, 2025, the Town 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	\$ 21,045	\$ 56,595
Net difference between projected and actual earnings on pension plan investments	-	174,430
Employer contributions subsequent to the measurement date	<u>371,794</u>	<u>-</u>
Total	<u>\$ 392,839</u>	<u>\$ 231,025</u>

\$371,794 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (170,255)
2027	31,550
2028	(34,245)
2029	(37,030)
2030	-
Thereafter	-

**Pension Plan Data**

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

**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

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***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$17,246 and \$16,869 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$135,808 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was .01217% as compared to .010960% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$16,348. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,420	\$ 3,317
Net difference between projected and actual earnings on GLI OPEB plan investments	-	11,447
Change in assumptions	774	6,730
Changes in proportionate share	40,268	1,117
Employer contributions subsequent to the measurement date	<u>17,246</u>	<u>-</u>
Total	<u>\$ 79,708</u>	<u>\$ 22,611</u>

\$17,246 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ 4,784
2027	13,713
2028	9,443
2029	7,609
2030	4,302
Thereafter	-

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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*Actuarial Assumptions*

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

*Actuarial Assumptions: (Continued)*

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

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

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

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

**NET GLI OPEB Liability**

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

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

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

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

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town’s Proportionate share of the GLI Plan Net OPEB Liability	\$ 211,199	\$ 135,808	\$ 74,902

***GLI Plan Fiduciary Net Position***

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

**NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

***Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

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***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is \$45.00 per month.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	14
Vested inactive members	1
Active Members	<u>51</u>
Total covered employees	<u><u>66</u></u>

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Town of Dumfries, Virginia’s contractually required employer contribution rate for the year ended June 30, 2025 was .07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Town to the HIC Plan were \$2,554 and \$4,373 for the years ended June 30, 2025 and June 30, 2024, respectively.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

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***Net HIC OPEB Liability***

The Town’s net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

**Actuarial Assumptions: (Continued)**

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

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

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

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

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

*Long-Term Expected Rate of Return: (Continued)*

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

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

*Discount Rate*

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

*Changes in Net HIC OPEB Liability (Asset)*

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 44,679	\$ 31,951	\$ 12,728
Changes for the year:			
Service cost	\$ 1,161	\$ -	\$ 1,161
Interest	2,956	-	2,956
Differences between expected and actual experience	(4,319)	-	(4,319)
Contributions - employer	-	4,403	(4,403)
Net investment income	-	3,052	(3,052)
Benefit payments	(4,097)	(4,097)	-
Administrative expenses	-	(42)	42
Other changes	-	1	(1)
Net changes	\$ (4,299)	\$ 3,317	\$ (7,616)
Balances at June 30, 2024	\$ 40,380	\$ 35,268	\$ 5,112

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

*Sensitivity of the Town’s HIC Net OPEB Liability (Asset) to Changes in the Discount Rate*

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's			
Net HIC OPEB Liability (Asset)	\$ 9,230	\$ 5,112	\$ 1,624

*HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB*

For the year ended June 30, 2025, the Town recognized HIC Plan OPEB expense of \$5,360. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the Town’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,130	\$ 3,668
Net difference between projected and actual earnings on HIC OPEB plan investments	-	720
Change in assumptions	707	-
Employer contributions subsequent to the measurement date	2,554	-
Total	\$ 12,391	\$ 4,388

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

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***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)***

\$2,554 reported as deferred outflows of resources related to the HIC OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ 2,457
2027	3,347
2028	(54)
2029	301
2030	-
Thereafter	-

***HIC Plan Data***

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

**NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):**

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***Plan Description***

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

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

***Eligible Employees***

The Political Subdivision VLDP was implemented January 1, 2014 to provide benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

**NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)**

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***Benefit Amounts***

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

***VLDP Notes***

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

***Contributions***

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VRS Political Subdivision VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Town to the VRS Political Subdivision VDLP were \$8,558 and \$9,688 for the years ended June 30, 2025 and June 30, 2024, respectively.

***VLDP OPEB Liabilities (Asset), VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB***

At June 30, 2025, the Town reported a liability (asset) of (\$5,316) for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2024 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 20, 2023 and rolled forward to the measurement date of June 30, 2024. The Town's proportion of the Net VLDP OPEB Liability was based on the Town's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Town's proportion of the VLDP was .14736% as compared to .18410% at June 30, 2023.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)**

***VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (CONTINUED)***

For the year ended June 30, 2025, the Town recognized VLDP OPEB expense of \$7,393. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 632	\$ 1,120
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	481
Change in assumptions	-	123
Changes in proportionate share	649	140
Employer contributions subsequent to the measurement date	8,558	-
Total	<u>\$ 9,839</u>	<u>\$ 1,864</u>

\$8,558 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in the future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (305)
2027	47
2028	(74)
2029	(178)
2030	(75)
Thereafter	2

***Actuarial Assumptions***

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)**

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**Actuarial Assumptions: (CONTINUED)**

Inflation	2.50%
Salary increases, including inflation	3.50%-5.35%
Investment rate of return	6.75%, net of program investment expenses, including inflation

**Mortality Rates - Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)**

**Actuarial Assumptions: (Continued)**

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

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

**Net VLDP OPEB Liability**

The net OPEB liability (NOL) for the Political Subdivision VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Political Subdivision VLDP is as follows (amounts expressed in thousands):

	<b>Political Subdivision Employee VLDP OPEB Plan</b>
Total Political Subdivision VLDP OPEB Liability	\$ 12,230
Plan Fiduciary Net Position	15,837
Political Subdivision VLDP Net OPEB Liability (Asset)	<u>\$ (3,607)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	129.49%

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

*Long-Term Expected Rate of Return*

The long-term expected rate of return on VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

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

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

*Discount Rate*

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the Town for the VLDP was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB 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 VLDP OPEB liability.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 10—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)**

***Sensitivity of the Town’s Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town’s proportionate share of the VLDP Net OPEB Liability	\$ (3,866)	\$ (5,316)	\$ (6,592)

***Political Subdivision VLDP OPEB Fiduciary Net Position***

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

**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN):**

***Plan Description***

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

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

***Eligible Employees***

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN): (CONTINUED)**

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***Benefit Amounts***

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

The LODA program also provides health insurance benefits. The health benefits are modeled after the State Employee Health Benefit Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

***Contributions***

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$18,270 and \$12,450 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$325,037 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was .08259% as compared to .07190% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of \$56,686. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN): (CONTINUED)**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,309	\$ 79,397
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,074
Change in assumptions	59,917	65,464
Changes in proportionate share	149,763	57,940
Employer contributions subsequent to the measurement date	<u>18,270</u>	<u>-</u>
Total	<u>\$ 239,259</u>	<u>\$ 203,875</u>

\$18,270 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30

2026	\$ 10,246
2027	7,233
2028	4,485
2029	(3,606)
2030	(1,963)
Thereafter	719

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN): (CONTINUED)**

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**Actuarial Assumptions**

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

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN): (CONTINUED)**

**Actuarial Assumptions: (Continued)**

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

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

**Net LODA OPEB Liability**

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

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

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN): (CONTINUED)**

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

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

***Discount Rate***

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

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

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

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
Town’s proportionate share of the LODA Net OPEB Liability	\$ 360,329	\$ 325,037	\$ 294,690

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

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

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
Town’s proportionate share of the LODA Net OPEB Liability	\$ 276,888	\$ 325,037	\$ 384,116

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 11—LINE OF DUTY ACT (LODA) PROGRAM (OPEB PLAN): (CONTINUED)**

***LODA OPEB Plan Fiduciary Net Position***

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

**NOTE 12—SUMMARY OF NET OPEB (ASSET) LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES AND OPEB EXPENSE:**

	<u>Net OPEB Asset</u>	<u>Net OPEB Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Group Life	\$ -	\$ 135,808	\$ 79,708	\$ 22,611	\$ 16,348
HIC	-	5,112	12,391	4,388	5,360
VLDP	5,316	-	9,839	1,864	7,393
LODA	-	325,037	239,259	203,875	56,686
Total	<u>\$ 5,316</u>	<u>\$ 465,957</u>	<u>\$ 341,197</u>	<u>\$ 232,738</u>	<u>\$ 85,787</u>

**NOTE 13—RISK MANAGEMENT:**

The Town contracts with private insurance carriers for health insurance coverages. The Town also contracts with the VRSA for workers compensation, property damage, surety bonds, automobile, professional liability, law enforcement, employee dishonesty, and general liability coverages. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums for all members in the year in which the deficit occurs.

Property coverages are for replacement costs and general liability coverages range up to \$1,000,000.

**NOTE 14—COMMITMENTS AND CONTINGENCIES:**

**Construction Commitments**

At June 30, 2025, the Town had no outstanding construction contracts and commitments.

**NOTE 15—LITIGATION:**

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

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 16—DEFERRED/UNAVAILABLE/UNEARNED REVENUE:**

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

	<u>Unearned Revenue</u>	
	<u>Statement of Net Position</u>	<u>Balance Sheet</u>
Grant revenue received in advance	\$ 482,604	\$ 482,604
American rescue plan	2,501,415	2,501,415
Other	<u>40,066</u>	<u>40,066</u>
 Total unearned revenue	 <u>\$ 3,024,085</u>	 <u>\$ 3,024,085</u>
	 <u>Deferred/Unavailable Revenue</u>	
	<u>Statement of Net Position</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
 2nd half assessments representing uncollected property tax which has not been billed but for which an enforceable lien is in effect.	 \$ 869,083	 \$ 869,083
Property tax receivables	-	141,767
Prepaid property tax revenues representing collections for property taxes that are applicable to the subsequent budget year.	9,355	-
 Sale of future lease rights	 <u>705,600</u>	 <u>705,600</u>
Total deferred/unavailable revenue	<u>\$ 1,584,038</u>	<u>\$ 1,716,450</u>

**NOTE 17—TOWN HALL MUNICIPAL BUILDING:**

On the September 5, 2018, the Town entered into an agreement with a property management agent to establish and maintain files and records related to leases, subleases, rental records, cash-receipts, cash disbursements, service contracts, maintenance records, insurance policies, correspondence, and all other activity pertaining to the new Town Hall Municipal building.

**NOTE 18—SALE OF FUTURE REVENUE:**

On November 16, 2020, the Town entered into an agreement to sell and assign all rights to receive rents for lease on a Town owned property in the amount of \$784,000. Of which, \$500,000 was paid at closing and \$28,400 each year thereafter for 10 consecutive years. The term of the agreement is for 40 years commencing on the closing date. The balance of the Note Receivable at June 30, 2025 was \$170,400.

**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2025 (Continued)

**NOTE 19—INTERFUND TRANSFERS:**

Details of interfund transfers as of June 30, 2025 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 245,756
Capital Projects Fund	214,105	-
Stormwater Utility Fund	31,651	-
Total	<u>\$ 245,756</u>	<u>\$ 245,756</u>

**NOTE 20—LEASE RECEIVABLE:**

The Town leases property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2025:

<u>Lease Description</u>	<u>Governmental Activities</u>		
	<u>Discount Rate</u>	<u>Leases Receivable</u>	<u>Deferred Inflows of Resources</u>
Greater Prince William Area Community Health Center	2.50%	\$ 3,070,532	\$ 3,027,298
Young Marines	2.00%	652,548	649,380
Fairway Independent Mortgage Corporation	3.00%	17,521	14,867
The Future Kings	2.00%	107,903	106,893
Christopher Brown CPA PLLC	2.00%	131,472	131,472
Powell Enterprise	2.00%	204,006	201,247
Crisis Pregnancy Group	2.00%	409,718	407,115
Alpha Medical & Beha	2.00%	146,076	146,100
Total		<u>\$ 4,739,776</u>	<u>\$ 4,684,372</u>

Lease revenue totaled \$712,376 for the year ended June 30, 2025. Lease interest revenue totaled \$93,587 for the year ended June 30, 2025.

**NOTE 21—COVID-19:**

**ARPA Funding**

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

As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,501,415 are reported as unearned revenue as of June 30.

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2025 (Continued)

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### NOTE 22—UPCOMING PRONOUNCEMENTS

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

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

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

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

### NOTE 23—SUBSEQUENT EVENTS

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In December 2025, the Town issued series 2025 General Obligation and Refunding Bonds with a total par of \$13,325,000. The 2023A General Obligation Bond was refunded by the series 2025 issuance.

**Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2025

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 1,380,000	\$ 1,380,000	\$ 1,773,314	\$ 393,314
Other local taxes	7,774,731	7,774,731	6,707,416	(1,067,315)
Permits, privilege fees, and regulatory licenses	85,000	85,000	248,405	163,405
Fines and forfeitures	45,000	45,000	44,278	(722)
Revenue from the use of money and property	554,674	554,674	838,269	283,595
Miscellaneous	206,900	206,900	1,122,302	915,402
Intergovernmental:				
Commonwealth	427,591	427,591	465,908	38,317
Federal	-	-	19,433	19,433
Total revenues	\$ 10,473,896	\$ 10,473,896	\$ 11,219,325	\$ 745,429
Expenditures:				
General government administration:				
Legislative	\$ 210,168	\$ 210,168	\$ 210,168	\$ -
General and financial administration	3,402,795	3,402,795	3,327,391	75,404
Total general government administration	\$ 3,612,963	\$ 3,612,963	\$ 3,537,559	\$ 75,404
Public safety:				
Law enforcement and traffic control	\$ 3,056,909	\$ 3,056,909	\$ 2,713,075	\$ 343,834
Total public safety	\$ 3,056,909	\$ 3,056,909	\$ 2,713,075	\$ 343,834
Public works:				
Maintenance of general buildings and grounds	\$ 1,595,908	\$ 1,595,908	\$ 1,870,283	\$ (274,375)
Total public works	\$ 1,595,908	\$ 1,595,908	\$ 1,870,283	\$ (274,375)
Community development:				
Planning and community development	\$ 1,135,941	\$ 1,135,941	\$ 997,949	\$ 137,992
Total community development	\$ 1,135,941	\$ 1,135,941	\$ 997,949	\$ 137,992
Capital projects	\$ -	\$ -	\$ 23,220	\$ (23,220)
Debt service:				
Principal retirement	\$ 388,320	\$ 388,320	\$ 388,320	\$ -
Interest and other fiscal charges	683,855	683,855	621,418	62,437
Total debt service	\$ 1,072,175	\$ 1,072,175	\$ 1,009,738	\$ 62,437
Total expenditures	\$ 10,473,896	\$ 10,473,896	\$ 10,151,824	\$ 322,072
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,067,501	\$ 1,067,501
Other financing sources (uses):				
Transfers out	\$ -	\$ -	\$ (245,756)	\$ (245,756)
Proceeds from the sale of land	-	-	200,000	200,000
Total other financing sources (uses)	\$ -	\$ -	\$ (45,756)	\$ (45,756)
Net change in fund balance	\$ -	\$ -	\$ 1,021,745	\$ 1,021,745
Fund balances at beginning of year	-	-	7,586,799	7,586,799
Fund balances at end of year	\$ -	\$ -	\$ 8,608,544	\$ 8,608,544

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 353,560	\$ 345,334	\$ 271,235	\$ 207,855	\$ 213,340	\$ 203,408	\$ 153,291	\$ 176,675	\$ 174,120	\$ 165,663
Interest	435,410	400,072	381,061	356,418	337,710	369,045	378,661	358,946	366,051	357,672
Differences between expected and actual experience	(97,310)	212,361	(13,192)	(278,624)	180,891	(558,057)	(353,267)	51,421	(292,740)	(56,086)
Changes of assumptions	-	-	-	222,857	-	134,170	-	35,659	-	-
Benefit payments	(463,391)	(421,539)	(441,588)	(387,710)	(521,861)	(313,191)	(318,934)	(363,196)	(334,656)	(360,452)
<b>Net change in total pension liability</b>	\$ 228,269	\$ 536,228	\$ 197,516	\$ 120,796	\$ 210,080	\$ (164,625)	\$ (140,249)	\$ 259,505	\$ (87,225)	\$ 106,797
<b>Total pension liability - beginning</b>	\$ 6,328,655	\$ 5,792,427	\$ 5,594,911	\$ 5,474,115	\$ 5,264,035	\$ 5,428,660	\$ 5,568,909	\$ 5,309,404	\$ 5,396,629	\$ 5,289,832
<b>Total pension liability - ending (a)</b>	\$ 6,556,924	\$ 6,328,655	\$ 5,792,427	\$ 5,594,911	\$ 5,474,115	\$ 5,264,035	\$ 5,428,660	\$ 5,568,909	\$ 5,309,404	\$ 5,396,629
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 342,204	\$ 274,510	\$ 214,904	\$ 180,446	\$ 188,649	\$ 196,608	\$ 178,082	\$ 124,388	\$ 201,857	\$ 186,470
Contributions - employee	145,877	116,785	91,014	74,935	68,566	72,842	67,221	46,753	64,864	56,470
Net investment income	607,245	382,765	(5,484)	1,313,597	101,546	317,689	330,673	498,400	72,174	186,026
Benefit payments	(463,391)	(421,539)	(441,588)	(387,710)	(521,861)	(313,191)	(318,934)	(363,196)	(334,656)	(360,452)
Administrator charges	(3,893)	(3,758)	(3,777)	(3,303)	(3,385)	(3,099)	(2,856)	(2,999)	(2,610)	(2,627)
Other	129	155	139	124	(110)	(201)	(295)	(440)	(31)	(40)
<b>Net change in plan fiduciary net position</b>	\$ 628,171	\$ 348,918	\$ (144,792)	\$ 1,178,089	\$ (166,595)	\$ 270,648	\$ 253,891	\$ 302,906	\$ 1,598	\$ 65,847
<b>Plan fiduciary net position - beginning</b>	\$ 6,242,734	\$ 5,893,816	\$ 6,038,608	\$ 4,860,519	\$ 5,027,114	\$ 4,756,466	\$ 4,502,575	\$ 4,199,669	\$ 4,198,071	\$ 4,132,224
<b>Plan fiduciary net position - ending (b)</b>	\$ 6,870,905	\$ 6,242,734	\$ 5,893,816	\$ 6,038,608	\$ 4,860,519	\$ 5,027,114	\$ 4,756,466	\$ 4,502,575	\$ 4,199,669	\$ 4,198,071
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	\$ (313,981)	\$ 85,921	\$ (101,389)	\$ (443,697)	\$ 613,596	\$ 236,921	\$ 672,194	\$ 1,066,334	\$ 1,109,735	\$ 1,198,558
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	104.79%	98.64%	101.75%	107.93%	88.79%	95.50%	87.62%	80.85%	79.10%	77.79%
<b>Covered payroll</b>	\$ 3,123,833	\$ 2,561,046	\$ 1,979,300	\$ 1,633,090	\$ 1,465,786	\$ 1,461,581	\$ 1,386,322	\$ 974,616	\$ 1,238,898	\$ 1,134,812
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	-10.05%	3.35%	-5.12%	-27.17%	41.86%	16.21%	48.49%	109.41%	89.57%	105.62%

Schedule of Employer Contributions - Pension Plan  
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
2025	\$ 371,794	\$ 371,794	-	\$ 3,648,612	10%
2024	339,701	339,701	-	3,123,833	11%
2023	274,517	274,517	-	2,561,046	11%
2022	214,904	214,904	-	1,979,300	11%
2021	179,839	179,839	-	1,633,090	11%
2020	188,877	188,877	-	1,465,786	13%
2019	189,784	189,784	-	1,461,581	13%
2018	177,737	177,737	-	1,386,322	13%
2017	126,700	126,700	-	974,616	13%
2016	204,790	204,790	-	1,238,898	17%

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

Notes to Required Supplementary Information  
Pension Plans  
For the Year Ended June 30, 2025

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

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2024	0.08259% \$	325,037	Not Applicable	Not Applicable	1.22%
2023	0.07190%	288,367	Not Applicable	Not Applicable	1.31%
2022	0.06300%	238,276	Not Applicable	Not Applicable	1.87%
2021	0.41700%	183,805	Not Applicable	Not Applicable	1.68%
2020	0.57130%	239,269	Not Applicable	Not Applicable	1.02%
2019	0.07362%	264,138	Not Applicable	Not Applicable	0.79%
2018	0.05860%	184,000	Not Applicable	Not Applicable	0.60%
2017	0.05261%	138,000	Not Applicable	Not Applicable	1.30%

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

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

Schedule of Employer Contributions  
 Line of Duty Act (LODA) Program  
 For the Years Ended June 30, 2017 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Covered- Employee Payroll * (4)</u>	<u>Contributions as a % of Covered - Employee Payroll (5)</u>
2025	\$ 18,270	\$ 18,270	\$ -	Not Applicable	Not Applicable
2024	12,450	12,450	-	Not Applicable	Not Applicable
2023	9,546	9,546	-	Not Applicable	Not Applicable
2022	8,671	8,671	-	Not Applicable	Not Applicable
2021	5,738	5,738	-	Not Applicable	Not Applicable
2020	7,763	7,763	-	Not Applicable	Not Applicable
2019	10,000	10,000	-	Not Applicable	Not Applicable
2018	6,000	6,000	-	Not Applicable	Not Applicable
2017	5,000	5,000	-	Not Applicable	Not Applicable

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

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

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.012170% \$	135,808 \$	3,123,833	4.35%	73.41%
2023	0.010960%	131,445	2,582,304	5.09%	69.30%
2022	0.009200%	111,259	2,009,300	5.54%	67.21%
2021	0.008000%	93,608	1,659,090	5.64%	67.45%
2020	0.007120%	118,821	1,465,786	8.11%	52.64%
2019	0.007460%	121,394	1,461,581	8.31%	52.00%
2018	0.007290%	111,000	1,386,321	8.01%	51.22%
2017	0.005280%	79,000	974,616	8.11%	48.86%

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

Schedule of Employer Contributions  
 Group Life Insurance GLI (Plan)  
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2025	\$ 17,246	\$ 17,246	\$ -	\$ 3,669,446	0.47%
2024	16,869	16,869	-	3,123,833	0.54%
2023	13,944	13,944	-	2,582,304	0.54%
2022	10,850	10,850	-	2,009,300	0.54%
2021	8,959	8,959	-	1,659,090	0.54%
2020	7,622	7,622	-	1,465,786	0.52%
2019	7,600	7,600	-	1,461,581	0.52%
2018	7,209	7,209	-	1,386,321	0.52%
2017	5,068	5,068	-	974,616	0.52%
2016	5,947	5,947	-	1,238,898	0.48%

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

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

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

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

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

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

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

Schedule of Changes in the OPEB Liability (Asset) and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>								
Service cost	\$ 1,161	\$ 1,163	\$ 1,842	\$ 2,309	\$ 2,167	\$ 1,880	\$ 1,259	\$ 1,304
Interest	2,956	2,211	1,924	1,761	1,911	1,646	1,975	1,985
Differences between expected and actual experience	(4,319)	11,863	5,313	1,071	(1,824)	4,420	(4,446)	-
Changes of assumptions	-	-	881	631	-	641	-	(446)
Benefit payments	(4,097)	(4,308)	(5,751)	(4,637)	(4,321)	(3,270)	(3,706)	(2,251)
<b>Net change in total HIC OPEB liability</b>	<b>(4,299)</b>	<b>10,929</b>	<b>4,209</b>	<b>1,135</b>	<b>(2,067)</b>	<b>5,317</b>	<b>(4,918)</b>	<b>592</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>44,679</b>	<b>33,750</b>	<b>29,541</b>	<b>28,406</b>	<b>30,473</b>	<b>25,156</b>	<b>30,074</b>	<b>29,482</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>40,380</b>	<b>44,679</b>	<b>33,750</b>	<b>29,541</b>	<b>28,406</b>	<b>30,473</b>	<b>25,156</b>	<b>30,074</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 4,403	\$ 3,586	\$ 3,167	\$ 2,618	\$ 1,612	\$ 1,665	\$ 1,530	\$ 1,071
Net investment income	3,052	1,753	92	6,689	534	1,793	2,007	3,081
Benefit payments	(4,097)	(4,308)	(5,751)	(4,637)	(4,321)	(3,270)	(3,706)	(2,251)
Administrator charges	(42)	(39)	(53)	(74)	(51)	(38)	(45)	(48)
Other	1	124	2,316	-	-	(2)	(161)	161
<b>Net change in plan fiduciary net position</b>	<b>3,317</b>	<b>1,116</b>	<b>(229)</b>	<b>4,596</b>	<b>(2,226)</b>	<b>148</b>	<b>(375)</b>	<b>2,014</b>
<b>Plan fiduciary net position - beginning</b>	<b>31,951</b>	<b>30,835</b>	<b>31,064</b>	<b>26,468</b>	<b>28,694</b>	<b>28,546</b>	<b>28,921</b>	<b>26,907</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>35,268</b>	<b>31,951</b>	<b>30,835</b>	<b>31,064</b>	<b>26,468</b>	<b>28,694</b>	<b>28,546</b>	<b>28,921</b>
<b>Net HIC OPEB liability (asset)- ending (a) - (b)</b>	<b>\$ 5,112</b>	<b>\$ 12,728</b>	<b>\$ 2,915</b>	<b>\$ (1,523)</b>	<b>\$ 1,938</b>	<b>\$ 1,779</b>	<b>\$ (3,390)</b>	<b>\$ 1,153</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>87.34%</b>	<b>71.51%</b>	<b>91.36%</b>	<b>105.16%</b>	<b>93.18%</b>	<b>94.16%</b>	<b>113.48%</b>	<b>96.17%</b>
<b>Covered payroll</b>	<b>\$ 3,123,832</b>	<b>\$ 2,561,046</b>	<b>\$ 1,979,300</b>	<b>\$ 1,633,090</b>	<b>\$ 1,465,786</b>	<b>\$ 1,461,581</b>	<b>\$ 1,386,321</b>	<b>\$ 974,616</b>
<b>Net HIC OPEB liability (asset) as a percentage of covered payroll</b>	<b>4.97%</b>	<b>4.97%</b>	<b>0.15%</b>	<b>-0.09%</b>	<b>0.13%</b>	<b>0.12%</b>	<b>-0.24%</b>	<b>0.12%</b>

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

Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2016 through June 30, 2025

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 2,554	\$ 2,554	\$ -	\$ 3,648,612	0.07%
2024	4,373	4,373	-	3,123,832	0.14%
2023	3,585	3,585	-	2,561,046	0.14%
2022	3,167	3,167	-	1,979,300	0.16%
2021	2,613	2,613	-	1,633,090	0.16%
2020	1,612	1,612	-	1,465,786	0.11%
2019	1,608	1,608	-	1,461,581	0.11%
2018	1,525	1,525	-	1,386,321	0.11%
2017	1,072	1,072	-	974,616	0.11%
2016	1,239	1,239	-	1,238,898	0.10%

Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2025

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

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

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

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

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

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

Schedule of Employer's Share of Net OPEB Liability  
 Virginia Local Disability Program (VLDP)  
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
2024	0.14736% \$	(5,316) \$	1,139,769	-0.47%	129.49%
2023	0.18410%	(2,962)	1,126,752	-0.26%	116.89%
2022	0.16970%	(998)	795,077	-0.13%	107.99%
2021	0.17182%	(1,739)	690,286	-0.25%	119.59%
2020	0.12676%	1,265	472,309	0.27%	76.84%
2019	0.09263%	1,877	286,206	0.66%	49.19%
2018	0.09541%	1,000	231,658	0.43%	51.39%
2017	0.10507%	1,000	192,930	0.52%	38.40%

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

Schedule of Employer Contributions  
 Virginia Local Disability Program (VLDP)  
 For the Years Ended June 30, 2016 through June 30, 2025

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Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2025	\$ 8,558	\$ 8,558	\$ -	\$ 1,156,512	0.74%
2024	9,688	9,688	-	1,139,769	0.85%
2023	9,577	9,577	-	1,126,752	0.85%
2022	6,599	6,599	-	795,077	0.83%
2021	5,729	5,729	-	690,286	0.83%
2020	3,401	3,401	-	472,309	0.72%
2019	2,061	2,061	-	286,206	0.72%
2018	1,390	1,390	-	231,658	0.60%
2017	1,158	1,158	-	192,930	0.60%
2016	1,123	1,123	-	187,129	0.60%

Notes to Required Supplementary Information  
 Virginia Local Disability Program (VLDP)  
 For the Year Ended June 30, 2025

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

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

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

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

## **Other Supplementary Information**

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,350,000	\$ 1,350,000	\$ 1,757,541	\$ 407,541
Public service corporation: Real property	30,000	30,000	15,773	(14,227)
Total general property taxes	<u>\$ 1,380,000</u>	<u>\$ 1,380,000</u>	<u>\$ 1,773,314</u>	<u>\$ 393,314</u>
Other local taxes:				
Local sales and use taxes	\$ 575,000	\$ 575,000	\$ 661,504	\$ 86,504
Consumers' utility taxes	175,000	175,000	190,359	15,359
Business license taxes	557,163	557,163	746,593	189,430
Bank stock taxes	37,600	37,600	59,762	22,162
Transient occupancy taxes	70,000	70,000	282,687	212,687
Cigarette tax	150,000	150,000	100,262	(49,738)
Meals taxes	875,000	875,000	1,090,870	215,870
Gaming tax	5,304,968	5,304,968	3,546,893	(1,758,075)
Other	30,000	30,000	28,486	(1,514)
Total other local taxes	<u>\$ 7,774,731</u>	<u>\$ 7,774,731</u>	<u>\$ 6,707,416</u>	<u>\$ (1,067,315)</u>
Permits, privilege fees, and regulatory licenses:				
Building and related permits	\$ 75,000	\$ 75,000	\$ 223,242	\$ 148,242
Other permits and licenses	10,000	10,000	25,163	15,163
Total permits, privilege fees, and regulatory licenses	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 248,405</u>	<u>\$ 163,405</u>
Fines and forfeitures:				
Court and other fines and forfeitures	\$ 45,000	\$ 45,000	\$ 44,278	\$ (722)
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 269,042	\$ 249,042
Revenue from use of property	534,674	534,674	569,227	34,553
Total revenue from use of money and property	<u>\$ 554,674</u>	<u>\$ 554,674</u>	<u>\$ 838,269</u>	<u>\$ 283,595</u>
Miscellaneous:				
DMV select revenue	\$ 175,000	\$ 175,000	\$ 285,863	\$ 110,863
Colonial Downs contribution	-	-	800,000	800,000
Miscellaneous	31,900	31,900	36,439	4,539
Total miscellaneous	<u>\$ 206,900</u>	<u>\$ 206,900</u>	<u>\$ 1,122,302</u>	<u>\$ 915,402</u>
Total revenue from local sources	<u>\$ 10,046,305</u>	<u>\$ 10,046,305</u>	<u>\$ 10,733,984</u>	<u>\$ 687,679</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle rental tax	\$ 125,000	\$ 125,000	\$ 160,930	\$ 35,930
Rolling stock tax	200	200	12	(188)
Telecommunications sales tax	142,140	142,140	121,436	(20,704)
Total noncategorical aid	<u>\$ 267,340</u>	<u>\$ 267,340</u>	<u>\$ 282,378</u>	<u>\$ 15,038</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Categorical aid:				
Public safety grants	\$ 160,251	\$ 160,251	\$ 183,530	\$ 23,279
Total other categorical aid	<u>\$ 160,251</u>	<u>\$ 160,251</u>	<u>\$ 183,530</u>	<u>\$ 23,279</u>
Total categorical aid	\$ 160,251	\$ 160,251	\$ 183,530	\$ 23,279
Total revenue from the Commonwealth	<u>\$ 427,591</u>	<u>\$ 427,591</u>	<u>\$ 465,908</u>	<u>\$ 38,317</u>
Revenue from the federal government:				
Categorical aid:				
DMV grants	\$ -	\$ -	\$ 9,404	\$ 9,404
Public safety grants	-	-	10,029	10,029
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,433</u>	<u>\$ 19,433</u>
Total revenue from the federal government	\$ -	\$ -	\$ 19,433	\$ 19,433
Total General Fund	<u>\$ 10,473,896</u>	<u>\$ 10,473,896</u>	<u>\$ 11,219,325</u>	<u>\$ 745,429</u>
<b>Special Revenue Funds:</b>				
<b>Stormwater Utility Fund:</b>				
Revenue from local sources:				
Permits, privilege fees, and regulatory licenses:				
Stormwater management fees	\$ 175,000	\$ 175,000	\$ 71,078	\$ (103,922)
Total permits, privilege fees, and regulatory licenses	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 71,078</u>	<u>\$ (103,922)</u>
Total revenue from local sources	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 71,078</u>	<u>\$ (103,922)</u>
Revenue from the Commonwealth:				
Categorical aid:				
DEQ Grants	\$ 24,130	\$ 24,130	\$ 18,597	\$ (5,533)
Total revenue from the Commonwealth	<u>\$ 24,130</u>	<u>\$ 24,130</u>	<u>\$ 18,597</u>	<u>\$ (5,533)</u>
Total Stormwater Utility Fund	<u>\$ 199,130</u>	<u>\$ 199,130</u>	<u>\$ 89,675</u>	<u>\$ (109,455)</u>
<b>Grants Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
VML Risk Management Grant	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total miscellaneous revenue	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ (2,000)</u>
Revenue from the Commonwealth:				
Categorical aid:				
State fire funds	\$ 22,600	\$ 22,600	\$ 29,104	\$ 6,504
Total categorical aid	<u>\$ 22,600</u>	<u>\$ 22,600</u>	<u>\$ 29,104</u>	<u>\$ 6,504</u>
Total revenue from the Commonwealth	<u>\$ 22,600</u>	<u>\$ 22,600</u>	<u>\$ 29,104</u>	<u>\$ 6,504</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (continued)</b>				
<b>Grants Fund: (continued)</b>				
Revenue from the federal government:				
Categorical aid:				
DMV grants	\$ 20,000	\$ 20,000	\$ 9,404	\$ (10,596)
Total categorical aid	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 9,404</u>	<u>\$ (10,596)</u>
Total revenue from the federal government	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 9,404</u>	<u>\$ (10,596)</u>
Total Grants Fund	<u>\$ 44,600</u>	<u>\$ 44,600</u>	<u>\$ 38,508</u>	<u>\$ (6,092)</u>
<b>Streets and Highway Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Street and highway maintenance	\$ 364,272	\$ 364,272	\$ 364,272	\$ -
Total categorical aid	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ -</u>
Total Streets and Highway Fund	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ -</u>
<b>Capital Projects Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 227,683	\$ 227,683
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,683</u>	<u>\$ 227,683</u>
Miscellaneous revenue:				
Miscellaneous - Colonial downs	\$ 1,050,000	\$ 1,050,000	\$ -	\$ (1,050,000)
Total miscellaneous revenue	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>	<u>\$ -</u>	<u>\$ (1,050,000)</u>
Total revenue from local sources	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>	<u>\$ 227,683</u>	<u>\$ (822,317)</u>
Revenue from the Commonwealth:				
Categorical aid:				
SLAF - Quantico Creek Restoration	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
Total categorical aid	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ (400,000)</u>
Total revenue from the Commonwealth	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ (400,000)</u>
Revenue from the federal government:				
Categorical aid:				
ARPA Stormwater	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total categorical aid	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
Total revenue from the federal government	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
Total Capital Projects Funds	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>	<u>\$ 227,683</u>	<u>\$ (1,722,317)</u>
Total Governmental Funds	<u>\$ 13,031,898</u>	<u>\$ 13,031,898</u>	<u>\$ 11,939,463</u>	<u>\$ (1,092,435)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town council	\$ 210,168	\$ 210,168	\$ 210,168	\$ -
General and financial administration:				
Town Manager	\$ 1,798,976	\$ 1,798,976	\$ 1,779,180	\$ 19,796
Finance	721,721	721,721	673,591	48,130
Treasurer	555,992	555,992	552,099	3,893
Town Attorney	326,106	326,106	322,521	3,585
Total general and financial administration	<u>\$ 3,402,795</u>	<u>\$ 3,402,795</u>	<u>\$ 3,327,391</u>	<u>\$ 75,404</u>
Total general government administration	<u>\$ 3,612,963</u>	<u>\$ 3,612,963</u>	<u>\$ 3,537,559</u>	<u>\$ 75,404</u>
Public safety:				
Law enforcement and traffic control:				
Police	\$ 3,056,909	\$ 3,056,909	\$ 2,713,075	\$ 343,834
Total law enforcement and traffic control	<u>\$ 3,056,909</u>	<u>\$ 3,056,909</u>	<u>\$ 2,713,075</u>	<u>\$ 343,834</u>
Total public safety	<u>\$ 3,056,909</u>	<u>\$ 3,056,909</u>	<u>\$ 2,713,075</u>	<u>\$ 343,834</u>
Public works:				
Maintenance of buildings and ground				
Maintenance of general buildings and grounds	\$ 270,000	\$ 270,000	\$ 570,374	\$ (300,374)
Facilities and other public works	1,325,908	1,325,908	1,299,909	25,999
Total maintenance of buildings and grounds	<u>\$ 1,595,908</u>	<u>\$ 1,595,908</u>	<u>\$ 1,870,283</u>	<u>\$ (274,375)</u>
Total public works	<u>\$ 1,595,908</u>	<u>\$ 1,595,908</u>	<u>\$ 1,870,283</u>	<u>\$ (274,375)</u>
Community development:				
Planning and community development:				
Community development	\$ 377,468	\$ 377,468	\$ 349,457	\$ 28,011
Recreation and civic engagement	742,273	742,273	643,392	98,881
Boards and commissions	16,200	16,200	5,100	11,100
Total planning and community development	<u>1,135,941</u>	<u>1,135,941</u>	<u>997,949</u>	<u>137,992</u>
Total community development	<u>1,135,941</u>	<u>1,135,941</u>	<u>997,949</u>	<u>137,992</u>
Capital projects:				
General capital expenditures	\$ -	\$ -	\$ 23,220	\$ (23,220)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,220</u>	<u>\$ (23,220)</u>
Debt service:				
Principal retirement	\$ 388,320	\$ 388,320	\$ 388,320	\$ -
Interest and other fiscal charges	683,855	683,855	621,418	62,437
Total debt service	<u>\$ 1,072,175</u>	<u>\$ 1,072,175</u>	<u>\$ 1,009,738</u>	<u>\$ 62,437</u>
Total General Fund	<u>\$ 10,473,896</u>	<u>\$ 10,473,896</u>	<u>\$ 10,151,824</u>	<u>\$ 322,072</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Stormwater Utility Fund</b>				
Public works:				
Stormwater	\$ 199,130	\$ 199,130	\$ 129,970	\$ 69,160
Total Stormwater Utility Fund	<u>\$ 199,130</u>	<u>\$ 199,130</u>	<u>\$ 129,970</u>	<u>\$ 69,160</u>
<b>Grants Fund</b>				
Public safety:				
Law enforcement and traffic control:	\$ 44,600	\$ 44,600	\$ 37,718	\$ 6,882
Total Grants Fund	<u>\$ 44,600</u>	<u>\$ 44,600</u>	<u>\$ 37,718</u>	<u>\$ 6,882</u>
<b>Streets and Highway Fund</b>				
Public works:				
Maintenance of streets, highways, bridges and sidewalks				
General administration	\$ 364,272	\$ 364,272	\$ 239,872	\$ 124,400
Total Streets and Highway Fund	<u>\$ 364,272</u>	<u>\$ 364,272</u>	<u>\$ 239,872</u>	<u>\$ 124,400</u>
Total Special Revenue Funds	<u>\$ 608,002</u>	<u>\$ 608,002</u>	<u>\$ 407,560</u>	<u>\$ 200,442</u>
<b>Capital Projects Fund:</b>				
Capital projects:				
Vehicle replacement	\$ 350,000	\$ 350,000	\$ 201,500	\$ 148,500
Building projects	5,190,000	5,190,000	235,780	4,954,220
Stormwater projects	900,000	900,000	11,826	888,174
Other capital projects	40,000	40,000	-	40,000
Total capital projects	<u>\$ 6,480,000</u>	<u>\$ 6,480,000</u>	<u>\$ 449,106</u>	<u>\$ 6,030,894</u>
Total Capital Projects Fund	<u>\$ 6,480,000</u>	<u>\$ 6,480,000</u>	<u>\$ 449,106</u>	<u>\$ 6,030,894</u>
Total All Governmental Funds	<u>\$ 17,805,628</u>	<u>\$ 17,805,628</u>	<u>\$ 11,176,178</u>	<u>\$ 6,629,450</u>

- Statistical Section -

Contents	Tables
<b>Financial Trends:</b> These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1 - 6
<b>Revenue Capacity:</b> These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.	7 - 10
<b>Debt Capacity:</b> These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.	11 - 15
<b>Demographic and Economic Information:</b> This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	16
<b>Operating Information:</b> These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	17 - 20

*Sources:* Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

TOWN OF DUMFRIES, VIRGINIA

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting)										
<b>Governmental activities:</b>										
Net Invested in capital assets	\$ 2,444,043	\$ 3,336,225	\$ 3,785,263	\$ 4,190,891	\$ 4,181,063	\$ 4,449,373	\$ 6,768,702	\$ 7,134,337	\$ 5,500,334	\$ 5,415,977
Restricted	-	-	-	-	-	-	446,959	102,387	2,962	718,565
Unrestricted	2,534,709	2,967,137	2,448,582	2,864,630	3,135,292	3,645,559	4,226,677	2,807,850	6,840,729	7,446,530
Total governmental activities net position	\$ 4,978,752	\$ 6,303,362	\$ 6,233,845	\$ 7,055,521	\$ 7,316,355	\$ 8,094,932	\$ 11,442,338	\$ 10,044,574	\$ 12,344,025	\$ 13,581,072

Note - The Town implemented GASB 101 in Fiscal Year 2025, the fiscal year 2024 information in the table was not restated.

TOWN OF DUMFRIES, VIRGINIA

Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
General government	\$ 907,599	\$ 1,128,888	\$ 1,211,175	\$ 1,215,964	\$ 1,346,969	\$ 2,071,266	\$ 2,598,971	\$ 4,684,502	\$ 3,445,919	\$ 3,815,186
Public safety	1,141,577	916,722	1,367,025	1,278,067	1,142,384	1,342,307	1,628,743	1,962,459	2,819,810	2,712,290
Public works	1,306,854	953,923	1,191,246	1,223,912	1,462,804	1,737,446	1,210,747	1,740,020	1,885,965	2,667,666
Community development	258,456	187,762	229,624	319,570	422,311	501,329	500,275	467,503	1,240,564	1,065,896
Interest on long-term debt	221,766	212,635	394,217	423,009	610,019	306,411	312,268	257,095	673,589	618,025
Total governmental activities expenses	\$ 3,836,252	\$ 3,399,930	\$ 4,393,287	\$ 4,460,522	\$ 4,984,487	\$ 5,958,759	\$ 6,251,004	\$ 9,111,579	\$ 10,065,847	\$ 10,879,063
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for services	\$ 74,223	\$ 32,012	\$ 95,116	\$ 79,335	\$ 25,232	\$ 64,105	\$ 40,913	\$ 47,123	\$ 38,970	\$ 44,275
Public works	198,635	307,373	322,266	542,743	443,515	609,422	1,027,694	740,201	632,715	569,227
Operating grants and contributions	439,152	733,919	448,808	443,866	816,562	1,549,918	3,114,369	780,960	1,391,799	319,483
Capital grants and contributions	451,928	226,747	209,932	22,991	-	-	-	-	80,750	-
Total governmental activities program revenues	\$ 1,163,938	\$ 1,300,051	\$ 1,076,122	\$ 1,088,935	\$ 1,285,309	\$ 2,223,445	\$ 4,182,976	\$ 1,980,546	\$ 2,330,469	\$ 1,557,325
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes:										
General real property taxes	\$ 777,579	\$ 806,609	\$ 844,725	\$ 882,778	\$ 961,660	\$ 922,836	\$ 615,875	\$ 1,422,072	\$ 1,573,621	\$ 1,781,952
Local sales and use taxes	420,210	393,251	386,890	403,763	389,411	553,167	546,214	576,195	621,810	661,504
Consumer utility taxes	172,402	177,527	185,883	195,047	185,507	205,340	203,914	188,419	176,058	190,359
Business license taxes	328,962	284,674	323,790	391,997	353,320	513,917	557,260	601,310	683,006	746,593
Restaurant food taxes	623,954	721,730	695,829	691,409	675,250	759,611	901,030	960,937	971,953	1,090,870
Transient occupancy taxes	140,007	280,754	285,430	176,358	159,484	159,004	155,764	74,439	71,611	282,687
Cigarette tax	191,675	192,680	171,595	191,957	180,595	194,082	183,693	149,506	124,376	100,262
Gaming tax	-	-	-	-	-	-	860,820	1,081,142	1,249,526	3,546,893
Other local taxes	198,874	204,094	214,721	207,335	142,898	320,740	102,437	66,610	23,337	88,248
Unrestricted revenues from use of money	39,487	26,398	41,334	678,499	599,098	624,924	706,146	92,300	354,484	496,725
Miscellaneous	73,194	81,217	12,604	132,747	42,611	44,162	170,567	267,196	3,905,638	1,122,302
Grants and contributions not restricted to specific programs	253,858	255,555	272,913	241,373	270,178	216,108	241,838	253,143	279,409	282,378
Sale of land	-	-	41,438	-	-	-	169,876	-	-	200,000
Total governmental activities general revenues	\$ 3,220,202	\$ 3,424,489	\$ 3,477,152	\$ 4,193,263	\$ 3,960,012	\$ 4,513,891	\$ 5,415,434	\$ 5,733,269	\$ 10,034,829	\$ 10,590,773
<b>Changes in Net Position</b>										
Governmental activities	\$ 547,888	\$ 1,324,610	\$ 159,987	\$ 821,676	\$ 260,834	\$ 778,577	\$ 3,347,406	\$ (1,397,764)	\$ 2,299,451	\$ 1,269,035

TOWN OF DUMFRIES, VIRGINIA

Governmental Activities Tax Revenues By Source  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

Fiscal Year	General Property Tax		Local Sales & Use Tax		Consumer Utility Tax		Business Licenses		Restaurant Food Taxes		Transient Occupancy Tax		Cigarette Tax		Gaming Taxes		Other Taxes		Total
2025	\$ 1,781,952	\$ 661,504	\$ 190,359	\$ 746,593	\$ 1,090,870	\$ 282,687	\$ 100,262	\$ 3,546,893	\$ 88,248	\$ 8,489,368									
2024	1,573,621	621,810	176,058	683,006	971,953	71,611	124,376	1,249,526	23,337	5,495,298									
2023	1,422,072	576,195	188,419	601,310	960,937	74,439	149,506	1,081,142	66,610	5,120,630									
2022	615,875	546,214	203,914	557,260	901,030	155,764	183,693	860,820	102,437	4,127,007									
2021	922,836	553,167	205,340	513,917	759,611	159,004	194,082	-	320,740	3,628,697									
2020	961,660	389,411	185,507	353,320	675,250	159,484	180,595	-	142,898	3,048,125									
2019	882,778	403,763	195,047	391,997	691,409	176,358	191,957	-	207,335	3,140,644									
2018	844,725	386,890	185,883	323,790	695,829	285,430	171,595	-	214,721	3,108,863									
2017	806,609	393,251	177,527	284,674	721,730	280,754	192,680	-	204,094	3,061,319									
2016	777,579	420,210	172,402	328,962	623,954	140,007	191,675	-	198,874	2,853,663									

TOWN OF DUMFRIES, VIRGINIA

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 26,524	\$ -	\$ -	\$ 601	\$ 398	\$ 16,409	\$ 57,766	\$ 55,474	\$ 36,439	\$ 206,369
Restricted	3,900	3,932	387,326	387,371	390,508	390,470	390,702	394,460	518,418	521,735
Committed	7	-	-	-	-	-	-	-	-	-
Unassigned	3,786,816	4,056,400	3,782,694	3,932,253	3,430,294	3,824,641	4,886,332	3,195,575	7,031,942	7,880,440
Total General Fund	\$ 3,817,247	\$ 4,060,332	\$ 4,170,020	\$ 4,320,225	\$ 3,821,200	\$ 4,231,520	\$ 5,334,800	\$ 3,645,509	\$ 7,586,799	\$ 8,608,544
Capital Projects Fund:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,847,426
Assigned	120	195	197	201	344,914	404,054	226,573	-	4,408,192	-
Unassigned (deficit)	-	-	-	-	-	-	-	(57,920)	-	(446,552)
Total Capital Projects Fund	\$ 120	\$ 195	\$ 197	\$ 201	\$ 344,914	\$ 404,054	\$ 226,573	\$ (57,920)	\$ 4,408,192	\$ 4,400,874
Stormwater Utility Fund:										
Unassigned (deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,644)
Total Stormwater Utility Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,644)
Grants Fund:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,158	\$ 18,948
Total Grants Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,158	\$ 18,948
Streets and Highway Fund:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,745	\$ 442,145
Total Streets and Highway Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,745	\$ 442,145

TOWN OF DUMFRIES, VIRGINIA

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues:</b>										
General property taxes	\$ 785,006	\$ 816,258	\$ 843,439	\$ 868,244	\$ 931,169	\$ 902,874	\$ 692,665	\$ 1,329,521	\$ 1,551,459	\$ 1,773,314
Other local taxes	2,076,084	2,254,710	2,264,138	2,257,866	2,086,465	2,705,861	3,511,132	3,698,558	3,921,677	6,707,416
Permits, privilege fees and regulatory licenses	198,635	307,373	322,266	542,743	443,515	609,422	1,027,694	412,262	186,235	319,483
Fines and forfeitures	74,223	32,012	95,116	79,335	25,232	64,105	40,913	47,123	38,970	44,278
Revenue from use of money and property	39,487	26,398	41,334	678,499	599,098	624,924	706,146	832,501	987,199	1,065,952
Miscellaneous	73,194	81,217	12,604	132,747	42,611	44,162	170,567	267,196	3,905,638	1,122,302
Intergovernmental	1,144,938	1,216,221	931,653	708,230	1,086,740	1,766,026	3,356,207	1,034,103	1,751,958	906,718
<b>Total revenues</b>	<b>\$ 4,391,567</b>	<b>\$ 4,734,189</b>	<b>\$ 4,510,550</b>	<b>\$ 5,267,664</b>	<b>\$ 5,214,830</b>	<b>\$ 6,717,374</b>	<b>\$ 9,505,324</b>	<b>\$ 7,621,264</b>	<b>\$ 12,343,136</b>	<b>\$ 11,939,463</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government administration	\$ 1,058,433	\$ 1,157,458	\$ 1,133,917	\$ 1,179,368	\$ 1,306,869	\$ 1,941,341	\$ 4,448,105	\$ 4,408,322	\$ 3,107,147	\$ 3,537,559
Public safety	1,159,248	1,000,511	1,547,818	1,258,438	1,141,688	1,183,839	1,583,182	1,872,230	2,565,951	2,750,793
Public works	1,283,106	1,417,674	1,177,787	1,174,072	1,123,045	1,267,058	1,278,894	1,903,134	1,766,695	2,240,125
Community development	258,288	183,444	218,306	305,150	398,165	450,069	443,402	442,232	1,031,913	997,949
Capital projects	1,130,281	348,049	5,793,908	454,461	640,666	632,126	288,127	336,262	836,525	472,326
Debt service:										
Principal retirement	165,000	170,000	225,173	341,263	214,776	453,188	387,757	365,193	384,256	388,320
Interest and other fiscal charges	223,108	213,893	321,755	404,703	662,333	320,293	319,934	267,675	532,344	621,418
<b>Total expenditures</b>	<b>\$ 5,277,464</b>	<b>\$ 4,491,029</b>	<b>\$ 10,418,664</b>	<b>\$ 5,117,455</b>	<b>\$ 5,487,542</b>	<b>\$ 6,247,914</b>	<b>\$ 8,749,401</b>	<b>\$ 9,595,048</b>	<b>\$ 10,224,831</b>	<b>\$ 11,008,490</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (885,897)</b>	<b>\$ 243,160</b>	<b>\$ (5,908,114)</b>	<b>\$ 150,209</b>	<b>\$ (272,712)</b>	<b>\$ 469,460</b>	<b>\$ 755,923</b>	<b>\$ (1,973,784)</b>	<b>\$ 2,118,305</b>	<b>\$ 930,973</b>
<b>Other financing sources (uses):</b>										
Transfers in	-	-	-	-	\$ 608,254	\$ 454,971	\$ 75,000	\$ -	\$ 18,914	\$ 245,756
Transfers out	-	-	-	-	(608,254)	(454,971)	(75,000)	-	(18,914)	(245,756)
Proceeds from the sale of land	-	-	206,471	-	-	-	169,876	-	-	200,000
Issuance of bonds	-	-	5,460,000	-	2,721,000	-	-	-	6,625,000	-
Premium on issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Payment to refund escrow agent	-	-	89,333	-	(2,602,600)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,755,804</b>	<b>\$ -</b>	<b>\$ 118,400</b>	<b>\$ -</b>	<b>\$ 169,876</b>	<b>\$ -</b>	<b>\$ 6,625,000</b>	<b>\$ 200,000</b>
<b>Net changes in fund balances</b>	<b>\$ (885,897)</b>	<b>\$ 243,160</b>	<b>\$ (152,310)</b>	<b>\$ 150,209</b>	<b>\$ (154,312)</b>	<b>\$ 469,460</b>	<b>\$ 925,799</b>	<b>\$ (1,973,784)</b>	<b>\$ 8,743,305</b>	<b>\$ 1,130,973</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>9.97%</b>	<b>10.64%</b>	<b>12.71%</b>	<b>16.44%</b>	<b>17.28%</b>	<b>13.21%</b>	<b>11.53%</b>	<b>7.12%</b>	<b>9.55%</b>	<b>9.63%</b>

TOWN OF DUMFRIES, VIRGINIA

General Government Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Permits, Privilege fees, and Regulatory Licenses	Fines and Penalties	Revenue from the use of Money and Property	Miscellaneous	Inter-Governmental	Total
2025	\$ 1,773,314	\$ 6,707,416	\$ 319,483	\$ 44,278	\$ 1,065,952	\$ 1,122,302	\$ 906,718	\$ 11,939,463
2024	1,551,459	3,921,677	112,130	38,970	838,231	3,905,638	1,336,259	11,704,364
2023	1,329,521	3,698,558	412,262	47,123	832,501	267,196	1,034,103	7,621,264
2022	692,665	3,511,132	1,027,694	40,913	706,146	170,567	3,356,207	9,505,324
2021	902,874	2,705,861	609,422	64,105	624,924	44,162	1,527,941	6,479,289
2020	931,169	2,086,465	443,515	25,232	599,094	42,611	924,825	5,052,911
2019	868,244	2,257,866	542,743	79,335	678,495	132,747	708,230	5,267,660
2018	843,439	2,264,138	322,266	95,116	41,332	12,604	931,653	4,510,548
2017	816,258	2,254,710	307,373	32,012	26,323	81,217	1,216,221	4,734,114
2016	785,006	2,076,084	198,635	74,223	39,264	73,194	1,144,938	4,391,344

**TOWN OF DUMFRIES, VIRGINIA**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property (1)		Direct Tax Rate	Ratio of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value		
2025	\$ 912,708,854	\$ 912,708,854	0.1899	100%
2024	826,312,384	826,312,384	0.1899	100%
2023	738,473,400	738,473,400	0.1899	100%
2022	703,979,600	703,979,600	0.1899	100%
2021	534,089,470	534,089,470	0.1899	100%
2020	482,929,105	482,929,105	0.1899	100%
2019	451,840,205	451,840,205	0.1899	100%
2018	433,375,267	433,375,267	0.1899	100%
2017	406,068,190	406,068,190	0.1899	100%
2016	404,117,855	404,117,855	0.1899	100%

## Notes:

Real property is assessed effective January 1 of each year for the concurrent use of the Town and County. In the above tabulation \$912,708,854 is the assessed valuation effective January 1, 2025.

Real property was assessed at 100% of fair market value. Public service corporations are assessed by the State Corporation Commission.

Property owned by the Town, other governments, churches, and schools are exempt and no estimate of value is included. The Town also partially or fully exempts qualified elderly citizens. The Town does not tax property.

(1) Does not include abatements and adjustments

## TOWN OF DUMFRIES, VIRGINIA

Property Tax Rate (1)  
Direct and Overlapping Governments  
Last Ten Fiscal years

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Fiscal Year	Town of Dumfries	County of Prince William	Total Tax Rate
2025	\$ 0.1899	\$ 0.9200	\$ 1.1099
2024	0.1899	0.9945	1.1844
2023	0.1899	1.0405	1.2304
2022	0.1899	1.1075	1.2974
2021	0.1899	1.1975	1.3874
2020	0.1899	1.2075	1.3974
2019	0.1899	1.2075	1.3974
2018	0.1899	1.2075	1.3974
2017	0.1899	1.2067	1.3966
2016	0.1899	1.1950	1.3849

(1) Per \$100 of assessed value

TOWN OF DUMFRIES, VIRGINIA

Principal Real Property Taxpayers  
Current Year and Nine Years Prior

Owner	Fiscal Year 2025			Fiscal Year 2016		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
COLONIAL DOWNS GROUP LLC	\$ 136,135,300	1	14.92%	-	N/A	N/A
TOWNSQUARE AT DUMFRIES BOND LLC	35,165,900	2	3.85%	-	N/A	N/A
GRAYSON VILLAGE MANAGEMENT LLC	11,172,700	3	1.22%	6,419,300	3	0.70%
TRIANGLE PLAZA LLC	10,051,400	4	1.10%	-	N/A	N/A
PWC BOARD OF COUNTY SUPERVISORS	7,621,200	5	0.84%	-	N/A	N/A
HS ROUTE ONE LLC	7,598,100	6	0.83%	-	N/A	N/A
CAMPBELL HERBERT H TR	7,044,500	7	0.77%	-	N/A	N/A
STORAGE EQUITY I LLC	7,030,900	8	0.77%	5,034,300	6	0.55%
LUCKSHMI LLC	6,424,500	9	0.70%	5,354,800	5	0.59%
DUMFRIES SHOPPING CENTER INC	5,265,700	10	0.58%	4,463,500	8	0.49%
TOWN CENTER DEVELOPMENT LLC	-	N/A	N/A	7,718,500	1	0.85%
CURTIS PROPERTIES INC	-	N/A	N/A	7,586,200	2	0.83%
POINTE MANAGEMENT INC	-	N/A	N/A	5,632,200	4	0.62%
NORTHPOINTE DEVELOPMENT CORPORATION	-	N/A	N/A	4,509,200	7	0.49%
POTOMAC LANDFILL INC	-	N/A	N/A	3,619,200	9	0.40%
ELWYE ASSOCIATES	-	N/A	N/A	3,191,100	10	0.35%
<b>Total</b>	<b>\$ 233,510,200</b>		<b>25.58%</b>	<b>53,528,300</b>		<b>13.25%</b>

TOWN OF DUMFRIES, VIRGINIA

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percentage of Levy
2025	1,701,527	\$ 765,458	44.99%	\$ -	765,458	44.99%
2024	1,569,167	604,306	38.51%	916,810	1,521,116	96.94%
2023	1,431,698	605,061	42.26%	800,879	1,405,940	98.20%
2022	1,264,352	582,511	46.07%	673,401	1,255,912	99.33%
2021	1,014,770	428,528	42.23%	581,265	1,009,793	99.51%
2020	910,981	376,966	41.38%	531,104	908,070	99.68%
2019	858,496	386,154	44.98%	470,187	856,341	99.75%
2018	823,413	380,892	46.26%	441,359	822,251	99.86%
2017	771,530	340,484	44.13%	429,912	770,396	99.85%
2016	901,736	479,908	53.22%	420,740	900,648	99.88%

Notes: (1) Penalties and interest not included. Real estate taxes attach as an enforceable lien on the property as of January 1st. Taxes are payable semi-annually on June 5th (1st half) and December 5th (2nd half) of the subsequent fiscal year.

TOWN OF DUMFRIES, VIRGINIA

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Total Government	Percentage of Personal Income (1)	Per Capita (1)
	Bonds	Leases	Notes Payable- Equipment Financing				
2025	\$ 13,864,376	\$ 2,184	\$ -	\$ 13,866,560	7.69%	2,320	
2024	14,250,376	4,504	-	14,254,880	8.36%	2,383	
2023	8,007,376	6,760	-	8,014,136	4.97%	1,355	
2022	8,370,376	8,953	-	8,379,329	5.65%	1,456	
2021	8,756,000	-	-	8,756,000	6.20%	1,537	
2020	9,101,000	-	108,188	9,209,188	7.09%	1,611	
2019	9,145,000	-	160,564	9,305,564	7.27%	1,569	
2018	9,435,000	-	211,827	9,646,827	8.87%	1,842	
2017	5,259,735	-	-	5,259,735	4.97%	1,001	
2016	5,518,558	-	-	5,518,558	5.40%	1,052	

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.  
(1) See the Schedule of Demographic and Economic Statistics - Table 16

## TOWN OF DUMFRIES, VIRGINIA

Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 At June 30, 2025

	Net Bonded Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct Debt:			
Town of Dumfries General Bonded Debt	\$ 13,866,560	100%	\$ 13,866,560
Overlapping Debt (1)			
County of Prince William General Bonded Debt	<u>1,275,609,000</u>	1.18%	<u>15,052,186</u>
Total direct and overlapping debt	<u>\$ 1,289,475,560</u>		<u>\$ 28,918,746</u>

- (1) Overlapping debt is not bonded debt of the Town of Dumfries on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the Town of Dumfries are obligated to pay through the direct tax levies of these respective governmental entities. The debt of Prince William County is a direct general obligation debt of the County for facilities to benefit the citizens of the County as a whole, including those residing within incorporated towns. Facilities include schools, hospitals, storm drainage control, parkland acquisition, etc., and the citizens of the Town of Dumfries benefit generally from their use.

## TOWN OF DUMFRIES, VIRGINIA

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2025	\$ 13,866,560	\$ -	\$ 13,866,560	1.52%	\$ 2,319.60
2024	14,254,880	-	14,254,880	1.73%	2,382.96
2023	8,014,136	-	8,014,136	1.09%	1,354.65
2022	8,379,329	-	8,379,329	1.19%	1,455.50
2021	8,756,000	-	8,756,000	1.64%	1,536.95
2020	9,209,188	-	9,209,188	1.91%	1,611.12
2019	9,305,564	-	9,305,564	2.06%	1,569.24
2018	9,646,827	-	9,646,827	2.23%	1,841.70
2017	5,259,735	-	5,259,735	1.30%	1,000.52
2016	5,518,558	-	5,518,558	1.37%	1,051.75

Note: Net Bonded Debt

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16

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

(3) Includes all long-term bonded debt; excludes leases.

TOWN OF DUMFRIES, VIRGINIA

Legal Debt Margin Information  
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 40,411,786	\$ 40,606,819	\$ 43,337,527	\$ 45,184,021	\$ 48,292,911	\$ 53,408,947	\$ 70,397,960	\$ 73,847,340	\$ 82,631,238	\$ 97,019,385
Total net debt applicable to limit	5,518,558	5,259,735	9,646,827	9,305,564	9,209,188	8,756,000	8,379,329	8,014,136	14,254,880	13,866,560
Legal debt margin	<u>34,893,228</u>	<u>35,347,084</u>	<u>33,690,700</u>	<u>35,878,457</u>	<u>39,083,723</u>	<u>44,652,947</u>	<u>62,018,631</u>	<u>65,833,204</u>	<u>68,376,358</u>	<u>83,152,825</u>
Total net debt applicable to the limit as a percentage of debt limit	13.66%	12.95%	22.26%	20.59%	19.07%	16.39%	11.90%	10.85%	17.25%	14.29%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	\$ 912,708,854
Add back: exempt real property	57,485,000
Total assessed value	<u>970,193,854</u>
Debt limit (10% of total assessed value)	97,019,385
Net debt applicable to limit	13,866,560
Legal debt margin	<u>\$ 83,152,825</u>

## TOWN OF DUMFRIES, VIRGINIA

Revenue Bond Coverage  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Principal (2)	Interest (2)	Total	Coverage
2025	\$ 11,939,463	\$ 2,240,125	\$ 9,699,338	\$ 160,000	\$ 22,021	\$ 182,021	53.29
2024	12,343,136	1,766,695	10,576,441	155,000	29,516	184,516	57.32
2023	7,621,264	1,903,134	5,718,130	150,000	36,784	186,784	30.61
2022	9,505,324	1,278,894	8,226,430	140,000	43,340	183,340	44.87
2021	6,717,374	1,267,058	5,450,316	135,000	49,070	184,070	29.61
2020	5,214,830	1,123,045	4,091,785	130,000	55,017	185,017	22.12
2019	5,267,664	1,174,072	4,093,592	120,000	61,096	181,096	22.60
2018	4,510,550	1,177,787	3,332,763	115,000	66,912	181,912	18.32
2017	4,734,189	1,417,674	3,316,515	110,000	71,974	181,974	18.23
2016	4,391,567	1,283,106	3,108,461	110,000	76,482	186,482	16.67

Notes: (1) Expenditures exclusive of capital outlay

(2) Includes principal and interest on revenue bonds only.

## TOWN OF DUMFRIES, VIRGINIA

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
2025	5,978	\$ 180,242,678	\$ 30,151	31.3	3.20%
2024	5,982	170,594,676	28,518	31.3	3.70%
2023	5,916	161,246,496	27,256	31.3	2.90%
2022	5,757	148,375,161	25,773	31.3	3.00%
2021	5,697	141,137,478	24,774	28.5	5.00%
2020	5,716	129,827,508	22,713	28.5	6.50%
2019	5,930	128,022,770	21,589	28.5	2.50%
2018	5,238	108,761,832	20,764	28.5	2.90%
2017	5,257	105,744,555	20,115	28.5	3.30%
2016	5,247	102,201,066	19,478	28.5	3.50%

Source: Census.gov

## TOWN OF DUMFRIES, VIRGINIA

Principal Employers  
Current Year and Nine Years Prior

Employer (1)	Fiscal Year 2025		Fiscal Year 2016	
	Employees	Rank	Employees	Rank
Colonial Downs Group LLC	100 to 500	1	N/A	N/A
Town of Dumfries	50 to 75	2	20 to 40	1
Townsquare At Dumfries Bond LLC	20 to 40	3	20 to 40	2
Grayson Village Management LLC	20 to 30	4	20 to 30	3
Triangle Plaza LLC	10 to 20	5	10 to 20	4
Sunpower Hotels LLC	1 to 25	6	1 to 25	5
Kadah Family Ltd Partnership	1 to 20	7	1 to 20	6
Campbell Herbert H Tr.	10 to 15	8	10 to 15	7
Storage Equity LLC	5 to 10	9	5 to 10	8
Luckshmi LLC	5 to 10	10	5 to 10	9
Dumfries Shopping Center Inc.	N/A	N/A	1 to 5	10

(1) Each employer's percentage of total employment not available

## TOWN OF DUMFRIES, VIRGINIA

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Administration</b>										
Town Manager	-	-	-	-	-	1	1	1	1	1
Deputy Town Manager	-	-	-	-	-	-	-	-	-	1
Town Attorney	-	-	-	-	-	-	-	-	1	1
Director Of Civic Engagement/Town Clerk	-	-	-	-	-	1	1	1	1	1
Director Of Administration	-	-	-	-	-	1	1	1	-	-
Deputy Town Clerk	-	-	-	-	-	-	-	-	1	1
Human Resource Administrator	-	-	-	-	-	-	-	-	1	1
Director Of Strategic Planning & Data Analysis	-	-	-	-	-	1	1	1	1	1
Administrative Analyst	-	-	-	-	-	-	1	1	1	1
Executive Assistant	-	-	-	-	-	-	-	-	1	1
IT Specialist	-	-	-	-	-	-	-	-	1	1
Events Coordinator	-	-	-	-	-	1	1	1	1	1
<b>Subtotal</b>	-	-	-	-	-	<b>5</b>	<b>6</b>	<b>6</b>	<b>10</b>	<b>11</b>
<b>Finance</b>										
Chief Finance Officer	-	-	-	-	-	-	-	-	1	1
Director Of Finance	-	-	-	-	-	1	1	1	-	-
Procurement Specialist	-	-	-	-	-	-	-	-	1	1
Senior Accountant	-	-	-	-	-	-	-	-	1	1
Staff Accountant	-	-	-	-	-	-	-	1	1	1
Treasurer (Previously Dir Of Admin)	-	-	-	-	-	-	-	-	1	1
Customer Service Manager	-	-	-	-	-	2	2	2	2	2
Assistant Customer Service Manager	-	-	-	-	-	1	1	1	1	1
Senior Customer Service Specialist	-	-	-	-	-	1	1	1	1	1
Administrative Assistant	-	-	-	-	-	1	1	1	1	1
<b>Subtotal</b>	-	-	-	-	-	<b>6</b>	<b>6</b>	<b>7</b>	<b>10</b>	<b>10</b>
<b>Police</b>										
Chief Of Police	-	-	-	-	-	1	1	1	1	1
Captain	-	-	-	-	-	1	1	1	1	1
Sergeant	-	-	-	-	-	3	3	3	4	4
Officer	-	-	-	-	-	9	9	14	16	16
Administrative Assistant	-	-	-	-	-	1	1	1	1	1
<b>Subtotal</b>	-	-	-	-	-	<b>15</b>	<b>15</b>	<b>20</b>	<b>23</b>	<b>23</b>
<b>Public Works</b>										
Director Of Public Works	-	-	-	-	-	1	1	1	1	1
Deputy Director Of Public Works	-	-	-	-	-	1	1	1	1	1
Maintenance Technician	-	-	-	-	-	-	-	-	2	2
Maintenance Supervisor	-	-	-	-	-	1	1	1	1	1
Building Inspector	-	-	-	-	-	-	-	1	1	1
Stormwater Maintenance Technician	-	-	-	-	-	1	1	2	1	1
<b>Subtotal</b>	-	-	-	-	-	<b>4</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>7</b>
<b>Economic/Planning &amp; Community Development</b>										
Director Of Economic/Planning & Community.	-	-	-	-	-	-	-	-	1	1
Principal Planner	-	-	-	-	-	1	1	1	-	-
Planning And Zoning Administrator	-	-	-	-	-	-	-	-	1	1
<b>Subtotal</b>	-	-	-	-	-	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>GRAND TOTAL</b>	-	-	-	-	-	<b>31</b>	<b>32</b>	<b>40</b>	<b>52</b>	<b>53</b>

Data not available indicated by dash (-)

Source: Town of Dumfries Budget

## TOWN OF DUMFRIES, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration										
Job applications processed	-	-	-	-	-	-	-	-	-	10
Finance										
Vendor checks issued	-	-	-	-	-	-	-	-	-	1,470
Police										
Service calls	-	-	-	-	-	-	-	-	-	10,211
Citations issued	-	-	-	-	-	-	-	-	-	870
Public Works										
Permits issued	-	-	-	-	-	-	-	-	-	200
Economic/Planning & Community Development										
New businesses opened	-	-	-	-	-	-	-	-	-	69
Events	-	-	-	-	-	-	-	-	-	30
Event attendance	-	-	-	-	-	-	-	-	-	525

Source: Town of Dumfries Budget

Data not available indicated by dash (-)

TOWN OF DUMFRIES, VIRGINIA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government Administration										
Administration Buildings	-	-	-	-	-	-	-	-	1	1
Police										
Vehicles	-	-	-	-	-	-	-	-	16	20
Public Works										
Facility	-	-	-	-	-	-	-	-	1	1

Data not available indicated by dash (-)

Source: Individual Town departments

## Compliance Section



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of Town of Dumfries, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Dumfries, Virginia's basic financial statements, and have issued our report thereon dated January 23, 2026.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## Purpose of This Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia  
January 23, 2026