

NEW ISSUE  
BOOK-ENTRY ONLY

Ratings: Moody's "Aa3"  
S&P "AA-"

(See "Ratings" herein)

*In the opinion of Bond Counsel, under current law and subject to the conditions described in the section "Other Tax Matters" interest on the Bonds (1) will not be included in gross income for Federal income tax purposes, (2) will not be an item of tax preference for purposes of the federal alternative minimum income tax, however, for taxable years beginning after December 31, 2022, interest on the Bonds will be part of the adjusted financial statement income in computing the alternative minimum tax for applicable corporations, and (3) will be exempt from income taxation by the Commonwealth of Virginia. A holder may be subject to other Federal tax consequences as described in the section herein "Tax Exemption."*



**\$13,390,000\***  
**TOWN OF DUMFRIES, VIRGINIA**  
**GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2025**

**Dated:** Date of Delivery

**Due:** August 1, as shown on the inside cover

This Official Statement has been prepared by the Town of Dumfries, Virginia (**the "Town"**), to provide information on the \$13,390,000\* General Obligation and Refunding Bonds, Series 2025 (**the "Bonds"**), the security therefor, the Town and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

<b>Security</b>	The Bonds will be general obligations of the Town for the payment of which its full faith and credit will be irrevocably pledged. The Town Council is authorized and required, unless other funds are lawfully available and appropriated for timely payment of the Bonds, to levy and collect on all locally taxable property in the Town, an annual ad valorem tax over and above all other taxes authorized or limited by law and without limitation as to rate or amount sufficient to pay when due the principal of and premium, if any, and interest on the Bonds as the same become due and payable.
<b>Redemption</b>	The Bonds are subject to optional and mandatory redemption as set forth herein.
<b>Purpose</b>	The proceeds of the Bonds will be used to (a) finance Town capital improvements including, but not limited to, Phase 1 of a major infrastructure project that will convert overhead utility infrastructure along Route 1 in the Town to underground systems and to the extent funds are available, other Town capital projects (b) refund the Town's outstanding \$5,250,000 General Obligation Bond Anticipation Note, Series 2023A ( <b>the "Refunded Obligation"</b> ), and (c) pay the costs of issuing the Bonds, all as described in the plan of financing and refunding herein.
<b>Interest Rates/Yields</b>	See inside cover.
<b>Interest Payment Dates</b>	February 1 and August 1, commencing August 1, 2026.
<b>Record Dates</b>	January 15 and July 15.
<b>Denominations</b>	\$5,000 or integral multiples thereof.
<b>Closing/Delivery Dates</b>	On or about December 17, 2025.
<b>Registration</b>	Full book-entry only; The Depository Trust Company, New York, New York.
<b>Paying Agent</b>	U.S. Bank Trust Company, National Association, Richmond, Virginia
<b>Bond Counsel</b>	Sands Anderson PC, Richmond, Virginia.
<b>Town Attorney</b>	Sandra Robinson, Esquire, Dumfries, Virginia
<b>Financial Advisor</b>	Davenport & Company LLC, Richmond, Virginia.
<b>Conditions Affecting Issuance</b>	The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Sands Anderson PC, Bond Counsel, and to certain other conditions referred to herein.

Official Statement Dated: December \_\_, 2025

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**TOWN OF DUMFRIES, VIRGINIA**

**\$13,390,000\***

**GENERAL OBLIGATION AND REFUNDING BONDS,**

**SERIES 2025**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS**

<b><u>Maturity</u></b> <b><u>(August 1)*</u></b>	<b><u>Principal</u></b> <b><u>Amount*</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u><sup>†</sup></b>
		%	%	%	
2027	\$180,000				
2028	235,000				
2029	345,000				
2030	360,000				
2031	380,000				
2032	400,000				
2033	420,000				
2034	440,000				
2035	465,000				
2036	490,000				
2037	515,000				
2038	540,000				
2039	565,000				
2040	595,000				
2041	620,000				
2042	645,000				
2043	670,000				
2044	695,000				
2045	725,000				
2046	755,000				
2047	785,000				
2048	820,000				
2049	855,000				
2050	890,000				

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\* Preliminary, subject to change.

† A registered trademark of the American Bankers Association (“ABA”), used by Standard & Poor’s in its operation of the CUSIP Service Bureau for the ABA. The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Town, and the Town is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely as a convenience to prospective purchasers and Holders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to the Bonds may be changed while they are outstanding based on a number of factors including, but not limited to, the refunding or defeasance of the Bonds or the use of secondary market financial products. There is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

# **TOWN OF DUMFRIES, VIRGINIA**

## **TOWN COUNCIL**

Derrick R. Wood, *Mayor*  
Monaé S. Nickerson, *Vice Mayor*  
Brian K. Fields  
Caetrina A. Peterson  
Selonia B. Miles  
Shaun R. Peet  
Russell A. Young  
Nykesha D. Lucas, *CMC, Clerk of Council*

## **TOWN OFFICIALS**

Tangela Innis, *Town Manager*  
Curtis Eatman, *Chief Financial Officer*  
Sandra R. Robinson, Esquire, *Town Attorney*

## **FINANCIAL ADVISOR**

Davenport & Company LLC  
Richmond, Virginia

## **BOND COUNSEL**

Sands Anderson PC  
Richmond, Virginia

## **INDEPENDENT AUDITORS**

Robinson, Farmer, Cox Associates, PLLC  
Charlottesville, Virginia

The Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Bonds will also be exempt from registration under the securities laws of Virginia.

No broker, dealer, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or in any other matters described herein since the date of this Official Statement or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

The Paying Agent has neither reviewed nor participated in the preparation of this Official Statement.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words, “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Town’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

**The Underwriter participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds, including transactions to (a) overalloc in arranging the sales of the Bonds and (b) make purchases and sales of Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the underwriter may determine..**

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**OFFICIAL STATEMENT**  
**TOWN OF DUMFRIES, VIRGINIA**  
**\$13,390,000\* GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2025**

**SECTION ONE: INTRODUCTION**

The purpose of this Official Statement, including the cover page and Appendices hereto, is to furnish information in connection with the sale by the Town of Dumfries, Virginia (**the “Town”**), of its \$13,390,000\* General Obligation and Refunding Bonds, Series 2025 (**the “Bonds”**). The Bonds will be general obligations of the Town, to the payment of which the full faith and credit of the Town are irrevocably pledged. Financial and other information contained in this Official Statement has been prepared by the Town from its records (except where other sources are noted). This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the Town.

**The Issuer**

The issuer of the Bonds is the Town, a municipal corporation and political subdivision of the Commonwealth of Virginia, (**the “Commonwealth”**), located in the Northern Virginia region of the Commonwealth.

**The Bonds**

The Bonds consist of \$13,390,000\* General Obligation and Refunding Bonds, Series 2025. The Bonds are dated the date of their delivery and will mature on August 1 on the dates and in the amounts set forth on the inside cover of this Official Statement. The Bonds will be issued in authorized denominations of \$5,000 and integral multiples thereof and will be held by The Depository Trust Company, New York, New York (**“DTC”**), or by its nominee as securities depository with respect to the Bonds.

Interest on the Bonds will be payable semi-annually on each February 1 and August 1, commencing August 1, 2026, until the earlier of maturity or redemption at the rates set forth on the inside cover of this Official Statement. As long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date.

**Use of Proceeds**

The Town is issuing the Bonds to (a) finance Town capital improvements including, but not limited to, Phase 1 of a major infrastructure project that will convert overhead utility infrastructure along Route 1 in the Town to underground systems and to the extent funds are available, other Town capital projects, all as further described in the subsection “Plan of Finance” in Section Two (b) refund the outstanding principal amount of the Town’s \$5,250,000 General Obligation Bond Anticipation Note, Series 2023A (**the “Refunded Obligation”**) as further described in the subsection “Purposes of Bonds and Plan of Refunding” in Section Two and (c) pay the costs of issuing the Bonds.

**Redemption**

Bonds maturing on or after August 1, 2036\*, will be subject to redemption prior to maturity, at the option of the Town, in whole or in part (in integrals of \$5,000) at any time on or after August 1, 2035\*. A more complete description of the redemption features is provided in the subsection “Optional Redemption” and “Mandatory Redemption” in Section Two.

**Delivery**

The Bonds are offered for delivery, when, as and if issued, subject to the approval of their validity by Sands Anderson PC, Bond Counsel, Richmond, Virginia and to certain other conditions referred to herein. Certain legal matters will be passed upon for the Town by the Town Attorney, Sandra Robinson, Esquire, Dumfries, Virginia. It is

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\* Preliminary, subject to change.

expected that the Bonds will be available for delivery, at the expense of the Town, in New York, New York, through the facilities of DTC, as defined herein, on or about December 17, 2025.

### **Auditors**

The Town's general purpose financial statements for the fiscal year ended June 30, 2024, have been audited by the independent public accounting firm of Robinson, Farmer, Cox Associates, PLLC, Charlottesville, Virginia, and are attached as Appendix A. Robinson, Farmer, Cox Associates, PLLC, will not be reviewing any matters in connection with this Official Statement or any other matters related to the issuance of the Bonds. The Town's financial statements are available for inspection at the Office of the Finance Director, 17739 Main Street, Suite 200, Dumfries, Virginia 22026.

### **Ratings**

The Bonds have been rated as shown on the cover page hereto by Moody's Investor's Service, Inc. ("**Moody's**") and S&P Global Ratings, a division of Standard & Poor's Global Ratings ("**S&P**"). A more complete description of the ratings is provided in the subsection entitled "Ratings" in SECTION SEVEN: MISCELLANEOUS.

### **Bond Counsel**

Sands Anderson PC serves as Bond Counsel ("**Bond Counsel**") to the Town in connection with the issuance of the Bonds. The opinion of Bond Counsel will be dated and given on, and will speak only as of, the date of issuance and delivery of the Bonds. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement, and Bond Counsel makes no representation that it has independently verified the same.

### **Financial Advisor**

The Town has retained Davenport & Company LLC, Richmond, Virginia ("**Davenport**"), as its financial advisor in connection with the Town's preparation for issuance of the Bonds. Davenport, as the financial advisor to the Town, has provided the following sentence for inclusion in this Official Statement. Davenport is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Davenport, in its capacity as financial advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

### **Continuing Disclosure**

The Town has agreed in its Continuing Disclosure Agreement dated the date of delivery of the Bonds to provide certain annual financial information and notice of events listed in Rule 15c2-12 ("**Rule 15c2-12**") promulgated by the Securities and Exchange Commission ("**SEC**") under the Securities Exchange Act of 1934, as amended. Such undertaking requires the Town to provide only limited information at specified times. See the subsection entitled "Continuing Disclosure" in SECTION SEVEN: MISCELLANEOUS.

### **Additional Information**

Any questions concerning the content of this Official Statement should be directed to Tangelia Innis, Town Manager, 17739 Main Street, Suite 200, Dumfries, Virginia 22026 (703) 221-3400 or the Town's Financial Advisor, Davenport & Company LLC, Attention: Public Finance, Roland M. Kooch, Jr., Senior Vice President, 901 East Cary Street, Richmond, Virginia 23219, (804) 697-2906, or Ben Wilson, Vice President, 901 East Cary Street, Richmond, Virginia 23219, (804) 697-2920.



## SECTION TWO: THE BONDS

### Authorization of the Bonds

The Bonds are being issued pursuant to the Constitution of the Commonwealth of Virginia, the provisions of the Public Finance Act of 1991 (Chapter 26 of Title 15.2 of the Code of Virginia, 1950, as amended), the Town Charter and an ordinance adopted by the Town Council of the Town (“**Town Council**”) on November 18, 2025 (the “**Bond Ordinance**”).

### Description of the Bonds

The Bonds will be dated the date of their delivery and will mature on August 1 in certain years from 2027 to 2050, inclusive, as set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable on February 1 and August 1, commencing August 1, 2026, by check or draft mailed to the registered owners at their addresses as they appear on the registration books on January 15 and July 15 immediately preceding each February 1 and August 1, provided, however, that as long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date. If such interest payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the interest payment date and no additional interest shall accrue. The registration books are kept by U.S. Bank Trust Company, National Association, which has been appointed paying agent and registrar (the “**Registrar**”).

### Form and Denomination

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. One Bond certificate for each series and maturity will be issued to DTC, or its nominee, and immobilized in its custody. Beneficial Owners (as hereinafter defined) will not receive physical bond certificates representing their interests in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, references in this Official Statement to the owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Bond Ordinance contains provisions applicable to periods when DTC or its nominee is not the registered owner. See the section herein “DTC and Book-Entry System.”

### Optional Redemption

The Bonds maturing on or before August 1, 2035\*, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2036\*, are subject to redemption prior to maturity at the option of the Town on or after August 1, 2035, in whole or in part (in integrals of \$5,000) at any time, upon payment of 100% of the Bonds to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

### Mandatory Redemption

The Bonds maturing August 1, 20\_\_, are required to be redeemed prior to maturity in part upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date on August 1 in years and amounts as follows:

<u>Year</u>	<u>Amount</u>
	\$ _____
_____ (final maturity)	

The Bonds maturing August 1, 20\_\_, are required to be redeemed prior to maturity in part upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date on August 1 in years and amounts as follows:

<u>Year</u>	<u>Amount</u>
	\$ _____
_____ (final maturity)	

## **Manner of Redemption**

If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected by the Town Manager in such manner as may be determined to be in the best interest of the Town. If less than all the Bonds of a particular maturity are called for redemption, the Bonds within such maturity to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and (b) in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

## **Notice of Redemption**

The Town shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the redemption date, to DTC, or its nominee, as the registered owner of the Bonds. If a portion of a Bond is called for redemption, a new Bond in principal amount of the unredeemed portion thereof shall be issued to the registered owner upon surrender thereof. The Town shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owners of the Bonds.

The Town may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

## **DTC and Book-Entry System**

*The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and interest on the Bonds to DTC, its nominee, Direct Participants (defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S.

securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**the “Indirect Participants”**). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (**the “Beneficial Owner”**) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and principal of and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town or Registrar on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), the Registrar nor the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participants to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Registrar’s DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.**

**Neither the Town nor the Registrar has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Ordinance to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.**

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Bond Ordinance.**

**The Town may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.**

#### **Purposes of Bonds and Plan of Refunding**

The Town is issuing the Bonds to (a) finance Town capital improvements including, but not limited to, Phase 1 of a major infrastructure project that will convert overhead utility infrastructure along 1.1 miles of the northbound portion of Route 1 in the Town to underground systems and to the extent funds are available, other Town capital projects (**the "Project"**), (b) refund the Town's outstanding \$5,250,000 General Obligation Bond Anticipation Note, Series 2023A (**the "Refunded Obligation"**) and (c) pay the costs of issuing the Bonds.

The other planned portion of the Project consists of conversion of the overhead utility infrastructure along the southbound portion of Route 1 in the Town to underground systems, which is planned to occur in the next three to four years.

The Refunded Obligation was issued to finance the acquisition of land for Town municipal purposes.

The Refunded Obligation will be irrevocably called for redemption on a redemption date within ninety days of the date of issuance of the Bonds at a redemption price equal to the principal amounts outstanding plus accrued interest.

The following table sets forth the anticipated application of the proceeds of the Bonds for the purposes described above:

#### **Sources of Funds**

Principal Amount of Bonds	\$ _____
Plus Net Original Issue Premium	_____
Total Sources	\$ _____

### Uses of Funds

Costs of Issuance (including Underwriter's Discount)	\$ _____
Project Fund	_____
Refunding of Refunded Obligation	_____
Total Uses	\$ _____

### Security for and Sources of Payment of the Bonds

The Bonds will be general obligations of the Town for the payment of which the Town's full faith and credit will be irrevocably pledged. While the Bonds remain outstanding and unpaid, the Town Council is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law, and without limitation as to rate or amount, upon all locally taxable property within the Town sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.

The Town has never defaulted in the payment of either principal of or interest on any indebtedness.

### State Aid Intercept Provisions

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed with the Governor of the Commonwealth by any holder of or paying agent for a general obligation bond in default as to payment of principal, premium, if any, or interest, the Governor shall conduct a summary investigation to his or her satisfaction and, if satisfied that such default has occurred, the Governor shall order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth to the political subdivision so in default and apply such funds to payment of the defaulted principal, premium, if any, and interest.

Section 15.2-2659 also provides for notice to the registered owners of such bonds of the default and the availability of withheld funds. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.2-2659 or the predecessor provisions of Section 15.2-2659 have ever been issued. Although neither Section 15.2-2659 nor its predecessor provisions have been approved by a Virginia court, the Attorney General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to its predecessor section, Section 15.1-225. In the last five fiscal years total direct appropriations to the Town by the Commonwealth that would be subject to intercept were as follows:

<u>FY</u>	<u>Total</u>
2020	\$833,117
2021	\$692,614
2022	\$705,193
2023	\$790,878
2024	\$426,091

### Bondholders' Remedies in the Event of Default

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed with the Governor of the Commonwealth by any holder of or paying agent for a general obligation bond in default as to payment of principal, premium, if any, or interest, the Governor shall conduct a summary investigation to his satisfaction and, if satisfied that such default has occurred, the Governor shall order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth to the political subdivision so in default and apply such funds to payment of the defaulted principal, premium, if any, and interest.

Neither the Bonds, nor the proceedings with respect thereto specifically provide any remedies that would be available to a bondholder if the Town defaults in the payment of principal of or interest on the Bonds, nor do they contain any provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such a default. Upon any default in the payment of principal or interest, a bondholder may, among other things, seek a writ of mandamus from an appropriate court requiring the Town Council to levy and collect taxes as described above. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to levy and collect taxes and to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Chapter 9 of the United States Bankruptcy Code (**the “Bankruptcy Code”**) permits a municipality such as the Town, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is “specifically authorized, in its capacity as a municipality or by name, to be a “debtor” see Bankruptcy Code §109(c)(2). Current Virginia statutes do not expressly authorize the Town or municipalities generally to file for bankruptcy under Chapter 9. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the Town.

Bankruptcy proceedings by the Town could have adverse effects on bondholders including: (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretations.

### **Approval of Legal Proceedings**

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Sands Anderson PC, Bond Counsel, which will be furnished at the expense of the Town upon delivery of the Bonds, in substantially the form set forth in Appendix B (**the “Bond Opinion”**). The Bond Opinion will be limited to matters relating to the authorization and validity of the Bonds and to the tax status of interest on the Bonds as described in the section herein entitled “Tax Exemption.” Bond Counsel has not been engaged to investigate the financial resources of the Town or its ability to provide for payment of the Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

Certain legal matters will be passed upon for the Town by Sandra Robinson, Esquire, Dumfries, Virginia, Town Attorney.

### **Tax Exemption**

**Opinion of Bond Counsel.** In the opinion of Bond Counsel, under current law, interest, including accrued original issue discount (**“OID”**), on the Bonds (a) will not be included in gross income for Federal income tax purposes and (b) will not be an item of tax preference for purposes of the Federal alternative minimum income tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. Bond Counsel is of the opinion that interest, including OID on the Bonds, will be exempt from income taxation by the Commonwealth. Except as discussed below regarding OID, no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel’s opinion will be given in reliance upon certifications by representatives of the Town as to certain facts relevant to both the opinion and requirements of the Internal Revenue Service Code of 1986, as amended (**the “Code”**) and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The Town has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the Town to

comply with such covenants, among other things, could cause interest, including accrued OID, on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

The Internal Revenue Service (**the “Service”**) has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the Town as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

Bond Counsel’s opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law but is not a guarantee of result or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in law or the interpretation thereof that may thereafter occur or become effective.

**Original Issue Discount.** The initial public offering prices of each maturity of the Bonds maturing in the years 20\_\_ and 20\_\_ (**the “OID Bonds”**) will be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount and the initial offering price of each maturity of OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of such Bonds is sold will constitute OID. The offering prices set forth on the inside cover of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of such Bonds are sold.

Under the Code, for purposes of determining a holder’s adjusted basis in an OID Bond, OID is treated as having accrued while the holder holds the Bond and will be added to the holder’s basis. OID will accrue on a constant yield-to-maturity method. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID and the state and local tax consequences of owning or disposing of such Bonds.

**Original Issue Premium.** Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder’s basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

**Other Tax Matters.** In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

There are many events which could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Prospective purchasers of the Bonds also should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than Virginia.

## Sale at Competitive Bidding

The Bonds are expected to be offered at a competitive bid on December 3, 2025. After the Bonds have been awarded, the Town will issue an Official Statement in final form to be dated the sale date of the Bonds. The Town will deem the Official Statement in final form as of its date, and it will be a “Final Official Statement” within the meaning of Section 15c2-12 of the Securities Exchange Commission. The Official Statement in final form will include, among other matters, the identity of the winning bidder for the Bonds (**the “Underwriter”**), expected selling compensation to the Underwriter and other information on the interest rates and offering prices or yields of the Bonds, all as supplied by such Underwriter. See Appendix D – “**Notice of Sale.**”

## SECTION THREE: TOWN ADMINISTRATION AND SERVICES

### Introduction

The Town, formally established on 60 acres of land at the head of the harbor of Quantico Creek-a tributary of the Potomac River, provided by John Graham, was named after his birthplace, Dumfriesshire, Scotland. The General Assembly established Dumfries as the first of seven townships in the County of Prince William, Virginia. The Town received its charter on May 11, 1749, making it the oldest continuously chartered town in Virginia.

The Town has a total area of 1.6 square miles, all of it land. It is adjacent to I-95 north and south and is situated 70 miles north of the state capital of Richmond and is 21 miles south of central Washington, D.C. In 2023, the Town had a population estimate of 5,937 according to the U.S. Census Bureau. It is part of the Northern Virginia MSA Virginia’s largest and most affluent region.

Early in its history, the Town’s economy was based on tobacco farming, and the Town housed a critical port in Colonial America.

During the American Revolution, the Town became an important waystation for Virginia recruits traveling north to join the Continental Army. In 1777, George Washington ordered that all arriving troops needed to be inoculated with smallpox before joining the army. Authorities established the main inoculation center for Virginia soldiers at Dumfries.



### Government

The Town is organized under the Council-Manager form of government and is governed by a 7-member Town Council which includes the Mayor. The day-to-day operations are carried out by the Town Manager. The Mayor presides over the Town Council meetings and is recognized as the head of the Town government for ceremonial purposes.



The Town Council appoints a Town Manager, who serves at the pleasure of the Town Council, to act as administrative head of the Town. The Town Manager attends all Town Council meetings and is charged with the implementation of the Town Council's policy decisions. The Town Manager directs all other business procedures for the Town and has the power of appointment and removal of the heads of all departments and employees under his supervision.

The Town Council is responsible for creating policies, setting tax rates, approving the annual budget and enacting ordinances to carry out those policies. The Town Council is comprised of a Mayor and six other members. All members, including the Mayor, are elected at large and serve for a term of four years, each expiring as set forth below:

### **Certain Town Officials and Town Staff Members**

#### ***Town Council***

*Derrick R. Wood*, Mayor of the Town, was first elected to Town Council in 2012, having been elected Mayor in 2018. Mayor Wood actively serves on numerous boards and organizations including the Boys and Girls Club of Greater Washington, the Didlake Foundation Board, the Northern Virginia Transportation Authority (NVTA), the Virginia Municipal League, the National League of Cities, the Virginia Black Chamber of Commerce, the Prince William County Chamber of Commerce, the U.S. Conference of Mayors, and the African American Mayors Association. He is a veteran of the United States Marine Corps.

*Monaé S. Nickerson*, Vice Mayor was first elected to Town Council in 2018, having been re-elected in 2022. She is a Senior Human Capital Analyst with over 25 years of community leadership and more than two decades of federal service. She has served the Town and Prince William County communities for over 17 years and made history as the Town's first Black female Vice Mayor. She co-hosts the annual Expungement Clinic with Chair Pro Tem Selonia Miles and serves on the National League of Cities Public Safety and Crime Prevention Committee, the Municipal Reentry Leaders Network, and as Regional Three Director for the National Black Caucus of Local Elected Officials (NBC-LEO) and was a recipient of the President's Volunteer Service Award. She has an MBA and BBA in Human Resource Management from Strayer University.

*Russell A. Young*, is serving his first term as a Town Council member having been elected to Town Council during the general election held in November, 2024. He previously served on the Town's Planning Commission and Board of Zoning and Appeals.

*Shaun R. Peet*, was first elected to Town Council in 2020, having been re-elected in 2024. He previously served as the Chairman of Parks and Recreation Commission for two terms. He is a veteran of the United States Army.

*Selonia B. Miles*, has served on Town Council since 2018. Ms. Miles is a dedicated public servant with over a decade of service to the United States Marine Corps and currently supports troop operations through her role with the Department of the Navy. A Georgetown University graduate, she previously served on the Dumfries Planning Commission before being elected to the Town Council in 2018 and later appointed Chair Pro Tem in 2022. Her accomplishments include cofounding Dumfries' first Expungement Clinic, implementing disability response training for police, and launching Autism Appreciation Day. She serves on the National League of Cities Human Development Committee, the Melwood Board, and as Vice Chair of NVTA's Planning Coordinating and Advising Committee. She is a graduate of several leadership programs, including VCU's Minority Political Leadership Institute.

*Caetrina A. Peterson*, has served on Town Council since 2023. Councilwoman Peterson brings over 20 years of experience in finance, government contracting, and senior-level administrative support. Her professional background includes roles with Amtrak, the U.S. Department of the Interior, and the Office of the Surgeon General. Councilwoman Peterson holds a Bachelor's in Business Administration, a certification in Business Management Leadership Development, and is a Notary Public in Virginia, D.C., and Maryland.

*Brian K. Fields*, was first elected to Town Council in 2020, having been re-elected in 2024 and has served the Town for over 16 years, beginning with eight years as a Police Officer and continuing with eight years on the Town Council. A retired Army National Guardsman and Police Officer, he now contributes to national security as a

federal contractor for the Defense Intelligence Agency. Nationally, he serves as Executive Board Member at Large for the National Black Caucus of Local Elected Officials and holds appointments to the National League of Cities' Small Cities Council and Public Safety and Crime Prevention Committee.

### ***Town Staff***

*Tangela U. Innis*, Town Manager, was appointed Town Manager in April, 2023. Ms. Innis serves as the chief administrative officer of the Town, overseeing daily operations, strategic planning, financial management, and implementation of Town Council policies. Previously, Ms. Innis served as Deputy City Manager for the City of Petersburg, Virginia, managing a \$100 million budget and providing executive oversight for more than 20 departments and 500+ employees. Her career includes multiple leadership roles in capital projects, public works, utilities, procurement, and infrastructure management, where she led multimillion-dollar capital programs, advanced procurement modernization, and strengthened intergovernmental relations. Ms. Innis is currently a candidate for the ICMA Credentialed Manager designation. She completed both the NLC High Performance Leadership Master Certification and the ICMA High Performance Leadership Master Certification in 2022. She actively represents Dumfries in regional and state-level forums, including participation in Virginia Municipal League committees and leadership development through the Virginia Municipal Women's Leadership Institute. She has a B.A., Psychology from The College of New Rochelle and an MBA, Acquisition degree from Strayer University.

*Keith N. Nguyen* was appointed Deputy Town Manager in September 2025. With more than a decade of leadership in local government and the military, he brings expertise in capital project delivery, economic development, and strategic planning. Mr. Nguyen holds dual Master's degrees in Public Administration and Business Administration, a PMP certification, and serves as a Lieutenant Colonel in the U.S. Army Reserves. In his role, he oversees Public Works, Recreation & Civic Engagement, and Community & Economic Development, helping advance the Town's long-term vision.

*Nykesha D. Lucas*, was first appointed Town Clerk on March 4, 2024. She brings over 18 years of municipal experience from her previous role as City Clerk/Clerk of Council in the City of Petersburg, Virginia. She oversees the legislative process for the Town Council, including agenda preparation, legal notices, ordinance codification, records management, and coordination of Town Council travel and meetings. She also supervises Clerk's Office staff and manages the departmental budget. Mrs. Lucas holds a Bachelor of Business Administration with a minor in Management from Strayer University, is a Certified Municipal Clerk through the International Institute of Municipal Clerks and is currently pursuing her Master Municipal Clerk designation. She is a graduate of Yale University's Executive Education Women's Leadership Program and was named 2025 Clerk of the Year in recognition of her exemplary service and dedication to local government.

*Sandra R. Robinson, Esquire* serves as Town Attorney. Though serving as Town Attorney only since December 2023, Robinson came to this position having practiced local government law for over 30 years, including having previously served as the City Attorney of Jacksonville Beach, Florida and Hopewell, Virginia, and prior to that as County Attorney of Louisa and Culpeper Counties, Virginia. Sandra is licensed to practice law in the states of Virginia and Florida, is admitted to practice before multiple state and federal courts, and is an active member of several attorney organizations, including the International Municipal Lawyers Association, and the Local Government Attorneys of Virginia, and the National District Attorneys Association.

*Curtis Eatman*, has served as the Chief Financial Officer for the Town since 2024. Prior to joining the Town of Dumfries, Mr. Eatman served as the Finance Director for the Town of Hamden, CT, where he oversaw a budget of \$300 million, including the school district. Prior to serving the Finance Director for the Town of Hamden, Mr. Eatman served as the Principal Legislative Fiscal Analyst for the New York State Senate, and a Senior Legislative Fiscal Tax Analyst for the New York State Assembly's Ways and Means Committee (Democratic Majority). He also previously served as the Deputy Commissioner of Finance for the Town of Schenectady, New York. He has a Masters of Public Administration and a B.A., Political Science and Communications & Rhetorical Studies degree from Syracuse University.

*Reginald Tabor*, has more than 30 years of experience in local government, and he is currently the Director of Planning, Community and Economic Development for the Town. He previously served as Director of Planning and Community Development, Planning Manager, and Economic Development Projects Manager for the City of Petersburg, Virginia. Before Petersburg, he served as an Assistant Director of the Parks and Recreation Department

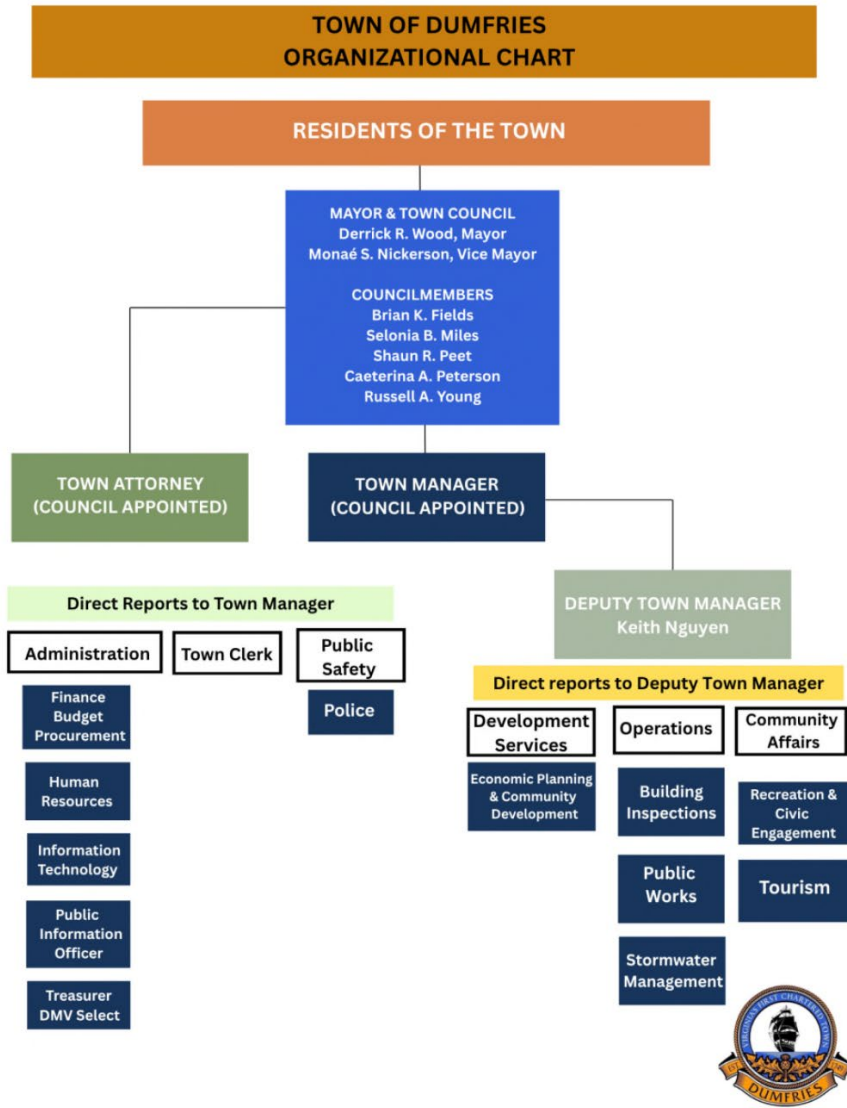
in Macon, Georgia, Assistant to the City Manager in Compton, California, as a Staff Assistant with the League of California Cities, and as a City Planner in Wilmington, Delaware. He has a Master's Degrees in Architecture and Urban Design from the Georgia Institute of Technology, a Master's Degree in Public Administration from the University of Delaware and an undergraduate degree in Urban Studies from Morehouse College. Reginald is a current member of several professional organizations including the American Planning Association, the Virginia Economic Developers Association, the Virginia Association of Zoning Officials, the American Institute of Architects (Associate), and the Urban Land Institute.

*Vernon Galyen* serves as Chief of Police. Chief Vernon Milo Galyen Jr. is a dedicated law enforcement professional with 26 years of experience. Since joining the Town of Dumfries Police Department in 2017, he has led efforts to enhance crime reduction initiatives, strengthen community partnerships, and implement modern policing technologies. Chief Galyen began his career at the Rappahannock Regional Jail in 1999 before transitioning to the Stafford County Sheriff's Office in 2002, where he served for 15 years. Throughout his career, he has held key leadership roles, including the Special Problems Detective, Special Investigation Unit Detective, Patrol Sergeant, Interim Chief of Police, and ultimately, Chief of Police.

*James M. Nichols* serves as the Director of Public Works for the Town, bringing over 22 years of operations management experience, including more than a decade in public works leadership. Prior to joining Dumfries, he served as Assistant Residency Administrator for the Virginia Department of Transportation. Mr. Nichols holds a Master of Public Administration and Policy from Walden University, a Bachelor of Science in Ornamental Horticulture Design from Auburn University, and an Associate of Science in Horticulture Science. He is a Certified Public Manager, Certified Program Planner, and Certified Park and Recreation Professional.

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# Town of Dumfries Organizational Chart



## **GOVERNMENT SERVICES AND FACILITIES**

### **Local Government Services**

The Town provides a range of services, including but not limited to general government administration, public safety, public works, planning and community development, tourism, public utilities and parks and recreation.

### **General Government Administration**

The governing body of the Town is the Town Council which establishes policies for the administration of the Town. See the Section “GOVERNMENT” above.

### **Judicial Administration**

The Town does not have its own judicial system but instead is served by the court system of the County of Prince William, Virginia (**the “County”**) consisting of a Circuit Court, a General District Court and a Juvenile and Domestic Relations District Court, the judges of which are elected by the General Assembly of Virginia. Each Court has a Clerk of Court whose duties pertain to that specific court and includes managing court dockets.

The Juvenile and Domestic Relations District Court has original jurisdiction over all juvenile cases involving dependent, neglected or delinquent children under the age of 18. This Court has extended jurisdiction of offenses committed against children, a family member or any other situation where the welfare of a child is at stake.

The General District Court has both civil and criminal jurisdiction and is primarily designed to hear and determine misdemeanors, civil cases involving amounts exceeding \$25,000 and preliminary hearings for felonies.

The Circuit Court has original jurisdiction in criminal and civil cases, civil cases involving amounts in excess of \$4,500, appellate jurisdiction in cases appealed from the General District Court or the Juvenile and Domestic Relations District Court and original jurisdiction in divorce proceedings. The duties of the Circuit Court are numerous, including the keeping of records of all mortgages, deeds and licenses and the issuance of marriage, hunting and fishing licenses.

### **Education**

#### ***Public Schools***

The Town does not maintain a separate public school system but instead school age students in the Town attend the County’s public schools.

The Town of Dumfries lies within four different Prince William County School Districts: Pattie, Swans Creek, Dumfries, and Triangle. While public education for the children residing in Dumfries is mainly provided by four schools within the Prince William County School System - Dumfries Elementary School, Graham Park Middle School, Potomac High School, and Forest Park High School - students are also served by Triangle Elementary School, Pattie Elementary School, Swans Creek Elementary School and Potomac Shores Middle School. Students may also participate in the Prince William County Specialty Programs to earn certifications, licenses, and professional credentials in a range of study areas. Dumfries Elementary School is currently over 120% of its capacity.

While the Town Council does not make any annual appropriation for school operations, the residents of the Town pay taxes to the County that support the school system.

## **Higher Education**

Strayer University, located 8.7 miles from the center of Town, is a member of Servicemembers Opportunity Colleges (SOC) and participates in Associate's and Bachelor's degree programs for active duty military personnel.

George Mason University's new Life Sciences and Engineering Building will be located at GMU's Prince William County Science and Technology (SciTech) Campus, located 20 miles from the center of Town. The new building is expected to support the increasing graduate level curriculum focused on science, technology, engineering, and health. The primary users of the new building will be the College of Engineering and Computing, the College of Science, the College of Education and Human Development, and the College of Visual and Performing Arts.

University of Mary Washington ("UMW") is a public liberal arts university in Fredericksburg, Virginia, 21 miles from the center of Town, accredited by the Southern Association of Colleges and Schools. UMW has five pre-professional programs: pre-dental, pre-law, pre-med, pre-pharmacy, and pre-veterinary. Bachelor's degrees include a Bachelor of Science, Bachelor of Arts, and Bachelor of Science in Business Administration in addition to two degree completion programs – a Bachelor of Science in Nursing (BSN) and a Bachelor of Liberal Studies (BLS). Master's degrees include a Master of Business Administration (MBA), Master of Education (M.Ed.), Master of Education for Professional Development or Added Endorsement (M.Ed.), Master of Science in Elementary Education (M.S.) and a Master of Geospatial Analysis (MSGA). UMW also offers a Geographic Information Science certificate.

Northern Virginia Community College, located 9 miles from the center of Town, is a public community college with six campuses and four centers in the Northern Virginia suburbs of Washington, D.C. It is the third-largest multi-campus community college in the United States and the second largest educational institution in the Commonwealth of Virginia after Liberty University. The college is part of the Virginia Community College System. The college includes nearly 75,000 students and more than 2,500 faculty and staff members and offers more than 160 degrees at the associate level and certificate programs.

## **Insurance**

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to \$150,000 for its workers' compensation insurance. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion of which each member's premium bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of loss, including general liability, cyber liability and employee health and accident insurance.

## **Public Works**

The Town's Public Works Department provides a wide range of services and programs to include but not limited to: street paving and maintenance, stormwater management, waste management, maintenance of Town parks, buildings and grounds, erosion and sedimentation control, hazard mitigation planning and floodplain / flooding awareness.

## **Storm Sewer System**

The Town operates a storm sewer system that collects stormwater runoff using inlets, manholes, pipes, and outfalls. The Town also employs stormwater runoff Best Management Practices (BMPs) including filtering practices and bioretention ponds.

The municipal separate storm sewer system ("MS4") is a network of drains, pipes and ditches that carry rain water away from impervious surfaces to outfall points at streams, creeks, rivers, lakes, bays, or oceans. The MS4 is owned and maintained by the Town and is separate from the sanitary sewer, which primarily conveys wastewater from buildings' internal plumbing. The Town's MS4 is mostly a passive system in that it relies on gravity and the force of the water

flowing through the pipes to carry water away from sidewalks, roads, and other impermeable surfaces. Stormwater management facilities, or SWMFs, help remove pollutants from rainwater runoff before it enters our waterways.

The Town's MS4 permit requires the Town to prevent the discharge of pollutants (often called "non-point source" pollutants) such as engine oil, fertilizer, pet waste and trash from the stormwater management system into waterways to the maximum extent practicable. The permit also prohibits non-stormwater discharges into the storm drainage system, such as from sanitary sewer connections or illegal dumping. It also requires storm event monitoring and assessment of the effectiveness of stormwater controls being used in the County, including annual reports submitted to the Virginia Department of Environmental Quality which summarize the efforts in managing stormwater runoff and limiting non-point source pollution.

## **Water Supply and Wastewater Collection and Treatment**

The Town receives water and wastewater services through the following regional entities:

Water is provided by the Prince William County Service Authority ("PWCSA") which owns no water treatment facilities but purchases potable water for the Dumfries service area through an agreement among PWCSA and the Fairfax County Water Authority (FCWA). Through this agreement, the Town's primary water supply is provided by the Occoquan Reservoir.

Wastewater services are provided by the Upper Occoquan Sewage Authority: ("UOSA") which was formed on March 3, 1971, by concurrent resolutions of the governing bodies of Fairfax and Prince William Counties and the Towns (now Cities) of Manassas and Manassas Park and was chartered by the Commonwealth of Virginia State Corporation Commission on April 1, 1971. The governing body of UOSA is an eight-member Board of Directors consisting of two members appointed for four-year terms by the governing body of each member jurisdiction. UOSA's Executive Director is responsible to the Board of Directors for the day-to-day operations of UOSA. UOSA was established to acquire, finance, construct, operate, and maintain facilities for the treatment of sewage in its service area and is organized into seven divisions: Operations and Maintenance, Treatment Process, Finance, Human Resources, Regulatory Affairs, Engineering & Technology, and Capital Improvements.

UOSA's service area encompasses approximately 246 square miles and includes portions of the County, Fairfax County, Manassas and Manassas Park. UOSA owns and operates an advanced water reclamation facility with a capacity of 54 mgd, and a regional system of sewer lines, pump stations and force mains that deliver sewage from the member jurisdictions to the treatment plant. To meet future needs from increases in population and associated wastewater flows, UOSA has developed a capital improvement program that includes a variety of major additions, extensions, and improvements to its system. The existing treatment works are designed and permitted to receive and process a rolling 30-day average of 54 mgd. For the fiscal year ended June 30, 2024, the average daily flow was 33.7 mgd. The maximum 30-day rolling flow was 43.7 mgd, 80.9 percent of capacity.

## **Solid Waste and Recycling**

The Town's solid waste removal is handled by private solid waste haulers. The Town previously began collecting its own household waste in the 1990s but reverted to a private carrier when it was determined that overall savings were not worth the differences in service and management. The Town continues to try to reduce its solid waste removal costs through municipal collection and recycling. The Town also coordinates with Prince William County and the Virginia Department of Environmental Quality (DEQ) on solid waste and recycling matters.

Currently, the Town contracts Bates Trucking and Trash Removal to pick up all residential trash within the Town limits.

## **Utilities**

Several private telecommunications firms, including Verizon, Comcast, Cox, Cavalier, RCN, and T-Mobile, provide telephone and related telecommunications services to the Town. Cable television services are available from a wide variety of providers.

Commonwealth Gas Services, Inc., a subsidiary of Columbia Gas Systems, provides natural gas to the Town. Commonwealth Gas Services constructs, owns, and maintains its distribution system. The Briar Trunk Line, the major distribution pipeline for natural gas in Prince William County, runs from Gainesville in western Prince William County through the Town to its terminus in the Town of Quantico.

From its nearby power generation station on Possum Point Road in Prince William County, Dominion Virginia Power, a private utility, provides electrical power to the Town. Dominion Virginia Power constructs, owns and maintains its transmission and distribution lines and systems, including the major transmission line that runs through the Town, parallel to northbound Route 1/Fraley Boulevard.

## **Public Safety**

### Police Services

The Police Department is involved in several organized community programs such as neighborhood watch, community oriented public safety programs, a school resource officer, and police outreach activities. The department has 17 employees consisting of 15 sworn officers, one full time civilian and one recruit.

The Town continues to promote the training of its Police Department personnel, which includes the development of a service plan for meeting the short-term and long-term law enforcement service needs of the community as well as address Homeland Security and emergency disaster response needs. The service plan is reviewed annually and addresses projected demands for service and the need for expansion of law enforcement programs in the community.

### Fire and Rescue Services

Fire and rescue emergency services to the Town are provided through the Prince William County Fire and Rescue Services while supplemented by a volunteer personnel system. The fire and rescue stations that provide service to the Town are located at the southern end of the Town.

The Dumfries Triangle Rescue Squad (DTRS) has a 3- to 4-minute response time to calls in the Town, which averages over 200 calls per month. The Dumfries-Triangle Volunteer Fire Department (DTVFD) has two stations in the Town and has a 3-4-minute response time to calls. The DTVFD employs both volunteers and career personnel to maintain effective, cost-efficient means of providing this essential service to the Dumfries community.

### Jail Facilities

Jail facilities are provided by the Prince William – Manassas Regional Adult Detention Center (“ADC”) which consists of four buildings in the County: a Main Jail facility, the Modular Jail building, a Central Jail facility, and the Annex for administrative and training use. The ADC’s mission is to provide cost-effective, secure, safe, and healthful housing of prisoners while ensuring safety and conducting rehabilitative programs that reduce recidivism following release. The ADC serves the County, cities, and towns and is governed by an eleven-member Regional Jail Board (the “Jail Board”). The Sheriff is an ex officio member by statute. The County Board of Supervisors appoints eight members, and the Manassas City Council appoints two members to the Jail Board. The Commonwealth Department of Corrections operational capacities in the County as of July 2023 are estimated at 404 inmates in the Central Jail, 202 inmates in the Main Jail, 200 inmates in the Modular Jail, and 65 inmates in the Work Release center, for a total of 871 inmates. The Jail Board, with the advice of the ADC Superintendent, has set management capacities higher than operational capacities.

## **Health and Social Services**

Health and social services to Town residents are generally provided through the Virginia Department of Health, Prince William District, and Prince William County Department of Social Services. The Prince William Area Agency on Aging runs two senior centers, the closest of which is in Woodbridge. The senior centers provide services such as home-delivered meals, personal care, and check-in services for pill reminders. In addition to the wide range of public services provided throughout the County, there are also numerous private and non-profit agencies that provide services to the Dumfries area.



Hospital facilities serving the Town include both Potomac Hospital in Woodbridge and Prince William Hospital in Manassas. These are non-profit facilities that provide full-service inpatient and outpatient care.

## **Parks, Recreation and Library**

The Town is currently served by three public parks offering both active and passive recreation. These facilities are supplemented by additional County and private recreational facilities. Town residents also have access to the Prince William Forest Park national parkland just outside the Town's boundaries.

There are currently two public recreational facilities within the town: Merchants Park and Ginn Memorial Park.

Merchant Park surrounds the historic Weems-Botts House Museum, which is on the National Register of Historic Places. The 1.5-acre park has passive recreational amenities including green space, a large pavilion, a kitchen building, restroom facilities, and a gazebo.

Ginn Memorial Park is located on Graham Park Road near the Williamstown and Port-of-Dumfries townhouse developments and is the Town's newest park. It is 2.4 acres and includes green space, mature trees, parking, unpaved trails, a full-sized basketball court, a multi-purpose field, a play area, and picnic tables with grills. Future amenities may include a shelter, a tot lot, walking trails, better pedestrian connections to the future Community Center, and any other amenities deemed appropriate for the park's size.

Additional parks and trails under development include:

- The Dumfries Luke & Clarice Torian Overlook Park adjacent to the Rose Gaming Resort, with over 80 acres of green space, located on the recently closed Potomac Landfill, scheduled to open during FY 2026.
- An in-Town segment of The Potomac Heritage National Scenic Trail, is expected to be built which will connect the Town, under I-95, to Prince William Forest Park. Prince William Forest Park is a national park with approximately 17,000 acres run by the National Park Service. Park amenities include a variety of active and passive recreational uses. Recreational opportunities at this park include playgrounds, a multi-purpose field, a volleyball pit, a horseshoe pit, a pavilion, picnic areas, an amphitheater, fishing, walking trails, biking trails, camping, fire pits, Ranger-led programs, and cabins. The Prince William Forest Park is immediately west of the Town, but Interstate 95 prevents residents from easily accessing these amenities.
- The East Coast Greenway will be a multi-use path along Fraley Boulevard as part of the Route 1 Widening Project.

The Town is also served by Cecil W. Garrison Park, a 2.4-acre passive recreation park with no permanent amenities. The park and its adjacent parking lot host a variety of events, such as the Dumfries Farmer's Market and October Fall fest. The park includes floodplains and resource protection areas and is well-suited for passive recreational uses such as a greenway trail with shelters.

The presence of a few private recreational facilities within the Town provides additional recreational options for residents. Private recreational facilities have been developed in the Grayson Village Mobile Home Park, the Williamstown development, and the Boys and Girls Club.

The Boys and Girls Club: The General Heiser Branch of the Boys & Girls Clubs of Greater Washington offers recreational opportunities and structured programs. The Old Stagecoach Road site has a playground and a multi-purpose court for basketball and other games, a carpet gymnasium and a multi-purpose game room. The club offers before and after school care, programs for teens, a summer camp, and a sports clinic.

The Jeff Simpson Community and Cultural Arts Center of Dumfries hosts many Town events and activities, from functioning as an election center to hosting job fairs and cultural events. It can also be reserved for private use. The first floor is accessible and can hold up to 60 people, while the second floor "Learning Center" capacity is 78 people. The building shares a parking lot with Town Hall and Cecil Garrison Park.

The Town also purchased the former “Rescue Squad” building located at 3800 Graham Park Road to be redeveloped into the site of the new Clyde Washington Community Center.

The Town is located just minutes away from the Quantico Marine Corps Base, and the National Museum of the Marine Corps, a tribute to the U.S. Marines featuring interactive exhibits and irreplaceable artifacts; and the Quantico National Cemetery, located on land that has been used by the military for over 200 years.

Instructional and recreational athletic needs are largely served through Prince William County Park Authority facilities and activities. The Town has access to large County and federal parks like Locust Shade and Prince William Forest Park. Fees for use of County facilities are generally the same for Town and County residents. The Dumfries' schools also provide access to recreational facilities but can only be used for non-school related activities when coordinated with the Prince William County School Board.

The Prince William County School District has one public school located within the Town boundaries: Dumfries Elementary School. The school's athletic facilities and playground provide additional recreational facilities to residents.

The Prince William County Park Authority has nine parks within five miles of the Town, which contain various active and passive recreational opportunities:

- Brittany Park
- Anne Moncure Wall Park
- Cloverdale Park
- Birchdale Recreational Center/Turley Fields
- Rippon Landing Park
- C. Lacey Compton Neighborhood Park
- Graham Park Pool
- Forest Greens Golf Club
- Locust Shade Park
- Fuller Heights Park

The Prince William Historic Preservation Foundation recently submitted a redevelopment proposal for the open space surrounding the Williams Ordinary Building, that would include park space.

Library services for the Town are provided by Prince William County, but there is no full-service library nearby. Prince William County operates a mini-library within Dumfries Shopping Center along Route 1. The Town is continuing to work with the County in the development of its service plan for library facilities serving Town residents and the developing areas immediately north and east of the Town.

## **Transportation**

The Town is a small, incorporated municipality about one mile west of the Potomac River, 35 miles south of Washington, D.C., and 20 miles north of the City of Fredericksburg, Virginia. It is bordered to the west and northwest by Interstate 95, on the north and northeast by Route 234 and Dewey's Run, and on the east and south by Quantico Creek and a small unnamed tributary. U.S. Route 1, a major north-south highway that runs parallel to I-95, bisects the Town.

The Dumfries transportation system is comprised of various elements including principal arterial highways, local urban streets, a nearby interstate, sidewalks, bicycle facilities, public transportation, and parking.

Several Amtrak train stations are within close proximity of the Town:

- 5 miles: Potomac Shores Station (In Development)
- 5 miles: Quantico Station
- 9 miles: Rippon Station
- 11 miles: Woodbridge Station

The DC Metrorail system is accessible, with the Franconia-Springfield metro station less than 20 miles from the Town.

Air transportation is provided by a number of airports.

Richmond International Airport, located east of Richmond, Virginia, in Henrico County and approximately 70 miles from the Town. Richmond International Airport is a major airport, serviced by several major airlines. These airlines schedule numerous flights daily and make world-wide connections through other ports. Charter flights, air express and freight services are also provided at Richmond International Airport.

Ronald Reagan Washington National Airport is a major public airport in Arlington County, Virginia, five miles from Washington, D.C. and 30 miles from the Town, Reagan National serves 111 nonstop destinations as of July 2025. The airport served 26.29 million passengers in 2024, an increase of 3.3% over a record set in 2023

Washington Dulles International Airport, commonly known simply as Dulles Airport is an international airport serving the country's capital city, Washington, D.C. and its surrounding area. It is located 26 miles west of downtown Washington, D.C. and 40 miles from the Town. As of 2024, it is the busiest airport in the Washington – Baltimore metropolitan and the 24th-busiest airport in the United States. Dulles has the most international passenger traffic of any airport in the Mid-Atlantic outside the New York metropolitan area, including approximately 90% of the international passenger traffic in the Baltimore – Washington region. It had more than 20 million passenger enplanements every year from 2004 to 2019, with 27.3 million enplanements in 2024. An average of 60,000 passengers pass through Dulles daily to and from more than 139 destinations around the world.

Additionally, Stafford Regional Airport is located 15 miles from the Town, Manassas Regional Airport, 20 miles, Baltimore/Washington International Airport 65 miles and Charlottesville-Albemarle Airport is located 85 miles from the Town.

Transportation projects under development in the Town include:

Route 1 (Fraleay Boulevard) Widening Project:

- Part of the Main Street Small Area Plan (SAP), transforming Main Street into a walkable mixed-use town center.
- Increasing the roadway capacity may mitigate any existing traffic congestion. Widening the northbound roadway will accommodate the addition of southbound through-traffic that is currently served by Main Street.
- The northbound section of Route 1 will be widened from two (2) lanes to six (6) lanes, with a raised median serving both northbound and southbound traffic. The proposed widening project will also incorporate pedestrian and bike facilities. The design phase is currently 80% completed, and construction is projected to start in 2027 and conclude in 2031.
- The Route 1 Widening Project is managed primarily by the County.

Potomac Shores Station:

- The Potomac Shores station is a planned station on the Virginia Railway Express (VRE) Fredericksburg Line in the Potomac Shores community, less than 5 miles east of Dumfries.
- The station will feature an adjacent parking garage, which began construction in 2023 with completion estimated for mid-late 2027. Construction of the station is not expected to begin until the garage is finished.

Potomac Shores Route 1 and Route 234 Improvements:

- The project is a quadrant intersection at US Route 1 and Virginia Route 234 to increase capacity and efficiency in anticipation of increased traffic due to the Rose Gaming Emporium in northwest Dumfries and Potomac Shores development in the County.

The Town engages with the Northern Virginia Regional Commission and the Metropolitan Washington Council of Governments (MWCOC) to ensure the Town's plans for transportation, economic development, workforce development, and environmental concerns are in concert with the plans of the respective organizations.

The Town also works closely with the Planning Department and the Economic Development Department of our neighbors, Prince William County, to leverage resources and maximize the impact of development projects.

### **General Economic Development Information**

The location of the Town within the Washington D.C. Metropolitan area along Interstate 95, as well as its proximity to the Marine Corps Base at Quantico, provides the Town with access to the greater regional population, business community, and labor force that participates in the Town's economy.

The Town completed the review and update process of its Comprehensive Plan during FY 2025. The Dumfries Comprehensive Plan includes the vision and goals of the Town for the next twenty years and a list of actions and policies to achieve those goals. On June 17, 2025, the Town adopted a new Comprehensive Plan that looks forward to 2044. The Comprehensive Plan guides long-range planning and future development of the Town as it relates to the development of land and where community envisions itself in the next 20 years. Topics covered by the Comprehensive Plan include, but are not limited to, land use, economic growth, transportation, and community services.

Economic Vitality is one of the primary areas of focus for the Town. Comprising approximately 1.6 square miles within the Northern Virginia region, there is a limited amount of land available for new construction and, as a result, there continues to be a need to promote redevelopment within the Town limits. The Town currently has multiple major development projects underway that will increase the local housing stock and redevelop historically underutilized parcels. These projects are expected to bring additional residents and commercial business to the Town.

The Route 1 widening project is being undertaken by VDOT and is fully funded through state (any federal?) funding. Required Right of Way acquisition is nearly complete and expected to conclude by 2027. The project is anticipated to be completed in 2031, and once completed, the project will result in all lanes of Route 1 through the Town of being located along the current East roadway, or Fraley Boulevard, where the northbound only lanes currently run. The completion of the Route 1 widening project will allow the present southbound lanes to be converted to a two-way "Main Street" that will facilitate the development and redevelopment of adjacent parcels. In 2020, the Town completed a revision of the local Comprehensive Plan to include a Pattern Book, which defines the vision for the new "Main Street."

The Rose resort project opened in November 2024. This project has transformed the site of the former Potomac landfill into an 80-acre green space with a public park, and an entertainment facility that features a gaming emporium, restaurants, and hotel accommodations. A future phase will add additional hotel rooms and a conference and event center. The total investment for construction is more than \$450 million, estimated economic impact for the project includes \$5 million in annual tax revenue to the Town, and additional annual tax revenue to the region. The Rose has created over 500 new local jobs and generated over \$5.4 million in tax revenue to the Town during FY 2025, which was a partial year of operations.

The pending acquisition of waterfront property, which is a former auto repair, salvage, and storage site, presents additional opportunities for development. The 167-acre site includes 14 acres of developable property for mixed-use development that could include commercial, hospitality, and recreational. The remaining 153 acres of property would be used for recreational purposes, including nature trails, piers and water access. The planned waterfront development would welcome visitors and promote tourism within the Town.

Wawa celebrated its grand opening of its new Dumfries location on September 4, 2025. The new store is expected to create about 50 new jobs for the local community.

The new commercial and residential development is expected to further establish the Town as a destination and serve as catalysts for additional development.

Several new housing communities are currently in various stages of development:

- Townsquare at Dumfries Phase IV: 38 units of income-restricted multi-family housing & 5,000 square feet of commercial space.
- Harbor at Quantico Creek: 125 units of age-restricted multi-family housing & daycare/community center.
- Aras on Main: 54 townhomes and 220 multi-family units.
- Harbor Reserve: 152 Townhomes in Prince William County with entrance in Town of Dumfries.
- 17698 Main Street: 12 units of multi-family housing.

In 2023, the Town had 341 employers, primarily in service, retail, health care, professional & technical services, and accommodation & food services.

#### Marine Corps Base (Quantico)

Established in 1917, Marine Corps Base Quantico spans over 55,000 acres and serves as the headquarters for key training institutions of the United States Marine Corps, as well as major federal law enforcement and intelligence agencies.

With more than 12,000 military and civilian personnel, Marine Corps Base Quantico provides significant employment opportunities for Town residents.

- It is estimated that 6.2% of Town residents are veterans, and approximately 1% are active-duty military.
- In addition, many civilian employees at the Base reside in the Town, contributing to the local economy and community.

The Town actively engages with Marine Corps Base Quantico through the Northern Virginia Regional Commission's (NVRC) Community, Military, and Federal Facilities Partnership Program. This initiative fosters resilient, collaborative, and mission-ready communities by building enduring partnerships between local governments, military installations, and federal facilities.

The Town engages with the Northern Virginia Regional Commission and the Metropolitan Washington Council of Governments (MWCOC) to ensure the Town's plans for transportation, economic development, workforce development, and environmental concerns are in concert with the plans of the respective organizations.

## SECTION FOUR: ECONOMIC AND DEMOGRAPHIC DATA

### Population

<u>Year</u>	<u>Town of Dumfries</u>	<u>Prince William County</u>	<u>Washington, D.C. MSA</u>
2013	5,050	416,668	5,950,214
2014	5,122	428,772	6,032,744
2015	5,158	437,271	6,098,283
2016	5,180	443,630	6,133,552
2017	5,216	450,763	6,216,710
2018	5,224	456,749	6,251,240
2019	5,373	461,423	6,280,697
2020	5,559	466,834	6,250,309
2021	5,669	477,224	6,358,652
2022	5,697	481,114	6,373,829
2023	5,749	484,625	6,304,449

Source: Census Bureau (American Community Survey-5 year estimate).

**Per Capita Personal Income**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Commonwealth of Virginia	52,656	54,377	56,130	58,362	61,403	66,983	69,707	73,841
United States	48,974	51,006	53,311	55,567	59,123	64,460	66,244	69,810

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Most recent information available

**Median Household Income**

<b><u>Year</u></b>	<b><u>Town of Dumfries</u></b>	<b><u>Prince William County</u></b>	<b><u>Washington, D.C. MSA</u></b>
2018	\$60,076	\$107,925	\$102,180
2019	63,780	106,861	105,659
2020	68,438	107,707	106,415
2021	71,784	118,117	110,355
2022	75,629	120,398	117,432
2023	78,373	131,047	121,469

Source: Census Bureau

## Employment Distribution

### Top Employers within the Town

<u>Employer</u>	<u>Type of Business</u>	<u>No of Employees</u>
Colonial Downs Group LLC	Gaming and Entertainment	Up to 500
Townsquare At Dumfries Bond LLC	Real Estate	20 to 40
Grayson Village Management LLC	Mobile Home Park	20 to 30
Triangle Plaza LLC	Commercial Complex	Between 10 to 20
Storage Equity LLC	Storage Facility	Between 5 to 10
Luckshmi LLC	Shopping Center	Between 5 to 10
Dumfries Shopping Center Inc	Shopping Center	Up to 5
Kadah Family Ltd Partnership	Non-Residential Buildings	Up to 20
Campbell Herbert H Tr	Land Subdividers and Developers	Between 10-15
Sunpower Hotels LLC	Hotel	Up to 25

Source: Town office

### Industrial Employment Distribution

<u>Industry</u>	<u>Town</u>	<u>County</u>	<u>State</u>
Arts, entertainment and recreation and accommodation and food services	22.3%	8.3%	8.0%
Construction	8.8%	8.1%	6.5%
Educational services and health care and social assistance	11.4%	20.1%	22.1%
Finance and insurance and real estate and rental and leasing	3.0%	6.2%	6.5%
Manufacturing	3.4%	3.7%	7.1%
Other services, except public administration	7.4%	5.4%	5.2%
Professional, scientific and management and administrative and waste management services	16.5%	19.0%	16.8%
Public administration	14.1%	11.2%	8.7%
Retail trade	8.2%	9.5%	9.8%
Transportation and warehousing and utilities	4.4%	5.2%	5.3%
Misc. or Unreported	0.5%	3.3%	4.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Census Bureau (American Community Survey-5 year estimate).

## Top Taxpayers

The following table provides a listing of the largest real estate taxpayers in the Town as of January 1, 2024

<u>Rank</u>	<u>Taxpayer</u>	<u>Total</u>	<u>% of Total</u> <u>AV</u>
1	Colonial Downs Group LLC	\$135,912,400	14.33%
2	Townsquare At Dumfries Bond LLC	35,165,900	3.71
3	Grayson Village Management LLC	11,172,700	1.18
4	Triangle Plaza LLC	10,051,400	1.06
5	Luckshmi LLC	5,610,500	0.59
6	Dumfries Shopping Center Inc	5,265,700	0.56
7	Campbell Herbert H Tr	4,194,300	0.44
8	Hs Route One LLC	3,478,000	0.37
9	SMJ Management LLC	2,487,900	0.26
10	Townsquare At Dumfries LLC	2,223,000	0.23
Total Top Ten Taxpayers		\$215,561,800	22.73%
Remaining Assessed Value		\$732,703,400	77.27%
Total Assessed Value		\$948,265,200	100.00%

## Unemployment Trends

Set forth below is the unemployment information for the last 10 years.

<u>FY</u>	<u>Prince</u> <u>William</u> <u>County</u>	<u>Virginia</u>	<u>U.S.</u>
2015	4.1%	4.4%	5.3%
2016	3.6%	4.0%	4.9%
2017	3.3%	3.6%	4.4%
2018	2.7%	3.0%	3.9%
2019	2.4%	2.8%	3.7%
2020	6.6%	6.5%	8.1%
2021	3.8%	3.8%	5.4%
2022	2.5%	2.7%	3.7%
2023	2.5%	2.7%	3.6%
2024	2.7%	2.9%	4.0%

Source: Federal Reserve Bank of St. Louis. Not Seasonally Adjusted. Most recent information available



## **SECTION FIVE: FINANCIAL INFORMATION**

### **Accounting System and Annual Audit**

The accounts of the Town are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting and reporting entity. Operations are accounted for by a separate group of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. The accounting policies of the Town conform with accounting principles generally accepted in the United States of America.

The Town Charter and Section 15.2-2511 of the Code of Virginia require an annual audit of the Town's financial affairs performed by independent certified public accountants. The Town has contracted with Robinson, Farmer, Cox Associates, Certified Public Accountants to provide audit services. Robinson, Farmer, Cox Associates has issued an unqualified opinion on the Town's financial statements for the fiscal year ended June 30, 2024. Robinson, Farmer, Cox Associates has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Robinson, Farmer, Cox Associates also has not performed any procedures relating to this Official Statement.

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## Five Year Summary of General Fund Revenues and Expenditures

The financial data presented on the following page summarize Governmental Funds revenues and expenditures for the five audited fiscal years ending June 30, 2020 through 2024. Such data has been compiled from the audited financial statements of the Town for the fiscal years 2020 through 2024. Financial data for the fiscal year ended June 30, 2024, should be read in conjunction with the related financial statements and notes thereto appearing in Appendix A.

### Town of Dumfries, Virginia Changes in Fund Balances – General Funds Last Five Fiscal Years

	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Audited 2024
<b>General Fund</b>					
<b>Revenues</b>					
General Property Taxes	\$931,169	\$902,874	\$692,665	\$1,329,521	\$1,551,459
Other Local Taxes	2,086,465	2,705,861	3,511,132	3,698,558	3,921,677
Permits/Privilege Fees/Regulatory Licenses	443,515	609,422	1,027,694	412,262	112,130
Fines/Forfeitures	25,232	64,105	40,913	47,123	38,970
Revenues-Use of Money/Property	599,094	624,924	706,146	832,501	838,231
Miscellaneous	42,611	44,162	170,567	267,196	3,905,638
Intergovernmental - State	833,117	692,614	705,193	790,878	426,091
Intergovernmental - Federal	<u>91,708</u>	<u>835,327</u>	<u>2,651,014</u>	<u>243,225</u>	<u>910,168</u>
<b>Total Revenues</b>	<b><u>\$5,052,911</u></b>	<b><u>\$6,479,289</u></b>	<b><u>\$9,505,324</u></b>	<b><u>\$7,621,264</u></b>	<b><u>\$11,704,364</u></b>
<b>Expenditures:</b>					
General	\$1,306,869	\$1,941,341	\$4,448,105	\$4,408,322	\$3,107,147
Public Safety	1,141,688	1,183,839	1,583,182	1,872,230	2,543,166
Public Works	1,123,045	1,267,058	1,278,894	1,903,134	1,616,665
Community Development	398,165	450,069	443,402	442,232	1,031,913
Capital Projects	215,206	80,677	35,646	51,769	32,894
Debt Service					
Principal Retirement	214,776	371,651	387,757	365,193	384,256
Interest and Other Fiscal Charges	<u>662,333</u>	<u>319,363</u>	<u>319,934</u>	<u>267,675</u>	<u>403,119</u>
<b>Total Expenditures</b>	<b><u>\$5,062,082</u></b>	<b><u>\$5,613,998</u></b>	<b><u>\$8,496,920</u></b>	<b><u>\$9,310,555</u></b>	<b><u>\$9,119,160</u></b>
<b>Revenues Over (Under) Expenditures</b>	<b>(9,171)</b>	<b>\$865,291</b>	<b>\$1,008,404</b>	<b>(\$1,689,291)</b>	<b>\$2,585,204</b>
<b>Other Sources (Uses)</b>					
Transfers In	\$0	\$0	\$0	\$0	\$0
Transfers Out	(\$608,254)	(\$454,971)	(\$75,000)	0	(\$18,914)
Issuance of Bonds	2,721,000	0	0	0	1,375,000
Payment to Refund Escrow Agent	(2,602,000)	0	0	0	0
Proceeds from the Sale of Land	<u>0-</u>	<u>0-</u>	<u>169,876</u>	<u>0</u>	<u>0</u>
<b>Subtotal Other Sources (Uses)</b>	<b><u>(489,854)</u></b>	<b><u>(454,971)</u></b>	<b><u>94,876</u></b>	<b><u>0</u></b>	<b><u>1,356,086</u></b>
<b>Change in Fund Balance</b>	<b>(499,025)-</b>	<b>410,320</b>	<b>1,103,280</b>	<b>(1,689,291)</b>	<b>3,941,290</b>
Fund Balance - Beginning	4,320,225	3,821,200	4,231,520	5,334,800	3,645,509
<b>Fund Balance - Ending</b>	<b><u>\$3,821,200</u></b>	<b><u>\$4,231,520</u></b>	<b><u>\$5,334,800</u></b>	<b><u>\$3,645,509</u></b>	<b><u>\$7,586,799</u></b>

Source: Town's audited financial statements for the years ended June 30, 2020-2024.

## General Fund Revenues by Source

<b>Fiscal Year Ended June 30</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Licenses Permits, And Privilege Fees</b>	<b>Fines and Penalties</b>	<b>Use of Money and Property</b>	<b>Miscellaneous</b>	<b>Inter- Govern- mental</b>	<b>Total</b>
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
2015	906,071	2,082,798	195,261	118,058	26,775	15,265	2,057,401	5,401,629

Source: Town's audited financial statements for the year ended June 30, 2024.

**Town of Dumfries, Virginia**  
**Fund Balances – Governmental Funds Last Five Audited Fiscal Years**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>General Fund</b>					
Non-Spendable	\$398	\$16,409	\$57,766	\$55,474	\$36,439
Restricted	390,508	390,470	390,702	394,460	518,418
Unassigned	<u>3,430,294</u>	<u>3,824,641</u>	<u>4,886,332</u>	<u>3,195,575</u>	<u>7,031,942</u>
Total general fund	<u>\$3,821,200</u>	<u>\$4,231,520</u>	<u>\$5,334,800</u>	<u>\$3,645,509</u>	<u>\$7,586,799</u>
<b>All Other Governmental Funds</b>					
Restricted	\$0	\$0	\$0	\$0	\$335,903
Assigned	344,914	404,054	226,573	0	4,408,192
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>(\$57,920)</u>	<u>0</u>
Total all other governmental funds	<u>\$344,914</u>	<u>\$404,054</u>	<u>\$226,573</u>	<u>(\$57,920)</u>	<u>\$4,744,095</u>

Source: Town's audited financial statements for the year ended June 30, 2020-2024.

**Fund Balance Discussion**

At the end of the FY 2024, the Town's governmental funds reported a combined ending fund balance of \$12,330,894, an increase of \$8,743,305 in comparison with the prior year. Of this total amount, \$7,031,942 or 57% constitutes the unassigned fund balance in the General Fund, the Town's primary operating fund. The remaining \$5,298,952 consists of the nonspendable, restricted, committed and assigned fund balances designated for various items.

Unassigned Fund Balance levels have nearly doubled in the past four years. The Town's FY 2024 Unassigned Fund Balance is approximately 77.1% of FY 2024 budgeted expenditures, which is in excess of its policy of 50.0%. The FY 2023 decline in Unassigned Fund Balance was due to the timing of certain one-time cash flows.

**Fiscal Year 2025 Budget Discussion**

Preliminary unaudited estimates for FY 2025 indicate that the Town is projected to end with a surplus ranging from approximately \$500,000 to \$900,000. Projected revenues are estimated to total \$11.3 million, approximately \$800,000 over budget. Major drivers of revenue include: Real Estate Tax revenue is estimated to be approximately \$300,000 over budget; Gaming Tax revenue is estimated to be approximately \$1.7 million under budget. This represents a partial year due to the delay in the opening of The Rose by approximately 4 months; Business License Tax revenue projections are approximately \$189,000 over budget, Meals License Tax revenue projections are approximately \$125,000 over budget.

Projected expenditures are estimated to total \$10.4 million, approximately \$36,000 under budget.

**Fiscal Year 2026 Amended Budget Discussion**

The Fiscal Year 2026 Adopted Budget was amended to reflect updated revenue projections and to realign departmental expenditures. The Amended FY 2026 Budget now totals \$12,790,628, representing a 1% increase over the originally adopted budget of \$12,648,857.

The General Fund has been revised to \$12,170,604, an increase of \$121,000. This adjustment is primarily driven by higher-than-anticipated revenues, including:

- \$31,000 increase in Other Local Taxes;
- \$50,000 increase in Miscellaneous Revenue;
- \$40,000 increase from the Commonwealth of Virginia.

The above adjustments are offset by a \$574,448 reduction in Gaming Tax revenue, reflecting the recent closure of the smaller Rosie's Casino, the operations of which have been incorporated into The Rose Resort. This revised estimate

aligns with current events and incorporates updated economic assumptions. The amended budget assumes a flat tax rate, with no changes to existing rates.

<b>General Fund</b>	<b>Adopted 2025</b>	<b>Amended 2026</b>
<b>Revenues</b>		
Real Estate Taxes	\$1,380,000	\$1,400,000
Gaming Tax	5,304,968	5,505,313
Other Local Taxes	2,911,903	4,046,364
Permits, Fees & Licenses	116,900	198,400
Fines & Forfeitures	45,000	45,000
Interest	20,000	231,908
Municipal Complex Revenue	534,674	638,620
Cigarette Tax	160,451	105,000
<b>Total Revenues</b>	<b><u>\$10,473,896</u></b>	<b><u>\$12,170,605</u></b>
<b>Expenditures</b>		
General Government	\$4,262,136	\$5,712,547
Public Safety	3,056,909	2,969,313
Public Works	1,325,908	1,537,524
Planning, Community & Economic Development	377,468	520,658
Municipal Building	270,000	-
Boards & Commissions	16,200	24,000
Debt Service	1,072,175	1,353,063
Non-Departmental	93,100	53,500
<b>Total Expenditures</b>	<b><u>\$10,473,896</u></b>	<b><u>\$12,170,605</u></b>

## Operating Data

The table below represents a summary of real and personal property tax levies and collections for the last ten audited fiscal years.

### PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year Ended June 30	Total Tax Levy <sup>(1)</sup>	Total Tax Collections <sup>(2)</sup>	Percent of Levy Collected	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2015	\$901,736	\$893,814	99.12%	\$65,258	7.24%
2016	761,100	775,967	101.95	59,775	7.85
2017	771,530	806,502	104.53	45,638	5.92
2018	823,413	834,352	101.33	40,601	4.93
2019	858,496	861,676	100.37	63,325	7.38
2020	910,981	925,549	101.60	97,191	10.67
2021	1,014,770	889,646	87.67	77,419	7.63
2022	1,264,352	623,452	49.31*	42,574	3.37
2023	1,431,698	1,313,890	91.77	158,857	11.10
2024	1,569,167	1,544,126	98.40	263,531	16.79

Source: Town's audited financial statements for the years ended June 30, 2024.

(1) Figures may not include all abatements or supplements.

(2) Penalties and interest not included.

\* In April 2022, the Town approved a one-time abatement of the first half of 2022 real property taxes assessed by the Town for all Town residents.

The following table illustrates the assessed value and estimated actual value of taxable real property in the Town for fiscal years ending June 30, 2015 through 2025.

### ASSESSED VALUE OF TAXABLE PROPERTY

<b><u>Fiscal Years</u></b> <b><u>Ending June 30</u></b>	<b><u>Real Estate</u></b>	<b><u>Tax Rate</u></b> <b><u>(Per \$100 of</u></b> <b><u>Assessed Value)</u></b>
2015	\$388,811,330	\$0.2333
2016	404,117,855	\$0.1899
2017	406,068,190	\$0.1899
2018	433,375,267	\$0.1899
2019	451,840,205	\$0.1899
2020	482,929,105	\$0.1899
2021	534,059,470	\$0.1899
2022	703,979,600	\$0.1899
2023	738,473,400	\$0.1899
2024	826,312,384	\$0.1899
2025 <sup>(1)</sup>	949,346,700	\$0.1899

Source: Town's audited financial statements for the years ended June 30, 2024.

(1) 2025 Real Estate Assessed Valuation provided by Town Staff.

**PROPERTY TAX RATES**  
**For Tax Years Beginning July 1**  
**(Per \$100 Assessed Value)**

<u>Year</u>	<u>Real Property</u>
2015	\$.2333/\$100
2016	\$.1899/\$100
2017	\$.1899/\$100
2018	\$.1899/\$100
2019	\$.1899/\$100
2020	\$.1899/\$100
2021	\$.1899/\$100
2022	\$.1899/\$100
2023	\$.1899/\$100
2024	\$.1899/\$100
2025	\$.1899/\$100

Source: Town's audited financial statements for the years ended June 30, 2024 and Town Director of Finance

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**Pension Fund Information**

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 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.

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.

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

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	16
Vested inactive members	1
Active members	30
Total covered employees	47

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, of 1950 as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Town’s contractually required employer contribution rate for the year ended June 30, 2024 was .14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 \$4,373 and \$3,585 for the years ended June 30, 2024 and June 30, 2023, respectively.

See Note 9 to the Financial Statements, Appendix A, for additional details on the Pension Plan.



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

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## SECTION SIX: TOWN INDEBTEDNESS AND CAPITAL PLANS

### Debt Administration

Pursuant to the Constitution of Virginia, a town in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the Town is required to levy, if necessary, an ad valorem tax on all property in the Town subject to local taxation. The issuance by towns in the Commonwealth of bonds or other interest bearing obligations is subject to a limitation of ten percent of the assessed value of real property in the town subject to taxation as shown by the last preceding assessment for taxes. In determining the limitation, certain classes of indebtedness may be excluded under Article VII, Section 10 of the Constitution of Virginia, including revenue anticipation notes maturing in one year or less, referendum-approved general obligation bonds payable from a specific revenue-producing undertaking and revenue bonds.

### Statement of Legal Debt Margin

Debt Limit Per Constitution of Virginia –

Total Assessed Value of Taxed Real Property at June 30, 2024	\$826,312,384
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10% Legal Debt Margin at June 30, 2024	\$82,631,238
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Less:

Amount of debt applicable to debt limit-gross debt:	\$ 14,310,206
Margin for Additional Debt at June 30, 2024	<u>\$68,321,032</u>

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## Statement of Bonded Debt

The following table sets forth the annual principal and interest payments on the outstanding general obligation long-term bonded indebtedness of the Town including literary loans but excluding debt service on self-supporting utility revenues, bonded indebtedness and debt on installment loans and lease obligations.

### GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS<sup>1</sup>

Fiscal Year	Outstanding General Obligation Debt			Less: Refunded Bonds			Plus: 2025 Bonds			Total General Obligation Debt After 2025 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 415,000	\$ 622,941	\$ 1,037,941	-	\$ 135,975	\$ 135,975				\$415,000	\$486,966	\$901,966
2027	419,000	606,313	1,025,313	-	271,950	271,950				419,000	334,363	753,363
2028	297,000	592,637	889,637	-	271,950	271,950				297,000	320,687	617,687
2029	6,891,000	582,553	7,473,553	5,250,000	271,950	5,521,950				1,641,000	310,603	1,951,603
2030	269,000	210,922	479,922	-	-	-				269,000	210,922	479,922
2031	281,000	201,084	482,084	-	-	-				281,000	201,084	482,084
2032	289,000	191,291	480,291	-	-	-				289,000	191,291	480,291
2033	306,000	181,357	487,357	-	-	-				306,000	181,357	487,357
2034	313,000	170,855	483,855	-	-	-				313,000	170,855	483,855
2035	325,000	160,046	485,046	-	-	-				325,000	160,046	485,046
2036	336,000	148,523	484,523	-	-	-				336,000	148,523	484,523
2037	347,000	136,675	483,675	-	-	-				347,000	136,675	483,675
2038	362,000	124,368	486,368	-	-	-				362,000	124,368	486,368
2039	372,000	111,494	483,494	-	-	-				372,000	111,494	483,494
2040	382,000	98,399	480,399	-	-	-				382,000	98,399	480,399
2041	397,000	84,958	481,958	-	-	-				397,000	84,958	481,958
2042	240,000	70,967	310,967	-	-	-				240,000	70,967	310,967
2043	250,000	61,251	311,251	-	-	-				250,000	61,251	311,251
2044	260,000	51,145	311,145	-	-	-				260,000	51,145	311,145
2045	270,000	40,596	310,596	-	-	-				270,000	40,596	310,596
2046	280,000	29,600	309,600	-	-	-				280,000	29,600	309,600
2047	295,000	18,107	313,107	-	-	-				295,000	18,107	313,107
2048	305,000	6,106	311,106	-	-	-				305,000	6,106	311,106
2049	-	-	-	-	-	-				-	-	-
2050	-	-	-	-	-	-				-	-	-
2051	-	-	-	-	-	-				-	-	-
<b>Total</b>	<b>\$13,901,000</b>	<b>\$4,502,188</b>	<b>\$18,403,188</b>	<b>\$5,250,000</b>	<b>\$951,825</b>	<b>\$6,201,825</b>				<b>\$8,651,000</b>	<b>\$3,550,363</b>	<b>\$12,201,363</b>

<sup>1</sup> Totals may not foot due to rounding. Does not include indebtedness secured by a pledge of utility revenues and debt on installment loans and lease obligations.  
Source: Town's Financial Advisor

## Capital Planning

The Town Council approved the Comprehensive Plan on April 15, 2025. The Town Council appropriates funds for capital project expenditures on a project-by-project basis, as the funding sources become available. The \$7.4 million shown for the Overhead to Underground Conversion on Route 1 (North Bound) includes the Bonds as originally estimated at the time the Capital Budget was adopted.

### Currently Budgeted Capital Projects

Currently Budgeted Capital Projects	Funding Sources						Total
	ARPA SW Grant	SLAF Grant	EPA Grant	CDG	Bonds	Future Planned Projects	
Facilities Management							
Clyde Washington Community Center				\$1,050,000			\$1,050,000
Fleet Management Vehicle Acquisition						\$350,000	350,000
Historic Dumfries, Virginia, Inc. Repairs						28,000	28,000
Brownfield Multipurpose Grant			\$1,000,000				1,000,000
Overhead to Underground Conversion on Rt 1 (South Bound)					\$6,400,000		6,400,000
Overhead to Underground Conversion on Rt 1 (North Bound)					7,400,000		7,400,000
Splash Pad						500,000	500,000
JS Community Center Upgrade & Structural Assessment						70,000	70,000
<b>Facilities Management Subtotal</b>	-	-	\$1,000,000	\$1,050,000	\$13,800,000	\$948,000	\$16,798,000
Stormwater							
Quantico Creek Phase II		400,000				1,800,000	2,200,000
Extraordinary Cleaning of Major Outfall Ditches and Channels						25,000	25,000
Various SW Projects	500,000						500,000
<b>Stormwater Subtotal</b>	\$500,000	\$400,000	-	-	-	\$1,825,000	\$2,725,000
Police							
PD Facility Upgrades						60,000	60,000
Town Hall Emergency Power System						200,000	200,000
<b>Police Subtotal</b>	-	-	-	-	-	\$260,000	\$260,000
<b>Total</b>	\$500,000	\$400,000	\$1,000,000	\$1,050,000	\$13,800,000	\$3,033,000	\$19,783,000

## SECTION SEVEN: MISCELLANEOUS

### Pending Litigation and Administrative Proceedings

The Town and its employees may be named from time to time as defendants in various claims, which will be defended by the Town Attorney and associated counsel. The Town's potential liability is protected partially by sovereign immunity and by indemnification agreements. The Town Attorney is of the opinion that none of the litigation currently pending against the Town will, or should, have a material adverse effect on the Town's financial condition.

According to the Town Attorney, there is no litigation pending or threatened against the Town which would affect the validity of the Bonds or the right of the Town to levy or collect an annual ad valorem tax, over and above all other taxes authorizing or limited by law and without limitation as to rate or amount, on all locally taxable property in the Town sufficient to pay the principal of and interest on the Bonds as the same became due.

### Ratings

Moody's has given the Bonds a rating of "Aa3" based on the creditworthiness of the Town. S&P has given the Bonds a rating of "AA-" based on the creditworthiness of the Town.

Such ratings reflect only the respective view of Moody's and S&P. References should be made to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007 and S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC, 55 Water Street, New York, New York 10041 for a fuller explanation of the significance of the ratings assigned by such rating agencies. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be changed, suspended or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, changes in or unavailability of, information so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

### Continuing Disclosure

***Current Undertaking.*** The Town will execute and deliver in connection with the Bonds a Continuing Disclosure Agreement, the form of which is set forth as Appendix C to this Official Statement, pursuant to which the Town will covenant and agree to provide certain annual financial information and notices of the events specified in the Rule. As described in Appendix C, the Continuing Disclosure Agreement requires the Town to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Bonds at any particular time. The Town may from time to time disclose certain information and data in addition to that required by the Continuing Disclosure Agreement. If the Town chooses to provide any additional information, the Town shall have no obligation to continue to update such information or to include it in any future disclosure filing. The Town may amend its undertakings if such amendment complies with the Rule at the time of the amendment and will promptly disclose such amendment on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). See **Appendix C – "Form of Continuing Disclosure Agreement."**

The continuing obligation of the Town to provide annual financial information and notices pursuant to such Continuing Disclosure Agreement will terminate with respect to any Bond when such Bonds are no longer outstanding. Any failure by the Town to comply with the foregoing will not constitute a default with respect to the Bonds.

**Prior Undertaking.** The Town has had no prior continuing disclosure undertakings.

### Certificate Regarding Official Statement

Concurrently with the delivery of the Bonds, officials who signed the Bonds will certify that, to the best of their knowledge (i) the Final Official Statement did not as of its date, and does not as of the date of delivery of the

Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Final Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading and (ii) that no litigation is pending or threatened against the Town (A) to restrain or enjoin the issuance or delivery of any of the Bonds, (B) in any way contesting or affecting any authority for the issuance or validity of the Bonds or (C) in any way contesting the existence or powers of the Town. Such certificate will also state, however, that such officials did not independently verify the information in the Final Official Statement from sources other than the Town, but that they have no reason to believe that such information contains any untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which the Final Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

### **Approval of Official Statement**

All summaries in this Preliminary Official Statement of provisions of the Constitution of the Commonwealth, statutes of the Commonwealth, the Town Charter, ordinances or resolutions of the Town, or other documents and instruments and of the Bonds are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

The information contained in this Preliminary Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. This Preliminary Official Statement and any advertisement of the Bonds are not to be construed as a contract with the purchasers of the Bonds. Any statements made in this Preliminary Official Statement involving matters of opinions or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The distribution of this Preliminary Official Statement has been duly authorized by the Town Council. The Town Council has deemed this Preliminary Official Statement final as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule.

### **TOWN OF DUMFRIES, VIRGINIA**

By: \_\_\_\_\_  
Town Manager

## **Appendix A**

### **BASIC FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Town of Dumfries, Virginia, as of and for the year ended June 30, 2024, 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.

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2025, 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 7, 2025

## Town of Dumfries Management's Discussion and Analysis

The following discussion provides an overview and analysis of Town of Dumfries, Virginia's (Town) financial activities for the fiscal year ended June 30, 2024. Please read this information in conjunction with the Town's audited financial statements as reported herein.

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Dumfries, on a government-wide basis exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,344,025 (net position). Of that, \$6,840,729 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The total assets of the Town's governmental activities for fiscal year ended June 30, 2024 were \$33,230,646.
- For the year ended June 30, 2024, the Town's governmental activities reported an increase in net position of \$2,299,451.
- The Town's bonds had a net increase of \$6,243,000 due to issuance of new bonds. The Town's compensated absences liabilities decreased by \$13,181.
- Net pension liability as of June 30, 2024 was \$85,921 and there was a net pension asset at June 30, 2023 of \$101,389 resulting in a net increase in liability of \$187,310.
- Net OPEB liabilities as of June 30, 2024 were \$432,540 and there were net OPEB Liabilities at June 30, 2023 of \$352,450 resulting in a net increase in liability of \$80,090.

### Overview of the Financial Statements

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

### Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* presents all of the Town's permanent accounts or assets, deferred outflows, liabilities, deferred inflows and the resulting net position. The difference between assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources) is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the Town.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, *regardless of the timing of related cash flows*. Thus, some transactions reported in this statement will result in cash flows in future fiscal periods.

## Government-wide financial statements (Continued)

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

## Fund financial statements

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

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

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

## Notes to the Financial Statements

The notes provide additional information and details that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information including budgetary comparisons for the general fund and progress in funding its obligation to provide pension and other post-employment benefits to its employees.

## Government-wide Financial Analysis

The following table reflects the condensed Summary of Net Position as presented in the government-wide financial statements:

Statement of Net Position			
As of June 30, 2024 and 2023			
	Governmental Activities		
	2024	2023	
Current and other assets	\$ 18,549,585	\$ 11,875,516	
Capital assets	14,681,061	14,822,650	
Total assets	\$ 33,230,646	\$ 26,698,166	
Deferred outflows of resources	\$ 779,463	\$ 564,213	
Total assets and deferred outflows	\$ 34,010,109	\$ 27,262,379	
Current and other liabilities	\$ 4,078,753	\$ 6,013,506	
Long-term liabilities	15,067,067	8,264,535	
Total liabilities	\$ 19,145,820	\$ 14,278,041	
Deferred inflows of resources	\$ 2,520,264	\$ 2,939,764	
Net position:			
Net investment in capital assets	\$ 5,500,334	\$ 7,134,337	
Restricted	2,962	102,387	
Unrestricted	6,840,729	2,807,850	
Total net position	\$ 12,344,025	\$ 10,044,574	
Total liabilities, deferred inflows, and net position	\$ 34,010,109	\$ 27,262,379	

The net position for the Town totals \$12,344,025 which is an increase of \$2,299,451 (22.89%) over the previous fiscal year.

## Government-wide Financial Analysis (Continued)

The following table shows the revenue and expenses of government-wide activities:

Statement of Activities		
For the Year Ended June 30, 2024 and 2023		
	Governmental Activities	
	2024	2023
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 857,920	\$ 1,199,586
Operating grants & contributions	1,391,799	780,960
Capital grants & contributions	80,750	-
General Revenues:		
Real estate taxes	1,573,621	1,422,072
Other local taxes	3,921,677	3,698,558
Miscellaneous	3,905,638	267,196
Unrestricted investment earnings	354,484	92,300
Grants and contributions not restricted to specific programs	279,409	253,143
<b>Total revenues</b>	<b>\$ 12,365,298</b>	<b>\$ 7,713,815</b>
<b>Expenses:</b>		
Administration	\$ 3,445,919	\$ 4,684,502
Public safety	2,819,810	1,962,459
Public works	1,885,965	1,740,020
Community development	1,240,564	467,503
Interest on long-term debt	673,589	257,095
<b>Total expenses</b>	<b>\$ 10,065,847</b>	<b>\$ 9,111,579</b>
Change in net position	\$ 2,299,451	\$ (1,397,764)
<b>Net position beginning of year</b>	<b>10,044,574</b>	<b>11,442,338</b>
<b>Net position end of year</b>	<b>\$ 12,344,025</b>	<b>\$ 10,044,574</b>

Governmental Activities. For fiscal year 2024, the real estate tax rate was \$0.1899 per \$100 of assessed value.

## Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$12,330,894, an increase of \$8,743,305 in comparison with the prior year. Of this total amount, \$7,031,942 or 57% constitutes the unassigned fund balance. The remaining \$5,298,952 consists of the nonspendable, restricted, committed and assigned fund balances designated for various items.

The General Fund is the Town's primary operating fund. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,031,942.

## Capital Assets and Debt Administration

**Capital assets:** The Town's investment in capital assets for its governmental activities totaled \$14,681,061 net of accumulated depreciation. This is a decrease of \$141,589 from the previous year. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and construction in progress. This increase is primarily due to increases of construction in progress related to roads projects and repayment of related long-term debt.

Additional details on the Town's capital assets can be found in Note 4 of the Notes to Financial Statements.

**Long-term obligations:** At the end of the current fiscal year, the Town had total outstanding long-term obligations of \$15,067,067. The increase of \$6,388,920 from the prior year primarily represents the issuance of bonds and payment of debt service. Bond issuances in the year totaled \$6,625,000 and debt service repayments during the year totaled \$382,000. The liability balances for compensated absences decreased by \$13,181, pension liability increased \$85,921 and net OPEB liabilities increased by \$80,090.

For towns, the Commonwealth of Virginia limits the amount of debt outstanding to 10% of the locality's assessed value of real property. The Town's outstanding debt is significantly below this limitation representing the Town's historically conservative debt borrowing policy and management approach.

Additional details on the Town's long-term obligations can be found in Notes 6 of the Notes to Financial Statements.



## Economic Factors

- The Town of Dumfries has begun the review and update process of its Comprehensive Plan. The Dumfries Comprehensive Plan includes the vision and goals of the town for the next twenty years and a list of actions and policies to achieve those goals. Topics covered by the Comprehensive Plan include, but are not limited to, land use, economic growth, transportation, and community services.
- Economic Vitality is one of the primary areas of focus for the Town of Dumfries. As a relatively small urban area within the Northern Virginia region of 1.6 square miles, there is a finite amount of land available for new construction and, as a result, there continues to be a need to promote redevelopment within the Town limits. The Town currently has multiple major development projects underway that will increase the local housing stock and redevelop historically underutilized parcels. These projects will also bring additional residents and attract additional commercial business to the Town.
- The Route 1 widening project continues to progress, and the project is fully funded through grants. Required Right of Way acquisition is nearly complete and expected to conclude by 2026. The project is anticipated to be completed in 2031, and once completed, the project will result in all lanes of Route 1 through the Town of Dumfries being located along the current East roadway, or Fraley Boulevard, where the northbound only lanes currently run. That will allow the present southbound lanes to become a two-way “Main Street” that will facilitate the development and redevelopment of adjacent parcels. In 2020, the Town completed a revision of the local Comprehensive Plan to include a Pattern Book, which defines the vision for the new “Main Street. The Pattern Book, updated Comprehensive Plan, and a more detailed Small Area Plan will work to encourage future economic development.
- The Rose resort project opened in November 2024. This project has transformed the site of the former Potomac landfill into an 80-acre public park and open space, and an entertainment facility that features a gaming emporium, restaurants, and hotel accommodations. A future phase will add additional hotel rooms and an event center. The total investment for construction is more than \$450 million, estimated economic impact for the project includes \$5 million in annual tax revenue to the Town, and an additional annual tax revenue to the region. The Rose will also create more than 500 new local jobs.
- The pending acquisition of waterfront property, which is a former auto repair and storage site, presents additional opportunities for development. The 167-acre site includes 14 acres of developable property for a mixture of uses that could include commercial, hospitality, residential and recreational. The remaining 152 acres of property would be used for recreational purposes, including nature trails, piers and water access. Like the Rose, the Waterfront development would welcome visitors and promote tourism within the Town.

## Requests for Information

This financial report is designed to provide a general overview of the Town’s financial condition as of fiscal year ended June 30, 2023. Questions concerning this report or requests for additional information should be directed to the Town Manager, Town of Dumfries, 17739 Main Street, Suite 200 Dumfries, VA 22026.

## **Basic Financial Statements**

**Government-wide Financial Statements**

Statement of Net Position  
June 30, 2024

		Primary Government Governmental Activities
<b>ASSETS</b>		
Cash and cash equivalents	\$	15,826,202
Receivables (net of allowance for uncollectibles):		
Taxes receivable		1,049,147
Accounts receivable		164,030
Due from other governmental units		186,715
Leases receivable		725,331
Prepaid items		425
Net OPEB asset		2,962
Restricted assets:		
Cash and cash equivalents		395,973
Notes receivable		198,800
Capital assets (net of accumulated depreciation):		
Land		1,889,229
Buildings and improvements		5,725,081
Machinery and equipment		872,003
Lease equipment		4,321
Infrastructure		5,687,732
Construction in progress		502,695
Total assets	\$	<u>33,230,646</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related items	\$	456,404
OPEB related items		<u>323,059</u>
Total deferred outflows of resources	\$	<u>779,463</u>
<b>LIABILITIES</b>		
Accounts payable	\$	466,014
Accrued liabilities		217,878
Escrow and other deposits		152,984
Accrued interest payable		206,413
Unearned revenue		3,035,464
Long-term liabilities:		
Due within one year		416,213
Due in more than one year		<u>14,650,854</u>
Total liabilities	\$	<u>19,145,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related items	\$	94,115
OPEB related items		206,534
Leases related		689,317
Deferred revenue - property taxes		805,098
Unavailable revenue - sale of future lease rights		<u>725,200</u>
Total deferred inflows of resources	\$	<u>2,520,264</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$	5,500,334
Restricted		
OPEB asset		2,962
Unrestricted		<u>6,840,729</u>
Total net position	\$	<u><u>12,344,025</u></u>

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

Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			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	\$ 3,445,919	\$ 38,970	\$ 338,183	\$ -	\$	(3,068,766)
Public safety	2,819,810	-	645,042	80,750		(2,094,018)
Public works	1,885,965	632,715	390,130	-		(863,120)
Community development	1,240,564	186,235	18,444	-		(1,035,885)
Interest on long-term debt	673,589	-	-	-		(673,589)
Total governmental activities	\$ 10,065,847	\$ 857,920	\$ 1,391,799	\$ 80,750	\$	(7,735,378)
General revenues:						
General property taxes					\$	1,573,621
Local sales and use taxes						621,810
Consumers' utility taxes						176,058
Business licenses						683,006
Restaurant food taxes						971,953
Transient occupancy taxes						71,611
Cigarette tax						124,376
Gaming tax						1,249,526
Other local taxes						23,337
Unrestricted revenues from use of money						354,484
Miscellaneous						3,905,638
Grants and contributions not restricted to specific programs						279,409
Total general revenues					\$	10,034,829
Change in net position					\$	2,299,451
Net position - beginning						10,044,574
Net position - ending					\$	12,344,025

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

## **Fund Financial Statements**

Balance Sheet  
Governmental Funds  
June 30, 2024

	General	Capital Projects	Stormwater Utility	Grants	Streets and Highway	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,987,916	\$ 4,497,231	\$ 4,793	\$ 18,158	\$ 318,104	\$ 15,826,202
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,049,147	-	-	-	-	1,049,147
Accounts receivable	164,030	-	-	-	-	164,030
Due from other governmental units	186,715	-	-	-	-	186,715
Lease receivables	725,331	-	-	-	-	725,331
Prepaid items	425	-	-	-	-	425
Notes receivable	198,800	-	-	-	-	198,800
Restricted assets:						
Cash and cash equivalents	395,973	-	-	-	-	395,973
Total assets	<u>\$ 13,708,337</u>	<u>\$ 4,497,231</u>	<u>\$ 4,793</u>	<u>\$ 18,158</u>	<u>\$ 318,104</u>	<u>\$ 18,546,623</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 371,823	\$ 89,039	\$ 4,793	\$ -	\$ 359	\$ 466,014
Accrued liabilities	217,878	-	-	-	-	217,878
Escrow and other deposits	152,984	-	-	-	-	152,984
Unearned revenue	3,035,464	-	-	-	-	3,035,464
Total liabilities	<u>\$ 3,778,149</u>	<u>\$ 89,039</u>	<u>\$ 4,793</u>	<u>\$ -</u>	<u>\$ 359</u>	<u>\$ 3,872,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases related	\$ 689,317	\$ -	\$ -	\$ -	\$ -	\$ 689,317
Unavailable revenue - property taxes	928,872	-	-	-	-	928,872
Unavailable revenue - sale of future lease rights	725,200	-	-	-	-	725,200
Total deferred inflows of resources	<u>\$ 2,343,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,343,389</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	\$ 425	\$ -	\$ -	\$ -	\$ -	\$ 425
Leases	36,014	-	-	-	-	36,014
Restricted:						
Asset forfeiture	570	-	-	-	-	570
Courthouse maintenance funds	3,607	-	-	-	-	3,607
Debt reserve funds	514,241	-	-	-	-	514,241
Grants	-	-	-	18,158	-	18,158
Streets and highways	-	-	-	-	317,745	317,745
Assigned:						
Capital projects	-	4,408,192	-	-	-	4,408,192
Unassigned:						
General fund	7,031,942	-	-	-	-	7,031,942
Total fund balances	<u>\$ 7,586,799</u>	<u>\$ 4,408,192</u>	<u>\$ -</u>	<u>\$ 18,158</u>	<u>\$ 317,745</u>	<u>\$ 12,330,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,708,337</u>	<u>\$ 4,497,231</u>	<u>\$ 4,793</u>	<u>\$ 18,158</u>	<u>\$ 318,104</u>	<u>\$ 18,546,623</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, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	12,330,894	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			14,681,061
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds.			
Unavailable revenue - property taxes	\$	123,774	
Net OPEB asset		<u>2,962</u>	126,736
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	456,404	
OPEB related items		<u>323,059</u>	779,463
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when due.			(206,413)
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	\$	(14,250,376)	
Bond premium		(59,830)	
Lease liabilities		(4,504)	
Compensated absences		(233,896)	
Net pension liability		(85,921)	
Net OPEB liabilities		<u>(432,540)</u>	(15,067,067)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(94,115)	
OPEB related items		<u>(206,534)</u>	<u>(300,649)</u>
Net position of governmental activities	\$		<u><u>12,344,025</u></u>

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



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

	General	Capital Projects	Stormwater Utility	Grants	Streets and Highway	Total
<b>REVENUES</b>						
General property taxes	\$ 1,551,459	\$ -	\$ -	\$ -	\$ -	1,551,459
Other local taxes	3,921,677	-	-	-	-	3,921,677
Permits, privilege fees, and regulatory licenses	112,130	-	74,105	-	-	186,235
Fines and forfeitures	38,970	-	-	-	-	38,970
Revenue from the use of money and property	838,231	148,968	-	-	-	987,199
Miscellaneous	3,905,638	-	-	-	-	3,905,638
Intergovernmental:						
Commonwealth	426,091	-	20,042	25,569	354,714	826,416
Federal	910,168	-	-	15,374	-	925,542
Total revenues	\$ 11,704,364	\$ 148,968	\$ 94,147	\$ 40,943	\$ 354,714	\$ 12,343,136
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 3,107,147	\$ -	\$ -	\$ -	\$ -	3,107,147
Public safety	2,543,166	-	-	22,785	-	2,565,951
Public works	1,616,665	-	113,061	-	36,969	1,766,695
Community development	1,031,913	-	-	-	-	1,031,913
Capital projects	32,894	803,631	-	-	-	836,525
Debt service:						
Principal retirement	384,256	-	-	-	-	384,256
Interest and other fiscal charges	403,119	129,225	-	-	-	532,344
Total expenditures	\$ 9,119,160	\$ 932,856	\$ 113,061	\$ 22,785	\$ 36,969	\$ 10,224,831
Excess (deficiency) of revenues over (under) expenditures	\$ 2,585,204	\$ (783,888)	\$ (18,914)	\$ 18,158	\$ 317,745	\$ 2,118,305
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ -	\$ -	\$ 18,914	\$ -	\$ -	18,914
Transfers out	(18,914)	-	-	-	-	(18,914)
Issuance of bonds	1,375,000	5,250,000	-	-	-	6,625,000
Total other financing sources (uses)	\$ 1,356,086	\$ 5,250,000	\$ 18,914	\$ -	\$ -	\$ 6,625,000
Net change in fund balances	\$ 3,941,290	\$ 4,466,112	\$ -	\$ 18,158	\$ 317,745	\$ 8,743,305
Fund balances - beginning	3,645,509	(57,920)	-	-	-	3,587,589
Fund balances - ending	\$ 7,586,799	\$ 4,408,192	\$ -	\$ 18,158	\$ 317,745	\$ 12,330,894

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, 2024

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

Net change in fund balances - total governmental funds	\$	8,743,305
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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	\$	630,815	
Depreciation expense		<u>(772,404)</u>	(141,589)

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

Property taxes	22,162
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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.

Issuance of long term debt	\$	(6,625,000)	
Principal repayments		<u>384,256</u>	(6,240,744)

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	\$	13,181	
Change in pension related items		80,049	
Change in OPEB related items		(35,668)	
Amortization of bond premium		4,654	
Change in interest payable		<u>(145,899)</u>	<u>(83,683)</u>

Change in net position of governmental activities	\$	<u><u>2,299,451</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, 2024

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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 5,982 and a land area of 1.63 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.

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

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

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

##### Budgetary Comparison Schedules: (Continued)

The budgetary comparison schedules present the original budget, the final budget and the actual activity of the major governmental funds.

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 2024.

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, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Principal and interest on long-term debt are recognized when due except for amounts due on July 1, which are accrued.

**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.

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

**F. Investments**

External investment pools are measured at amortized cost. All other investments are reported at fair value.

**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 \$12,165 at June 30, 2024.

**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 fair 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 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 and Other Employee Benefit Amounts**

Vested vacation, sick pay and other related employee benefit amounts are accrued when earned in all funds.

**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 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.

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

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**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).

**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, 2024, the Town had no significant concentrations of credit risk.



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

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**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.

**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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

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**R. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary 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). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

*Lessor*

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

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

T. Leases: (Continued)

*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, 2024:

Department	Overspent
Finance	\$ 27,613
Town Attorney	23,559
Maintenance of general buildings and grounds	68,556
Recreation and civic engagement	3,492

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TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits (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, 2024 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, 2024 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

Town's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Rating		
	AAAm	AA+	
VML/VACO Virginia Investment Pool Bond Fund	\$ -	\$ 1,103,796	
VML/VACO Virginia Investment Liquidity Pool	395,973	-	
Virginia State Non-Arbitrage Program	4,619,743	-	
Total	\$ 5,015,716	\$ 1,103,796	

Fair Value Measurements:

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in 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).

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (Continued)

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:

Investment Maturities (in years)		
Investment Type	Fair Value	Less than 1 year
VML/VACO Virginia Investment Pool Bond Fund	\$ 1,103,796	\$ 1,103,796
VML/VACO Virginia Investment Liquidity Pool	395,973	395,973
Virginia State Non-Arbitrage Program	4,619,743	4,619,743
Total	\$ 6,119,512	\$ 6,119,512

NOTE 3—DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2024 the Town has receivables from other governments as follows:

	General Fund
Commonwealth of Virginia:	
Communications tax	\$ 19,195
Automobile rental tax	29,340
Department of Criminal Justice Services	80,750
Prince William County:	
Court fees	236
Sales tax	57,194
Totals	\$ 186,715

# TOWN OF DUMFRIES, VIRGINIA

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

### NOTE 4—CAPITAL ASSETS:

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

#### Governmental Activities:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 1,889,229	\$ -	\$ -	\$ 1,889,229
Construction in progress	502,695	-	-	502,695
Total capital assets not being depreciated	<u>\$ 2,391,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,391,924</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 7,865,391	\$ 44,737	\$ -	\$ 7,910,128
Machinery and equipment	2,092,270	539,968	-	2,632,238
Infrastructure	8,554,944	46,110	-	8,601,054
Lease equipment	11,086	-	-	11,086
Total capital assets being depreciated	<u>\$ 18,523,691</u>	<u>\$ 630,815</u>	<u>\$ -</u>	<u>\$ 19,154,506</u>
Accumulated depreciation:				
Buildings and improvements	\$ 1,929,334	\$ 255,713	\$ -	\$ 2,185,047
Machinery and equipment	1,532,501	227,734	-	1,760,235
Infrastructure	2,626,620	286,702	-	2,913,322
Lease equipment	4,510	2,255	-	6,765
Total accumulated depreciation	<u>\$ 6,092,965</u>	<u>\$ 772,404</u>	<u>\$ -</u>	<u>\$ 6,865,369</u>
Total capital assets being depreciated, net	<u>\$ 12,430,726</u>	<u>\$ (141,589)</u>	<u>\$ -</u>	<u>\$ 12,289,137</u>
Governmental activities capital assets, net	<u>\$ 14,822,650</u>	<u>\$ (141,589)</u>	<u>\$ -</u>	<u>\$ 14,681,061</u>

Depreciation expense was charged to functions/programs as follows:

#### Governmental Activities:

General Government	\$ 283,294
Public Safety	233,949
Public Works	161,077
Community Development	<u>94,084</u>
Total	<u>\$ 772,404</u>

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

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### NOTE 5—COMPENSATED ABSENCES:

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The Town has accrued the liability arising from outstanding compensated absences. Town employees earn vacation and sick leave at rates determined by length of service. Accumulated amounts paid upon termination vary with the length of service. The Town had outstanding compensated absences as follows:

Governmental Funds	\$ <u>233,896</u>
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### NOTE 6—LONG-TERM OBLIGATIONS:

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

	Balance at July 1, 2023	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2024	Amounts Due Within One Year
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 7,302,376	\$ 6,625,000	\$ 227,000	\$ 13,700,376	\$ 226,000
Revenue bonds	705,000	-	155,000	550,000	160,000
Other Liabilities:					
Premium on bonds	64,484	-	4,654	59,830	4,509
Net pension liability	-	961,525	875,604	85,921	-
Net OPEB liabilities	352,450	556,480	476,390	432,540	-
Lease liability	6,760	-	2,256	4,504	2,314
Compensated absences	247,077	11,527	24,708	233,896	23,390
Total Governmental Activities	\$ <u>8,678,147</u>	<u>8,154,532</u>	<u>\$ 1,765,612</u>	<u>\$ 15,067,067</u>	<u>\$ 416,213</u>

# TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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)	\$ 385,000	\$ 120,000
\$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>165,000</u>	<u>40,000</u>
Total revenue bonds	\$ <u>550,000</u>	\$ <u>160,000</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)	\$ 2,270,376	\$ 106,000
\$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)	1,640,000	40,000
\$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)	3,165,000	80,000
\$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>13,700,376</u>	\$ <u>226,000</u>
Premium on bonds	\$ <u>59,830</u>	\$ <u>4,509</u>
Net pension liability	\$ <u>85,921</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>432,540</u>	\$ <u>-</u>
<u>Lease liability:</u>		
Secured by equipment through 2026 at discount rate of 2.80%	\$ <u>4,504</u>	\$ <u>2,314</u>
Compensated absences	\$ <u>233,896</u>	\$ <u>23,390</u>
Total Governmental Activities	\$ <u><u>15,067,067</u></u>	\$ <u><u>416,213</u></u>

(1) Represents direct borrowings and direct placements



**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2024 (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 General Obligation and Revenue Bonds		Lease Liability	
	Principal	Interest	Principal	Interest
2025	\$ 386,000	\$ 593,794	\$ 2,314	\$ -
2026	415,000	622,940	2,190	-
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	\$ 14,250,376	\$ 4,914,906	\$ 4,504	\$ -

**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.

NOTE 7—PENSION PLAN: (CONTINUED)

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

Inactive members or their beneficiaries currently receiving benefits	42
Inactive members:	
Vested inactive members	9
Non-vested inactive members	21
Inactive members active elsewhere in VRS	21
Total inactive members	51
Active members	30
Total covered employees	123

**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, 2024 was 11.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$339,701 and \$274,517 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Net Pension Liability***

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

***Actuarial Assumptions - General Employees***

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

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

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

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### NOTE 7—PENSION PLAN: (CONTINUED)

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

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

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

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

# TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

#### *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers 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, 2024 (Continued)

**NOTE 7—PENSION PLAN: (CONTINUED)**

***Changes in Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 5,792,427	\$ 5,893,816	\$ (101,389)
Changes for the year:			
Service cost	\$ 345,334	\$ -	\$ 345,334
Interest	400,072	-	400,072
Differences between expected and actual experience	212,361	-	212,361
Assumption changes	-	-	-
Contributions - employer	-	274,510	(274,510)
Contributions - employee	-	116,785	(116,785)
Net investment income	-	382,765	(382,765)
Benefit payments, including refunds	(421,539)	(421,539)	-
Administrative expenses	-	(3,758)	3,758
Other changes	-	155	(155)
Net changes	\$ 536,228	\$ 348,918	\$ 187,310
Balances at June 30, 2023	\$ 6,328,655	\$ 6,242,734	\$ 85,921

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

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

	Rate		
	1% Decrease (5.75)	Current Discount (6.75%)	1% Increase (7.75%)
Town Net Pension Liability (Asset)	\$ 860,942	\$ 85,921	\$ (539,764)

TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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, 2024, the Town recognized pension expense of \$259,645. At June 30, 2024, 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	\$ 116,703	\$ -
Net difference between projected and actual earnings on pension plan investments	-	94,115
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 116,703</u>	<u>\$ 94,115</u>

\$339,701 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ 27,850
2026	(92,509)
2027	84,461
2028	2,786
2029	-
Thereafter	-

*Pension Plan Data*

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

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

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### 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 \$9,254 as of June 30, 2024.

**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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$16,869 and \$13,944 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the entity reported a liability of \$131,445 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023 as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .010960% as compared to .00920% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$17,618. 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, 2024 (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, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,128	\$ 3,990
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,282
Change in assumptions	2,810	9,107
Changes in proportionate share	39,288	1,880
Employer contributions subsequent to the measurement date	<u>16,869</u>	<u>-</u>
Total	<u>\$ 72,095</u>	<u>\$ 20,259</u>

\$16,869 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ 9,568
2026	2,797
2027	10,886
2028	6,830
2029	4,886
Thereafter	-

**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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. 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, 2024 (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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

##### **Pre-Retirement:**

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

##### **Post-Retirement:**

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

##### **Post-Disablement:**

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

##### **Beneficiaries and Survivors:**

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

##### **Mortality Improvement Scale:**

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

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

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

NET GLI OPEB Liability

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

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

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



# TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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:

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

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

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

### *Discount Rate*

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

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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's Proportionate share of the GLI Plan			
Net OPEB Liability	\$ 194,842	\$ 131,445	\$ 80,188

*GLI Plan Fiduciary Net Position*

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

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.

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

*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, 2022 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	16
Vested inactive members	1
Active Members	<u>30</u>
Total covered employees	<u><u>47</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, 2024 was .14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 \$4,373 and \$3,585 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

*Net HIC OPEB Liability*

The Town’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

*Actuarial Assumptions*

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

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, 2024 (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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study 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, 2024 (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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

#### Long-Term Expected Rate of Return

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

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

# TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

### 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, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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, 2022	\$ 33,750	\$ 30,835	\$ 2,915
Changes for the year:			
Service cost	\$ 1,163	\$ -	\$ 1,163
Interest	2,211	-	2,211
Differences between expected and actual experience	11,863	-	11,863
Contributions - employer	-	3,586	(3,586)
Net investment income	-	1,753	(1,753)
Benefit payments	(4,308)	(4,308)	-
Administrative expenses	-	(39)	39
Other changes	-	124	(124)
Net changes	\$ 10,929	\$ 1,116	\$ 9,813
Balances at June 30, 2023	\$ 44,679	\$ 31,951	\$ 12,728

**TOWN OF DUMFRIES, VIRGINIA**

Notes of Financial Statements  
June 30, 2024 (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)	\$	17,171	\$ 12,728	\$ 8,965

***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, 2024, the Town recognized HIC Plan OPEB expense of \$5,036. At June 30, 2024, 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	\$ 13,878	\$ 624
Net difference between projected and actual earnings on HIC OPEB plan investments	-	284
Change in assumptions	1,052	-
Employer contributions subsequent to the measurement date	4,373	-
Total	\$ 19,303	\$ 908



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

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

\$4,373 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, 2025. 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:

Year Ended June 30		
2025	\$	4,520
2026		3,609
2027		4,499
2028		1,098
2029		296
Thereafter		-

*HIC Plan Data*

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

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

*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.

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

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### 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, 2024 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision VDLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 VDLDP were \$9,688 and \$9,577 for the years ended June 30, 2024 and June 30, 2023, 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, 2024, the Town reported a liability (asset) of (\$2,962) for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2023 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 20, 2022 and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Town's proportion of the VLDP was .18410% as compared to .16970% at June 30, 2022.

# TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (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, 2024, the Town recognized VLDP OPEB expense of \$7,670. 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, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,112	\$ 1,845
Net difference between projected and actual earnings on VLDP OPEB plan investments	7	-
Change in assumptions	20	271
Changes in proportionate share	470	18
Employer contributions subsequent to the measurement date	9,688	-
Total	\$ 11,297	\$ 2,134

\$9,688 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, 2025. 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:

#### Year Ended June 30

2025	\$ 63
2026	(341)
2027	123
2028	(24)
2029	(154)
Thereafter	(192)

### *Actuarial Assumptions*

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

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

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, 2024 (Continued)

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

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. 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, 2023, NOL amounts for the VRS Political Subdivision VLDP is as follows (amounts expressed in thousands):

		Political Subdivision Employee VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$	9,525
Plan Fiduciary Net Position		11,134
Political Subdivision VLDP Net OPEB Liability (Asset)	\$	(1,609)
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		116.89%

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, 2024 (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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategy	4.00%	4.50%	0.18%
PIP - Private Investment Partner	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

### 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, 2023, 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, 2023 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.

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	\$	(1,552)	\$ (2,962)	\$ (4,197)

*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 2023 Annual Comprehensive Annual Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 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, 2024 (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; 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, 2024 was \$830 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$12,450 and \$9,546 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

At June 30, 2024, the entity reported a liability of \$288,367 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was .07190% as compared to .06300% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$49,838. 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, 2024 (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, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,382	\$ 54,299
Net difference between projected and actual earnings on LODA OPEB program investments	-	844
Change in assumptions	64,050	59,463
Changes in proportionate share	128,482	68,627
Employer contributions subsequent to the measurement date	12,450	-
Total	\$ 220,364	\$ 183,233

\$12,450 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	\$ 9,762
2026	9,788
2027	6,651
2028	4,087
2029	(3,611)
Thereafter	(1,995)

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

Actuarial Assumptions

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

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

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

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, 2024 (Continued)

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2023, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

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

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

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

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

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

	Discount Rate		
	1% Decrease (2.86%)	Current (3.86%)	1% Increase (4.86%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 323,328	\$ 288,367	\$ 258,790

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 244,545	\$ 288,367	\$ 342,669

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

### NOTE 12—SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES AND OPEB EXPENSE:

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

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

	<u>Net OPEB Liabilities (Asset)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
LODA	\$ 288,367	\$ 220,364	\$ 183,233	\$ 49,838
Group Life	131,445	72,095	20,259	17,618
HIC	12,728	19,303	908	5,036
VLDP	<u>(2,962)</u>	<u>11,297</u>	<u>2,134</u>	<u>7,670</u>
Total	<u>\$ 429,578</u>	<u>\$ 323,059</u>	<u>\$ 206,534</u>	<u>\$ 80,162</u>

### NOTE 13—FIDELITY BOND:

Fidelity bond coverage with Virginia Municipal League during the fiscal year 2024 was as follows:

	<u>Coverage</u>
Fidelity and Crime	\$ 20,000

### NOTE 14—COMMITMENTS AND CONTINGENCIES:

#### State and Federal Programs

Federal programs in which the Town participates were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements Cost Principles*, and *Audit Requirements for Federal Awards*. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

#### Construction Commitments

At June 30, 2024, the Town has no outstanding construction contracts and commitments.

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

### NOTE 15—LITIGATION:

At June 30, 2024, the Town was involved in various matters of litigation, it is unknown what liability if any the Town would incur should any court decisions on pending matters not be favorable to the Town.

### 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:

	Unearned Revenue	
	Balance Sheet	Statement of Net Position
Grant revenue received in advance	\$ 482,604	\$ 482,604
American rescue plan	2,501,415	2,501,415
Other	51,445	51,445
Total unearned revenue	\$ 3,035,464	\$ 3,035,464

	Deferred/Unavailable Revenue	
	Balance Sheet Governmental Funds	Statement of Net Position Governmental Activities
2nd half assessments representing uncollected property tax which has not been billed but for which an enforceable lien is in effect.	\$ 928,872	\$ 797,782
Prepaid property tax revenues representing collections for property taxes that are applicable to the subsequent budget year.	-	7,316
Sale of future lease rights	725,200	725,200
Total deferred/unavailable revenue	\$ 1,654,072	\$ 1,530,298

### 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.

## TOWN OF DUMFRIES, VIRGINIA

Notes of Financial Statements  
June 30, 2024 (Continued)

### 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, 2024 was \$198,800.

### NOTE 20—LEASE RECEIVABLE:

The Town leases property to third parties. The following summarized the balances related to these leases for the year ended June 30, 2024:

Lease Description	Governmental Activities		
	Discount Rate	Leases Receivable	Deferred Inflows of Resources
Greater Prince William Area Community Health Center	2.50%	\$ 285,742	\$ 265,668
Young Marines	3.00%	94,476	87,677
Fairway Independent Mortgage Corporation	3.00%	57,758	50,549
The Future Kings	2.50%	6,475	5,858
Powell Enterprise	2.00%	252,993	252,629
Sentara Medical Group	3.00%	27,887	26,936
Total		\$ 725,331	\$ 689,317

Lease revenue totaled \$577,840 for the year ended June 30, 2024. Lease interest revenue totaled \$19,907 for the year ended June 30, 2024.

### 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 from the initial allocation are reported as unearned revenue as of June 30.

## NOTE 22—UPCOMING PRONOUNCEMENTS

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

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

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

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



## **Required Supplementary Information**

### **Note to Required Supplementary Information:**

Presented budgets were prepared in accordance with Accounting Principles Generally Accepted in the United States of America.

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
General property taxes	\$ 1,380,000	\$ 1,380,000	\$ 1,551,459	\$ 171,459
Other local taxes	7,298,576	3,546,941	3,921,677	374,736
Permits, privilege fees, and regulatory licenses	220,000	167,000	112,130	(54,870)
Fines and forfeitures	45,000	45,000	38,970	(6,030)
Revenue from the use of money and property	709,000	748,811	838,231	89,420
Miscellaneous	135,500	153,500	3,905,638	3,752,138
Intergovernmental:				
Commonwealth	417,261	427,591	426,091	(1,500)
Federal	-	3,000,000	910,168	(2,089,832)
Total revenues	\$ 10,205,337	\$ 9,468,843	\$ 11,704,364	\$ 2,235,521
Expenditures:				
General government administration:				
Legislative:				
Governing body	\$ 213,636	\$ 214,818	\$ 212,293	\$ 2,525
General and financial administration:				
Town Manager	\$ 4,783,703	\$ 1,571,254	\$ 1,450,722	\$ 120,532
Finance	-	623,591	651,204	(27,613)
Treasurer	-	480,173	478,597	1,576
Town Attorney	-	290,772	314,331	(23,559)
Total general and financial administration	\$ 4,783,703	\$ 2,965,790	\$ 2,894,854	\$ 70,936
Total general government administration	\$ 4,997,339	\$ 3,180,608	\$ 3,107,147	\$ 73,461
Public safety:				
Law enforcement and traffic control:				
Police	\$ 2,602,487	\$ 2,688,230	\$ 2,543,166	\$ 145,064
Public works:				
Maintenance of general buildings and grounds	\$ 292,412	\$ 240,000	\$ 308,556	\$ (68,556)
Facilities and other public works	1,293,498	1,551,036	1,308,109	242,927
Stormwater management	118,150	-	-	-
Total public works	\$ 1,704,060	\$ 1,791,036	\$ 1,616,665	\$ 174,371
Community development:				
Planning and community development:				
Community development	\$ 549,306	\$ 363,188	\$ 348,826	\$ 14,362
Recreation and civic engagement	112,000	675,745	679,237	(3,492)
Boards and commissions	18,500	18,500	3,850	14,650
Total community development	\$ 679,806	\$ 1,057,433	\$ 1,031,913	\$ 25,520
Capital projects	\$ -	\$ -	\$ 32,894	\$ (32,894)
Debt service:				
Principal retirement	\$ 384,256	\$ 384,256	\$ 384,256	\$ -
Interest and other fiscal charges	289,052	586,394	403,119	183,275
Total debt service	\$ 673,308	\$ 970,650	\$ 787,375	\$ 183,275
Total expenditures	\$ 10,657,000	\$ 9,687,957	\$ 9,119,160	\$ 568,797
Excess (deficiency) of revenues over (under) expenditures	\$ (451,663)	\$ (219,114)	\$ 2,585,204	\$ 2,804,318
Other financing sources (uses):				
Transfers out	\$ (75,000)	\$ -	\$ (18,914)	\$ (18,914)
Issuance of bonds	-	-	1,375,000	1,375,000
Total other financing sources (uses)	\$ (75,000)	\$ -	\$ 1,356,086	\$ 1,356,086
Net change in fund balance	\$ (526,663)	\$ (219,114)	\$ 3,941,290	\$ 4,160,404
Fund balances at beginning of year	526,663	219,114	3,645,509	3,426,395
Fund balances at end of year	\$ -	\$ -	\$ 7,586,799	\$ 7,586,799

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Pension Plan  
For the Measurement Dates of June 30, 2015 through June 30, 2023

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

Schedule is intended to show information for 10 years. Information prior to the 2015 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Pension Plan  
 For the Years Ended June 30, 2015 through June 30, 2024

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Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
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%
2015	187,584	187,584	-	1,134,812	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, 2024

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

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

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

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

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

## Schedule of Employer's Share of Net OPEB Liability

## Line of Duty Act (LODA) Program

For the Measurement Dates of June 30, 2017 through June 30, 2023

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)
2023	0.07190% \$	288,367	Unavailable	Unavailable	1.31%
2022	0.06300%	238,276	Unavailable	Unavailable	1.87%
2021	0.41700%	183,805	Unavailable	Unavailable	1.68%
2020	0.57130%	239,269	Unavailable	Unavailable	1.02%
2019	0.07362%	264,138	Unavailable	Unavailable	0.79%
2018	0.05860%	184,000	Unavailable	Unavailable	0.60%
2017	0.05261%	138,000	Unavailable	Unavailable	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, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2024	\$ 12,450	\$ 12,450	\$ -	Unavailable	Unavailable
2023	9,546	9,546	-	Unavailable	Unavailable
2022	8,671	8,671	-	Unavailable	Unavailable
2021	5,738	5,738	-	Unavailable	Unavailable
2020	7,763	7,763	-	Unavailable	Unavailable
2019	10,000	10,000	-	Unavailable	Unavailable
2018	6,000	6,000	-	Unavailable	Unavailable
2017	5,000	5,000	-	Unavailable	Unavailable

\* 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, 2024

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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



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, 2023

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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)
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, 2015 through June 30, 2024

Date	Contributions in Relation to				Contributions as a % of
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
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%
2015	5,447	5,447	-	1,134,812	0.48%

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2024

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

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

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

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

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

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>							
Service cost	\$ 1,163	\$ 1,842	\$ 2,309	\$ 2,167	\$ 1,880	\$ 1,259	\$ 1,304
Interest	2,211	1,924	1,761	1,911	1,646	1,975	1,985
Differences between expected and actual experience	11,863	5,313	1,071	(1,824)	4,420	(4,446)	-
Changes of assumptions	-	881	631	-	641	-	(446)
Benefit payments	(4,308)	(5,751)	(4,637)	(4,321)	(3,270)	(3,706)	(2,251)
<b>Net change in total HIC OPEB liability</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>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>\$ 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	\$ 3,586	\$ 3,167	\$ 2,618	\$ 1,612	\$ 1,665	\$ 1,530	\$ 1,071
Net investment income	1,753	92	6,689	534	1,793	2,007	3,081
Benefit payments	(4,308)	(5,751)	(4,637)	(4,321)	(3,270)	(3,706)	(2,251)
Administrator charges	(39)	(53)	(74)	(51)	(38)	(45)	(48)
Other	124	2,316	-	-	(2)	(161)	161
<b>Net change in plan fiduciary net position</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>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>\$ 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>\$ 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>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>\$ 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>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, 2015 through June 30, 2024

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
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%
2015	1,135	1,135	-	1,134,812	0.10%

Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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

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

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

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

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

## Schedule of Employer's Share of Net OPEB Liability

Virginia Local Disability Program (VLDP)

For the Measurement Dates of June 30, 2017 through June 30, 2023

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)
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, 2015 through June 30, 2024

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
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%
2015	462	462	-	77,075		0.60%



Notes to Required Supplementary Information  
 Virginia Local Disability Program (VLDP)  
 For the Year Ended June 30, 2024

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

**Non-Largest Ten Locality Employers - General 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

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## **Appendix B**

### **FORM OF BOND COUNSEL OPINION**

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*Set forth below is the proposed form of the opinion of bond counsel. It is preliminary and subject to change prior to delivery of the Bonds.*

Mayor and Council  
Town of Dumfries  
Dumfries, Virginia

**TOWN OF DUMFRIES, VIRGINIA**

**\$ \_\_\_\_\_ \* General Obligation and Refunding Bonds, Series 2025**

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the Town of Dumfries, Virginia (**the “Town”**), of its \$ \_\_\_\_\_ \* General Obligation and Refunding Bonds, Series 2025 (**the “Bonds”**). The Town is issuing the Bonds to (a) finance Town capital improvements including, but not limited to, a portion of the cost of the Town undergrounding utility infrastructure along Route 1 in the Town (b) refund the Town’s outstanding \$5,250,000 General Obligation Bond Anticipation Note, Series 2023A (**the “Refunded Obligation”**), and (c) pay the costs of issuing the Bonds. Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Town as to certain facts relevant to both our opinion and requirements of the Internal Revenue Service Code of 1986, as amended (**the “Code”**).

Based on the foregoing, we are of the opinion that:

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, and constitute valid and binding general obligations of the Town, and the Town Council is authorized and required by law, unless other funds are lawfully available and appropriated for timely payment of the Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Town sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.

2. The rights of the holders of the Bonds and the enforceability of such rights may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

3. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof), (a) is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for Federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

4. Under current law, interest on the Bonds is exempt from income taxation by the Commonwealth of Virginia. No other opinion is expressed regarding any other tax consequences of ownership of, or receipt or accrual of interest on, the Bonds under the laws of the Commonwealth of Virginia or any other state.

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\*Preliminary, subject to change.

Our services as bond counsel to the Town have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax status of the interest on the Bonds. We express no opinion herein as to the financial resources of the Town, its ability to provide for payment of the Bonds or the accuracy or completeness of any information, including the Town's Preliminary Official Statement dated November \_\_, 2025, and its Official Statement dated December \_\_, 2025, that may have been relied upon by anyone in making the decision to purchase the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

**SANDS ANDERSON PC**

By: \_\_\_\_\_

## **Appendix C**

### **FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## APPENDIX C

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (**the “Disclosure Agreement”**) is executed and delivered by the Town of Dumfries, Virginia (**the “Issuer”**) as of December \_\_, 2025 in connection with the issuance by Issuer of its \$\_\_\_\_\_ \* General Obligation and Refunding Bonds, Series 2025 (**the “Bonds”**). The Issuer hereby covenants and agrees as follows:

**Section 1. Purpose.** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (**the “Rule”**) promulgated by the Securities and Exchange Commission (**the “SEC”**) by providing certain annual financial information and event notices required by the Rule (**collectively, “Continuing Disclosure”**).

**Section 2. Annual Disclosure.** (a) The Issuer shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles; and

(ii) the Issuer’s Comprehensive Annual Financial Report, as well as other information from the Issuer, which includes the operating data with respect to the Issuer of the type described in the sections of Appendix A of the Issuer’s Official Statement dated December \_\_, 2025, entitled **“Property Tax Rates,” “Assessed Value of Taxable Property,” “Property Tax Levies and Collections,” and “General Obligation Debt Service Requirements.”**

If the financial statements filed pursuant to Section 2(a) are not audited, the Issuer shall file such statements in unaudited form no later than the deadline set forth in Section 2(b) below, and thereafter shall file such statements in audited form as soon as they are available.

(b) The Issuer shall file annually with the Municipal Securities Rulemaking Board (**the “MSRB”**) the financial information and operating data described in subsection (a) above (**collectively, the “Annual Disclosure”**) within 270 days after the end of the Issuer’s fiscal year, commencing with the Issuer’s fiscal year ending June 30, 2025.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Issuer shall file with the MSRB in a timely manner notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

**Section 3. Event Disclosure.** The Issuer shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

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\* Preliminary, subject to change.

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance of the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of the beneficial holders of the Bonds, if material;
- (h) call of any of the Bonds, if material, and tender offers;
- (i) defeasance of all or any portion of the Bonds;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation (as defined below) of the Issuer if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect beneficial holders of the Bonds, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

For purposes of this Section 3, the term “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 4. Termination.** The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

**Section 5. Amendment.** The Issuer may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

**Section 6. Defaults.** (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Issuer’s covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the ordinance or resolution providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

**Section 7. Filing Method.** Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

**Section 8. Additional Disclosure.** The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

**Section 9. Counterparts.** This Disclosure Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 10. Governing Law.** This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

**TOWN OF DUMFRIES, VIRGINIA**

By: \_\_\_\_\_  
Town Manager

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## **Appendix D**

### **FORM OF NOTICE OF SALE**

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## NOTICE OF SALE

**\$13,390,000\***  
**Town of Dumfries, Virginia**  
**General Obligation and Refunding Bonds**  
**Series 2025**

**Date of Sale:..... December 3, 2025\***  
**Time of Sale:..... 10:30 AM Eastern Time\***

Electronic bids, via BIDCOMP/Parity Competitive Bidding System (“BIDCOMP/Parity”) will be received by the Town of Dumfries, Virginia (the “Town”) for the purchase of the Town’s \$13,390,000\* General Obligation and Refunding Bonds, Series 2025 (the “Bonds”) until **10:30 a.m. (Eastern Time) on December 3, 2025** (unless changed as described herein).

### Description of Bonds; Interest Payment Dates

The Bonds will be general obligations of the Town issued pursuant to an ordinance adopted by Town Council of the Town (the “Town Council”) on November 18, 2025. The Bonds will be dated their date of delivery, expected to be December 17, 2025, and will be issued as fully registered bonds in book-entry form only. Interest on the Bonds will be calculated on a 30/360 basis and will be payable semiannually on August 1 and February 1 commencing August 1, 2026.

### Principal Amortization

Principal on the Bonds will be paid (subject to prior redemption) through serial maturities and/or term maturities with annual sinking fund redemptions on the following dates and in the following amounts:

<b>Year (August 1)</b>	<b>Annual Principal Amounts*</b>	<b>Year (August 1)</b>	<b>Annual Principal Amounts*</b>
2027	\$180,000	2039	\$565,000
2028	235,000	2040	595,000
2029	345,000	2041	620,000
2030	360,000	2042	645,000
2031	380,000	2043	670,000
2032	400,000	2044	695,000
2033	420,000	2045	725,000
2034	440,000	2046	755,000
2035	465,000	2047	785,000
2036	490,000	2048	820,000
2037	515,000	2049	855,000
2038	540,000	2050	890,000

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\* Preliminary, subject to change.

### BID PARAMETERS TABLE FOR THE BONDS\*

INTEREST		PROCEDURAL	
Dated Date:	Date of Delivery	Sale Date and Time:	Bids due December 3, 2025, at 10:30 A.M. Eastern Time
Anticipated Delivery/Closing Date:	December 17, 2025	Bid Submission:	Electronic bids through <b>PARITY®</b> Only
Interest Payment Dates:	August 1 and February 1	All or None?	Yes
First Interest Payment Date:	August 1, 2026	Bid Award Method:	Lowest TIC
Coupon Multiples:	1/8 or 1/20 of 1%	Good Faith Deposit:	1% of the Bid Maturity Schedule, as more fully described under “Good Faith Deposit”
Zero Coupons:	Not Permitted		
Split Coupons:	Not Permitted		
PRINCIPAL		PRICING	
Optional Redemption:	Due on and after August 1, 2036, callable on August 1, 2035, and thereafter at par	Max. Aggregate Bid Price:	No Limit
Post-bid Principal Increases in Aggregate:	15%	Min. Aggregate Bid Price:	100%
Post-bid Principal Reductions in Aggregate:	15%	Max. Price per Maturity:	No Limit
Term Bonds:	Any two or more consecutive maturities on or after August 1, 2036**, may be designated as Term Bonds	Min. Price per Maturity:	No Limit
		High Coupon per Maturity:	Not to exceed 5%
		Difference Between High and Low Coupon	Not to exceed 3%

\*Subject to the detailed provisions of this Notice of Sale.

\*\*Preliminary, subject to change.

### Authorization and Purpose

Issuance of the Bonds was authorized by an ordinance adopted by the Town Council on November 18, 2025. The Town is issuing the Bonds to (a) finance capital improvements including, but not limited to, Phase 1 of a major infrastructure project that will convert overhead utility infrastructure along Route 1 in the Town to underground systems and to the extent funds are available, other Town capital projects (b) refund the \$5,250,000 General Obligation Bond Anticipation Note, Series 2023A and (c) pay the costs of issuing the Bonds.

### Security

The Bonds will be general obligations of the Town for the payment of which the Town’s full faith and credit will be irrevocably pledged. While the Bonds remain outstanding and unpaid, the Town Council is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law, and without limitation as to rate or amount, upon all locally taxable property within the Town sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.



## **Optional Redemption**

The Bonds maturing on or before August 1, 2035, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2036, are subject to redemption prior to maturity at the option of the Town on or after August 1, 2035, in whole or in part (in integrals of \$5,000) at any time, upon payment of 100% of the Bonds to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

## **Serial Bonds, Term Bonds and Mandatory Sinking Fund Redemption**

The successful bidder may provide in the bid form for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds maturing on or after August 1, 2036, to be combined into one or more term bonds. Each such term bond shall be subject to mandatory sinking fund redemption commencing on August 1 of the first year which has been combined to form such term bond and continuing on August 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above under "Principal Amortization" as such schedule may be revised in accordance with this Notice of Sale.

## **Selection of Bonds for Redemption**

If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected by the Town Manager in such manner as may be determined to be in the best interest of the Town. If less than all the Bonds of a particular maturity are called for redemption, the Bonds within such maturity to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and (b) in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

## **Notice of Redemption**

The Town shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the redemption date, to DTC, or its nominee, as the registered owner of the Bonds. If a portion of a Bond is called for redemption, a new Bond in principal amount of the unredeemed portion thereof shall be issued to the registered owner upon surrender thereof. The Town shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owners of the Bonds.

The Town may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

## **Book-Entry Only**

Initially, one bond certificate for each maturity will be issued to DTC or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and

procedures established by DTC and its participants. Principal of, redemption premium, if any, and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable in lawful money of the United States of America.

Transfer of principal, redemption premium, if any, and interest payments to beneficial owners (the “Beneficial Owners”) will be the responsibility of DTC participants and other nominees of the Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that DTC determines not to continue to act as securities depository for the Bonds or the Town decides to discontinue the book-entry system with DTC, either a successor securities depository will be selected by the Town or the Town will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

### **Bid Specifications**

No bid for less than all of the Bonds will be considered. All bids must be unconditional. No offer to purchase the Bonds at a price less than par will be accepted. Bidders are invited to name the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Each bidder must specify in its bid an interest rate for each maturity of the Bonds. All Bonds maturing on the same date must bear interest at the same rate. Any number of rates may be named provided that the highest rate of interest stated for any maturity may not exceed 5% per year, the difference between the highest rate of interest and the lowest rate of interest stated for any maturity may not exceed 3% per year, and an interest rate of 0% is not permitted. No bid for less than 100% of the aggregate principal amount of the Bonds shall be considered. **The Town reserves the right to reject any or all bids (regardless of the interest rate bid), to reject any bid not complying with this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any bid or the bidding process.**

Bids for the Bonds shall not be conditioned upon obtaining insurance or any other credit enhancement. If a bidder proposes to obtain a policy of municipal bond insurance or other credit enhancement, any such purchase of insurance or commitment therefor shall be at the sole option and expense of the bidder, and the bidder must pay any increased costs of issuance of the Bonds as a result of such insurance or commitment. Any failure by the bidder to obtain such policy of insurance shall not in any way relieve the bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

### **Changes to Preliminary Principal Amounts of the Bonds**

The Town reserves the right to reduce or increase the aggregate principal amount and the principal amount of each maturity of the Bonds as set forth on page one of this Notice of Sale (the “Preliminary Principal Amounts”). **Any such revisions (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” collectively, the “Revised Amounts”) will be announced on [www.TM3.com](http://www.TM3.com) not later than 9:30 a.m. (Eastern Time) on the announced date for the receipt of bids.** In the event that no such revisions are made, the Preliminary Principal Amounts will constitute the Revised Amounts. **Bidders shall submit bids based on the Revised Amounts.** Prospective bidders may request notification by facsimile transmission or e-mail of any such changes in the Preliminary Principal Amounts by so advising, and furnishing their facsimile numbers or e-mail addresses to Davenport & Company LLC (the “Financial Advisor”) at (804) 697-2900 no later than 5:00 p.m. (Eastern Time) the day before the date for receipt of bids.

### **Changes to Aggregate Principal Amount**

The Revised Aggregate Principal Amount and the Revised Annual Principal Amounts of the Bonds may be revised by the Town following acceptance of a bid for the purchase of the Bonds to take into account any premium bid and to provide for approximately level annual debt service. In making any such adjustments, the Town will not increase or decrease the aggregate principal amount of the Series 2025 Bonds by more than 15%. **The successful bidder may not withdraw its bid or change the price or interest rate bid at the initial offering price, as defined herein, as a result of any adjustment made to the Revised Amounts of the Bonds.** In the event of any such adjustment, no re-bidding or re-calculation of the bids submitted will be required or permitted. The dollar amount bid

by the successful bidder for the Bonds will be adjusted to reflect the changes in the Revised Aggregate Principal Amount. Such adjusted dollar amount bid will reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of the Bonds from the selling compensation per \$1,000 that would have been received based on the purchase price and the initial offering prices in the winning bid. The interest rates specified by the successful bidder for each maturity and the initial offering prices will not change. The Town anticipates that it will notify the successful bidder of any adjustment to the Revised Amounts of the Bonds by 3:00 p.m. (Eastern Time) on the date of the sale.

### **Electronic Bidding and Bidding Procedures**

*Registration to Bid.* All prospective bidders must be contracted customers of Ipreo's BiDCOMP/Parity. If you do not have a contract with BiDCOMP/Parity, call (212) 849-5021 to become a customer. By submitting a bid for the Bonds a prospective bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with earlier information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021.

*Disclaimer.* Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The Town is using BiDCOMP/Parity as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" set forth in this Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the Town's Financial Advisor at (804) 697-2900 (provided that neither the Financial Advisor nor the Town shall have an obligation to take any action whatsoever upon receipt of such notice).

*Bidding Procedures.* Bids submitted electronically for the purchase of the Bonds (all or none) must be by means of the Town of Dumfries, Virginia Bid Form (the "Bid Form") via BiDCOMP/Parity by 10:30 a.m. (Eastern Time) on December 3, 2025,\* unless changed as described herein (see "Change of Date and Time for Receipt of Bids"). Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the Town, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission, e-mail or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above.

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\* Preliminary, subject to change.

## **Good Faith Deposit**

The successful bidder for the Bonds, as indicated on BidCOMP/PARITY, shall submit a good faith deposit in the amount of \$133,900.00 (the "Good Faith Deposit") for the winning bid on the Bonds as provided below. The Good Faith Deposit will secure the Town from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the Town upon notification of the preliminary award of the Bonds, as indicated on BidCOMP/PARITY (the "Preliminary Award"), but in any case, no later than 2:30 p.m. (Eastern Time) on the date of the Preliminary Award. Wire instructions will be provided to the successful bidder by the Financial Advisor upon notification of the Preliminary Award.

The successful bidder shall provide as quickly as it is available, evidence of wire transfer to the Financial Advisor by providing to the Financial Advisor the federal funds reference number. The formal award of the Bonds shall not be made until the Financial Advisor has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the time designated above, the Town will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the Town for all consequential damages arising from such withdrawal.

At the time of delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal and this Notice of Sale. The successful bidder shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the Town. No interest will be paid upon the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the Town retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

## **Basis of Award**

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the Town. The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semi-annually, which, when applied against each combined semi-annual debt service payment (interest, or principal and interest, as due, including any mandatory sinking fund payment) for the Bonds, will equate the sum of such discounted semi-annual payments to the total purchase price. The true interest cost shall be calculated from the dated date of the Bonds. In case of a tie, the Town, in consultation with the Financial Advisor, may select the successful bidder. THE TOWN RESERVES THE RIGHT TO WAIVE IRREGULARITIES IN ANY BID AND TO REJECT ANY OR ALL BIDS.

## **Undertakings of the Successful Bidder**

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the Town in writing (via facsimile transmission or e-mail) of the initial public offering prices of the Bonds (the "Initial Offering Prices"). The successful bidder must, by facsimile transmission, e-mail or delivery received by the Town within 24 hours after award, furnish the following information to the Town to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the Town that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the Town determines is necessary to complete the Official Statement in final form.

After the award of the Bonds, the Town will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the Town will not include in the final Official Statement a “NRO” (“not reoffered”) designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the Town in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

The Town expects the successful bidder to deliver copies of such Official Statement in final form (the “Final Official Statement”) to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board (“MSRB”) via the MSRB’s Electronic Municipal Market Access System (“EMMA”). The successful bidder will be required to acknowledge receipt of such Final Official Statement, to certify that it has made delivery of the Final Official Statement to such repositories, to acknowledge that the Town expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

### **Issue Price Certificate**

The successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on or prior to the date of delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering prices to the public or the actual sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form attached hereto as Schedule 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Financial Advisor and any notice or report to be provided to the Town may be provided to the Financial Advisor.

The Financial Advisor has certified to the Town that the competitive sale requirements specified in the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the sale date written notice thereof.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder in writing on the sale date, and the successful bidder shall be subject to the “hold-the-offering-price rule” for each maturity, unless the successful bidder confirms on the sale date that it has sold at least 10% of a given maturity as described below.

The Town may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the Town if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town shall notify the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Town determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the initial offering price, or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth business day after the sale date; or

(ii) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder shall promptly advise the Town when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth business day after the sale date.

The Town acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Town further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that the 10% test has been satisfied as to the Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if

one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “sale date” means the date that the Bonds are awarded by the Town to the successful bidder.

### **Delivery of Bonds**

The Bonds are expected to be delivered on or about December 17, 2025\* (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS ANNOUNCED ON TM3 NOT LATER THAN 4:00 P.M. (Eastern Time) ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) through the facilities of DTC, against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal Funds.

The obligations of the successful bidder to accept the Bonds and the obligations of the Town to deliver the Bonds shall be conditioned upon (i) the availability of the approving opinion of Bond Counsel in the form attached to the Preliminary Official Statement, (ii) the delivery by the Town or on behalf of the Town, as applicable, of closing certificates confirming (A) the execution and delivery of the Bonds, (B) the lack of litigation pending or threatened against the Bonds and (C) the accuracy of the information contained in the Official Statement and (iii) the delivery of all other standard closing documents. If the Bonds are not accepted or delivered before 3:00 P.M. (Eastern Time) on the day of closing because the conditions of acceptance and delivery are not satisfied, the successful bidder shall be entitled to the return of its Good Faith Deposit (less any interest earned thereon), and the successful bidder and the Town shall be relieved of their obligations to each other arising out of this Notice of Sale.

### **Legal Opinion**

The approving opinion of Bond Counsel, in substantially the form set forth in an appendix to the Preliminary Official Statement, will be furnished at no expense to the successful bidder. The Preliminary Official Statement contains a discussion of the effect of the Code on the excludability from gross income of interest on the Bonds and a discussion of Bond Counsel’s opinion insofar as it concerns such exclusion.

### **CUSIP Numbers**

CUSIP numbers will be applied for by the Financial Advisor, and the Town will not assume any obligation for the assignment, printing, or correctness of such numbers. Neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery and pay for the Bonds. All expenses in connection with the assignment and printing of CUSIP numbers shall be paid by the Town.

### **Official Statement**

The Preliminary Official Statement dated the date hereof and the information contained therein have been deemed final by the Town as of its date within the meaning of the Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) with permitted omissions, but is subject to change without notice and to completion or amendment in the Final Official Statement.

The Town will make available to the successful bidder a reasonable number of Final Official Statements, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom such bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperates in a timely manner in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the MSRB, including an obligation, if any, to update the final Official Statement.

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\* Preliminary, subject to change.

### **Continuing Disclosure**

The Town has committed to provide (i) on an annual basis, certain annual financial and operating data (“Annual Reports”) and, if available, audited financial statements, to the MSRB and (ii) notice of the events listed in Rule 15c2-12 (“Event Notices”) to the MSRB.

### **Change of Date and Time for Receipts of Bids**

The Town expects to take bids on the Bonds on December 3, 2025.\* However, the Town reserves the right to change the date and time established for the receipt of bids and will undertake to notify potential bidders of such changes in the date or time for the receipt of bids. A change of the bid date will be announced via TM3 not later than 9:30 a.m. (Eastern Time), on any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 at least 20 hours prior to such alternative date and time for receipt of bids.

On any such alternative sale date and time, the Town will accept bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time of sale and any other changes announced by TM3 at the time the sale date and time are announced. In addition, the Town reserves the right to make changes to this Notice of Sale. Such changes will be announced on TM3.

### **Additional Information**

For further information relating to the Bonds, reference is made to the Preliminary Official Statement, dated the date hereof, prepared for and authorized by the Town. Bidders may obtain the Preliminary Official Statement via the Internet at [www.finpressllc.com](http://www.finpressllc.com). Printed copies are available upon request from the Town’s Financial Advisor, One James Center, 901 East Cary Street, Richmond, Virginia 23219 Telephone: (804) 697-2900.

Dated: [            ], 2025

TOWN OF DUMFRIES, VIRGINIA

By: Tangela Innis, Town Manager

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\* Preliminary, subject to change.



## SCHEDULE 1

### Form of Issue Price Certificate

**\$13,390,000**

**TOWN OF DUMFRIES, VIRGINIA  
GENERAL OBLIGATION AND REFUNDING BONDS  
SERIES 2025**

The undersigned, on behalf of \_\_\_\_\_ (the “[Successful Bidder]”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

*[Competitive Sale Requirements Met]*

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the [Successful Bidder] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the [Successful Bidder] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the [Successful Bidder] to purchase the Bonds.

(b) The [Successful Bidder] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the [Successful Bidder] constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) “*Issuer*” means the Town of Dumfries, Virginia.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) “*Sale Date*” means the date that the Bonds are awarded by the Issuer to the successful bidder. The Sale Date of the Bonds is [DATE].

(e) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Sands Anderson PC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: [ISSUE DATE]

*[Competitive Sale Requirements Not Met – General Rule to Apply (to those maturities for which 10% were sold on the sale date) /Hold-The-Offering Price to Apply (to those maturities for which 10% were NOT sold on the sale date)]*

***Sale of the Bonds – General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

***Hold-the-Offering Price Maturities.***

The [Successful Bidder] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

As set forth in the Notice of Sale and bid award, the [Successful Bidder] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the [Successful Bidder] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

***Defined Terms.***

“*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

“*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

“*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date), or (ii) the date on which the [Successful Bidder] has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

“*Issuer*” means the Town of Dumfries, Virginia.

“*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

“*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

“*Sale Date*” means the date that the Bonds are awarded by the Issuer to the successful bidder. The Sale Date of the Bonds is [DATE].

“*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Successful Bidder]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Sands Anderson PC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: [ISSUE DATE]

**SCHEDULE A**

**EXPECTED OFFERING PRICES OR SALE PRICES OF THE GENERAL RULE MATURITIES  
AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**



