



Communication with Those Charged with Governance

**To the Town Council
Town of Luray, Virginia**

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Luray, Virginia for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Luray, Virginia are described in Note 1 to the financial statements. As described in Note 19 to the financial statements, Town of Luray, Virginia changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds and in the Statement of Activities. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of the depreciation expenses and related accumulated depreciation is based on useful lives of property and equipment. We evaluated the methods, assumptions, and data used to develop the items noted above in determining that the amounts are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible accounts is based on historical collections. We evaluated the methods, assumptions, and data used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, net OPEB liabilities, and related deferred outflows and inflows of resources is based on actuarially determined values, guidance from accounting literature and other sources regarding these benefits. We evaluated the methods, assumptions, and data used to develop the estimate of the net pension liability, net OPEB liabilities, and deferred outflows and inflows of resources in determining that it is reasonable in relation of the financial statements as a whole.

Management's estimate of the liability for compensated absences is based on leave balances, leave usage from prior year data, and pay rates as of year-end. We evaluated the methods, assumptions, and data used to develop the items noted in determining that the amounts are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the lease liability and related right of use assets based on discount rates. We evaluated the methods, assumptions, and data used to develop the items noted in determining that the amounts are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to the budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of the schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

We were engaged to report on the combining and individual fund financial statements, and supporting schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical information, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the management of Town of Luray, Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
October 21, 2025