

Town of Purcellville Virginia



Annual Comprehensive Financial Report Year Ending June 30, 2023

TOWN OF PURCELLVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

Prepared by:
Town of Purcellville
Finance Department

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INTRODUCTORY SECTION

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2023

TOWN COUNCIL

Stanley J. Milan, Sr., Mayor
Christopher Bertaut, Vice Mayor

Carol Luke
Ronald B. Rise Jr.
Mary F. “Boo” Bennett
Erin Rayner
Mary Jane Williams

OFFICIALS

Rick Bremseth..... Town Manager
Diana Hays..... Town Clerk
Elizabeth B. KrensDirector of Finance
Vadah B. McCann..... Director of Administration
Dale Lehnig..... Director of Engineering, Planning & Development
Jason DidawickDirector of Public Works
Cynthia McAlister..... Chief of Police
Sharon Rauch..... Director of Human Resources
Shannon Bohince Director of Information Technology



December 8, 2023

**To Honorable Mayor, Members of Town Council and Citizens
Town of Purcellville, Virginia**

I am pleased to present the Town of Purcellville's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. These statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with management. The report identifies the Town's financial position and results of operations as measured by the financial activity of its various funds over the past fiscal year. We believe the data contained in the report is accurate in all material aspects.

The management of the Town is responsible for establishing and maintaining an internal control structure to ensure the protection of town assets. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Town also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the Town Council no later than the close of the previous fiscal year. Activities of the general fund, the parks and recreation special revenue fund, the two utility enterprise funds and capital project funds are included in the Town's annual budget. The Town's accounting system incorporates encumbrance controls to avoid overspending. When necessary, the Town Council approves amendments to the adopted budget. Budgetary compliance is reported monthly and monitored at the departmental level.

The Town Charter and Code of Virginia §15.2-2511 requires an annual audit of the Town's financial affairs performed by independent certified public accountants. The Town has contracted with Brown, Edwards & Company, LLP, Certified Public Accountants to provide audit services. Brown Edwards has issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2023. The independent auditor's report begins on page 1 of this report.

Also included in this report is a section titled Management's Discussion and Analysis (MD&A) which begins on page 4a. The MD&A will provide additional analysis and overview of the financial statements contained in this report.

Profile of the Town:

Purcellville is located in western Loudoun County, Virginia, about 50 miles west of Washington, D.C. with a footprint of 3.42 square miles and a population of 8,974. Incorporated in 1908, Purcellville has retained its attractive small town and historic agrarian attributes, while being a home to many. It is the economic hub for western Loudoun and a popular tourist destination for antiquing, farmer's markets, wineries, breweries, distilleries, restaurants and recreation along the W&OD trail.

The Town is operated based on a Council-Manager form of government. It is governed by an elected body of representatives, including one Mayor, serving two-year terms, and six Council Members, serving four-year terms. The Council appoints a Town Manager to execute their policies and oversee the daily operations of the government. Purcellville delivers a full range of municipal services including police protection, refuse collection, construction and maintenance of streets and infrastructure, parks and recreational facilities and events, planning and zoning and general administrative services. The Town also operates two enterprise funds for the purpose of production, distribution and treatment of water and wastewater serving the residents of the Town.

Financial Condition and Economic Outlook:

The Town ended fiscal year 2023 with strong revenue growth and budgetary expenditure savings in all departments. This resulted in positive ending positions in all funds. General Fund revenue growth was especially strong due to continued growth in property assessments, local taxes and investment earnings. The Town is also the beneficiary of \$10.6 million in federal stimulus from the American Rescue Plan's State and Local Fiscal Recovery Funds available for spending through December 2026. The Council has approved a spending plan that will bolster the town's capital infrastructure, with over \$8 million directed to utility improvements.

At the end of fiscal year 2023, the Town's total net position increased by \$2,547,151 of which \$3,344,516 was from governmental activities and (\$797,365) was from business-type or utility activities. The general fund ended fiscal year 2023 with a fund balance of \$10.8 million. Of this amount, \$10.17 million was unassigned and available for future spending, a \$1,306,631 increase over the prior year. This increase resulted from strong business tax revenue collections, federal stimulus funding from ARPA and strong expenditure controls in all departments. Although the utility funds benefited from \$1,408,153 in federal stimulus funding from ARPA, capital contributions associated with development were minimal and increases in personnel and plant operations offset the revenue increase.

The Town's assessed value of taxable real property totaled \$1.949 billion and increased by 9.3% in 2023. Given the strong rate of growth, Town Council reduced the real property tax rate by a half cent in 2023 to \$.205 per \$100 of assessed value. Early forecasts indicate growth in residential property valuations will moderate in 2024 due to higher interest rates and economic cooling. The Fireman's Field Service tax rate of \$.030 and the personal property tax rate of \$1.05 for vehicles and \$0.55 for business property remained unchanged in 2023. The Town Council increased utility usage rates by 5% for water and 7.5% for sewer in July 2023 in preparation for rising debt service costs beginning in FY25. The Town will continue to work with our Utility Rate Consultant to ensure utility rates are sufficient to offset slowing availability revenue and increased annual debt service in the period post debt restructure.

In January 2022, the Town transitioned its property tax billing and collection activities to the Loudoun County Treasurer to streamline customer service and reduce administrative costs. Although real property tax collection periods remained the same, the personal property tax due date was changed from annual to semiannual, delaying receipt of half of the tax revenue in FY22. Therefore, FY23 personal property tax revenue will appear high compared to the prior year.

In 2023, the Town maintained strong investment grade credit ratings: AAA with a "stable outlook" by Standard & Poor's, Aa2 from Moody's Investors Services and AA+ with a "stable outlook" from Fitch Ratings. As the Town plans to utilize a significant portion the \$10.6 million allocation of ARPA funding for capital infrastructure improvements, no additional debt issuances are planned in the next three years.

Long-Term Financial Planning:

The Town Council has adopted Fiscal Policy Guidelines that provide accounting, budgeting and financial management directives. The reserve management policy requires the general fund's unassigned fund balance to exceed 30% of general fund revenues and utility enterprise fund unrestricted cash and equivalents to exceed 100% of total operating expenditure and debt service. The policy also indicates general fund debt service should not exceed 15% of expenditures and the total bonded debt of the Town should not exceed 2% of total assessed value of taxable property. At the end of FY23, the Town met or exceeded all policy guidelines.

The Town also works with a Financial Advisor, Davenport, and Utility Rate Consultant, Stantec, to develop a multi-year fiscal plan as a component of the annual budget process. This plan is used to help identify fiscal challenges, set tax and utility rates and establish a financing plan for capital infrastructure needs.

Major Awards and Initiatives:

The following is a partial listing of major awards and initiatives accomplished across all departments in fiscal year 2023:

- Received 15th consecutive GFOA Distinguished Budget Presentation Award for fiscal year 2024.
- Received 15th consecutive GFOA Certificate of Achievement for fiscal year 2022 Annual Comprehensive Financial Report.
- Maintained strong investment grade credit ratings from the three national credit rating agencies.
- 2023B Key Bank Refinancing - Reduced the interest rate on \$11.5 million of General Fund and Wastewater debt from 1.997% to 1.578% resulting in saving of \$1.75 million over the life of the loans.
- Implemented new accounting standard for Subscription-Based Information Technology Agreements (GASB 96).
- Received FY23 Purchasing Card Rebate of \$9,903.
- Met all accounting and compliance requirements for Town's \$10.6 million allocation of American Rescue Plan Act (ARPA) State and Local Fiscal Rescue Funds.
- Received 16th Annual Tree City USA designation from the Arbor Day Foundation.
- Received the Tree City USA Growth Award, for the 13th year, from the Arbor Day Foundation for updating the approved tree species list, planting native trees on public land, and conducting outreach and education efforts about tree planting, tree care, and proper mulching.
- Completed the project to establish a multi-use path through the Suzanne R. Kane Nature Preserve and held a ribbon cutting ceremony on June 24. The project was funded in part through a grant (\$330K) the Town received from the Virginia Recreation Trails Program.
- The Purcellville Police Department responded to 2,358 calls for service and engaged in 14,640 self-directed activities.
- The Purcellville Police Department conducted six Coffee with a Cop events, five Citizen Safety Training Seminars, two Drug Take Backs, one Crime Prevention Seminar on Fraud Prevention, three collection drives: school supplies, items for the homeless community, and "Cram the Cruiser" for our local food pantries, participated in four Books & Badges, and restarted the Homework Club program.
- The Purcellville Police Department continued contract with Lexipol for general order updates to provide up to date, legally defensible written policies to provide guidance to all staff to best ensure professionalism and accountability.

- Completed 100% of the accreditation requirements for the second year of the four-year re-accreditation cycle for the Virginia Law Enforcement Professional Standards Commission (VALEAC).
- The Purcellville Police Department joined the Loudoun County Lethality Assessment Program (LAP) to assist in identifying victims of intimate partner violence to prevent intimate partner homicides and serious injuries.
- One patrol officer and one civilian completed the Certified Passenger Safety Technician course.
- Purcellville Police Department Awards- FY23:
 - Lieutenant Dufek successfully graduated from the 281st session of the Federal Bureau of Investigation National Academy Program.
 - Officer Ritter received the Veterans of Foreign Wars Law Enforcement Public Servant Citation.
 - Ofc. Ritter received the 2022 MADD award for DUI enforcement.
 - Sgt. Wagner received a Life Saving award from the Loudoun Chamber of Commerce.
 - Sgt. Camp and Ofc. Burkett received the Law Enforcement Commendation Award and Medal by the National Society Sons of the American Revolution
 - Ofc. Burkett was awarded the honor of Officer of the Year.
 - Emily Johnson successfully graduated from the Leadership Loudoun Program and was awarded for her outstanding contribution.
- Terry Andrews received 2023 Drinking Water Operator of the Year Award from the VA Rural Water Association.
- Top Ops Team: Bernie Snyder, Michael Costello and Mike Lamb won the VA State American Water Works Association Top Ops competition and then placed 4th at the National AWWA Top Ops Competition.
- Received Center for Disease Control and Prevention Water Quality Fluoridation Award.
- Wastewater Facility received passing Whole Effluent Toxicity Testing results further demonstrating the high quality of the effluent being produced
- Wastewater Department developed and implemented the Emergency Response Plan
- The following wastewater laboratory employees passed the ABC Laboratory Class II Exam
 - Lindey Sibert
 - Kristen Muller
- The following wastewater employees passed the VA Class I Wastewater Exam
 - Adam Bailey
 - Jason Chapman
 - Andrew Smart
 - Barry Defibaugh
 - Aly Seubert
- Planning consulting firm, ZoneCo, delivered their final draft of the Zoning Ordinance to the Planning Commission in May of 2023. The Planning Commission has continued to review and modify the draft. In 2023, the Planning Commission held 21 regular meetings and 17 special meetings, primarily involving the Zoning Ordinance update. A schedule has been developed to begin public hearings in early 2024 and present to the Town Council for approval by spring/summer 2024.
- The Board of Architectural Review processed thirteen applications for new building construction and/or modification in the Town in 2023. Additionally, staff and BAR members coordinated to facilitate various pre-application meetings.

- The Planning, Engineering and Development Department reviewed several Loudoun County plan submissions and deed/plats, including those associated with the Fields Farm Recreational Fields & Commuter Lot, the 7/690 interchange and the 7/287 Improvements.
- Planning Department staff, in cooperation with IT staff and Munis Technology support, developed and configured a new permit software system to process and issue various zoning permits. Staff has been working to begin the transition from previous paper-based systems to the new digital system beginning in 2024.
- The Town's Cross Connection Control program continued in 2023, with mailings to residents and businesses with testable backflow prevention devices. There are more than 200 testable backflow prevention devices connected to the Town's water system
- Infrastructure projects completed during FY23:
 - Hall Avenue and O Street Watermain Replacement project
 - East End Pump Station Generator Replacement.
 - Hirst Reservoir Dredging
 - Purcellville Roller Rink Floor Framing Repairs
 - Hatcher Avenue Sidewalk Improvements
- Infrastructure projects bid and awarded during FY23:
 - Hirst Reservoir Dredging. This project was bid and awarded in September 2022. The Certificate of Substantial Completion was signed on May 22, 2023.
 - Hirst Reservoir Intake Replacement. This project was bid and awarded in September 2022. Construction is underway as of November, 2023.
 - Wastewater Treatment Plant SCADA upgrade. This project is underway and is expected to be completed by the end of calendar year 2023.
- Infrastructure projects under design in FY23 include Main Street and Maple Avenue Intersection, Phase 2; 12th Street Improvements; 12th Street Water Main Replacement; Fields Farm Water Storage Tank; West End Gravity Sewer (West End Pump Station Abandonment); 32nd and Main Street Intersection Improvements, Phase 2; Hirst Farm Pond Conversion; Street Lighting, North Maple Avenue.

Awards and Acknowledgements:

The Town received the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 from the Government Finance Officers Association (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

In closing, we would like to thank the Mayor and Town Council for their fiduciary oversight. We would also like to recognize the entire Finance team for their work year-round to manage the Town's financial records and systems. In particular, we would like to acknowledge Paula Hicks, Accounting Manager, whose expertise and professionalism ensures this financial document is accurate, complete and timely in its release.

Sincerely,



Rick Bremseth
Town Manager



Elizabeth B. Krens, MGT
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Purcellville
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

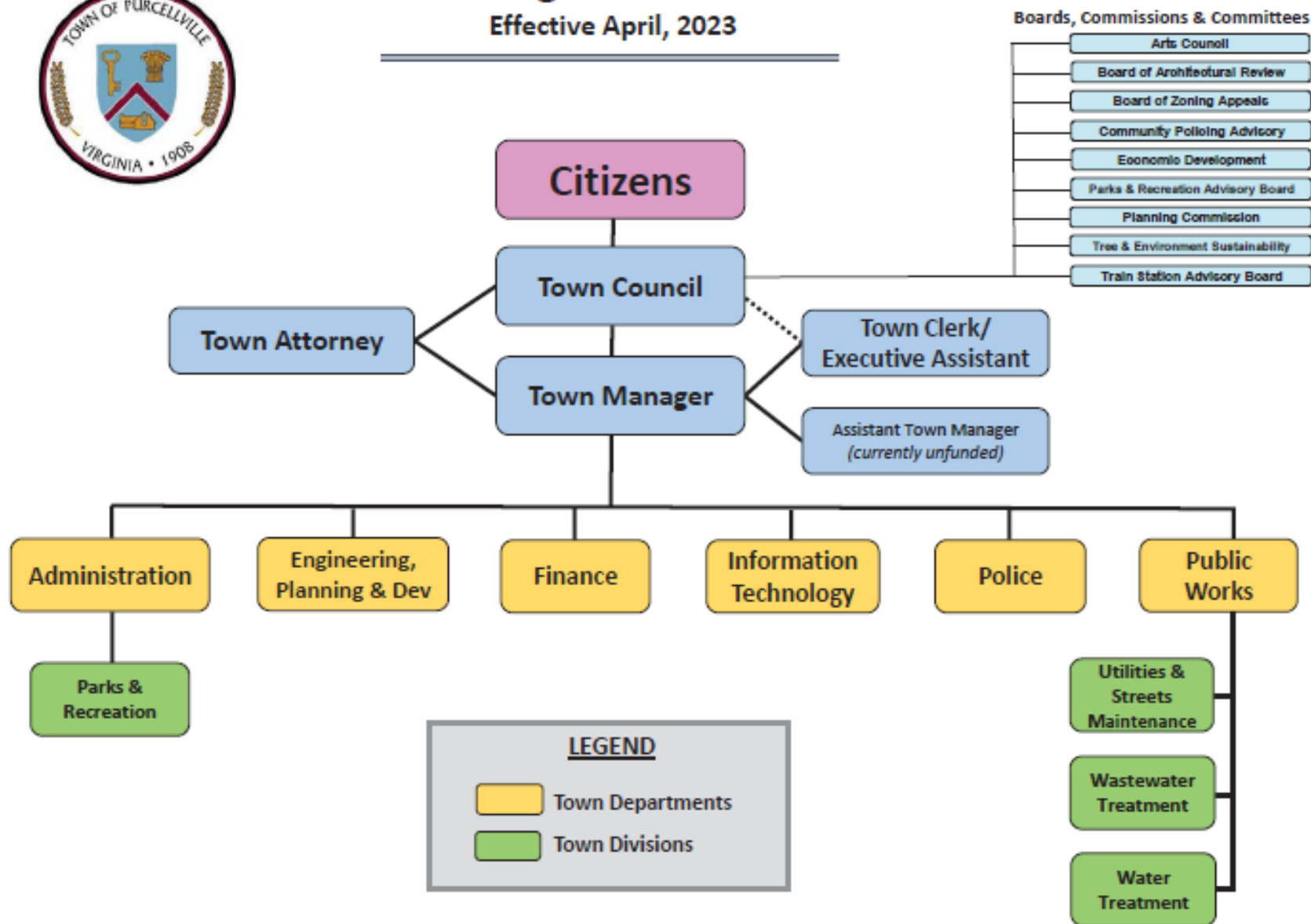
Christopher P. Morill

Executive Director/CEO



Town Organization Chart

Effective April, 2023



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia (the "Town") as of and for the year ended June 30, 2023, 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 respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 6 to the financial statements, in 2023, the Town adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Purcellville'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 Purcellville'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 and budgetary comparison information and other required supplementary, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Purcellville's basic financial statements. The accompanying budgetary comparison 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. 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the Town'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 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 the Town's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 8, 2023

Town of Purcellville, Virginia Management's Discussion and Analysis

As management of Town of Purcellville (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$87,874,215 (*net position*). Of this amount, \$18,668,019 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$2,547,151 governmental activities increased \$3,344,516 while business-type activities decreased \$797,365.
- The ending fund balance of the Town's general fund was \$10,810,181 an increase of \$1,269,002 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,170,282 or 78% of the general fund expenditures, less current refunded principal amount of \$5,095,000.
- The Town's total long-term obligations decreased by \$994,462 during the current fiscal year.

Overview of the Financial Statements

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

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 information on all of the Town's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Town may have used previously accumulated funds.

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 event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

Both 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, and public works. The business-type activities are for public utilities. The government-wide financial statements can be found on pages 5 through 6 of this report.

Town of Purcellville, Virginia Management's Discussion and Analysis

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. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 *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*.

The Town maintains three governmental funds, a General Fund, a Special Revenue Fund and a Capital Projects fund. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 7 through 10 of this report.

The Town maintains one type of **Proprietary Fund**. The Town uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 11 through 13 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 48 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and schedules of funding progress relating to the Town's participation in its pension plan and other postemployment benefits. Required supplementary information can be found on pages 50 through 59 of this report.

**Town of Purcellville, Virginia
Management's Discussion and Analysis**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$87,874,215 at the close of the most recent fiscal year. A large portion of the Town's net position (\$66,934,953 or 76% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

The following table summarizes the Town's Statement of Net Position:

**Town of Purcellville, Virginia
Summary of Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|------------------------------------|---------------|-------------------------------------|---------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Capital assets, net | \$ 57,161,234 | \$ 56,568,384 | \$ 58,826,495 | \$ 58,819,444 | \$ 115,987,729 | \$ 115,387,828 |
| Other assets | 25,648,784 | 22,448,761 | 15,117,055 | 16,421,556 | 40,765,839 | 38,870,317 |
| Total assets | \$ 82,810,018 | \$ 79,017,145 | \$ 73,943,550 | \$ 75,241,000 | \$ 156,753,568 | \$ 154,258,145 |
| Deferred outflows of resources | \$ 1,857,084 | \$ 1,872,352 | \$ 2,711,957 | \$ 2,927,771 | \$ 4,569,041 | \$ 4,800,123 |
| Long-term liabilities, net | \$ 16,307,099 | \$ 17,233,450 | \$ 41,521,860 | \$ 41,589,971 | \$ 57,828,959 | \$ 58,823,421 |
| Other liabilities | 8,493,798 | 5,823,786 | 1,564,983 | 1,466,477 | 10,058,781 | 7,290,263 |
| Total liabilities | \$ 24,800,897 | \$ 23,057,236 | \$ 43,086,843 | \$ 43,056,448 | \$ 67,887,740 | \$ 66,113,684 |
| Deferred inflows of resources | \$ 4,721,311 | \$ 6,031,883 | \$ 839,343 | \$ 1,585,637 | \$ 5,560,654 | \$ 7,617,520 |
| Net position: | | | | | | |
| Net investment in capital assets | \$ 46,069,149 | \$ 44,203,955 | \$ 20,865,804 | \$ 20,805,629 | \$ 66,934,953 | \$ 65,009,584 |
| Restricted | 2,157,403 | 3,342,323 | 113,840 | 325,583 | 2,271,243 | 3,667,906 |
| Unrestricted | 6,918,342 | 4,254,100 | 11,749,677 | 12,395,474 | 18,668,019 | 16,649,574 |
| Total net position | \$ 55,144,894 | \$ 51,800,378 | \$ 32,729,321 | \$ 33,526,686 | \$ 87,874,215 | \$ 85,327,064 |

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

As noted previously, the Town's overall (governmental and business-type activities) net position increased by \$2,547,151 during the current fiscal year. Of this total net position, the governmental activities reported an increase of \$3,344,516 and the business-type activities reported a decrease of \$797,365.

**Town of Purcellville, Virginia
Management's Discussion and Analysis**

The following table summarizes the Town's Statement of Activities:

**Town of Purcellville, Virginia
Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 421,029 | \$ 448,142 | \$ 5,709,474 | \$ 6,004,334 | \$ 6,130,503 | \$ 6,452,476 |
| Operating grants and contributions | 2,982,712 | 1,584,918 | 1,465,961 | 923,829 | 4,448,673 | 2,508,747 |
| Capital grants and contributions | 1,091,659 | 1,389,360 | 25,754 | 894,604 | 1,117,413 | 2,283,964 |
| General revenues: | | | | | | |
| Property taxes | 5,212,364 | 4,466,317 | - | - | 5,212,364 | 4,466,317 |
| Other taxes | 6,580,916 | 6,139,186 | - | - | 6,580,916 | 6,139,186 |
| Unrestricted revenues from the use of money and property | 57,113 | 80,514 | 290,913 | 268,145 | 348,026 | 348,659 |
| Unrestricted investment income | 543,918 | 41,640 | - | - | 543,918 | 41,640 |
| Investment income (loss) | (69,388) | (189,424) | 118,154 | (257,962) | 48,766 | (447,386) |
| Miscellaneous | 160,135 | 161,209 | - | - | 160,135 | 161,209 |
| Gain (loss) on sale of capital asset | - | - | 28,485 | - | 28,485 | - |
| Total revenues | \$ 16,980,458 | \$ 14,121,882 | \$ 7,638,741 | \$ 7,832,950 | \$ 24,619,199 | \$ 21,954,832 |
| Expenses: | | | | | | |
| General government administration | \$ 5,994,296 | \$ 3,988,687 | \$ - | \$ - | \$ 5,994,296 | \$ 3,988,687 |
| Public safety | 1,943,530 | 2,767,984 | - | - | 1,943,530 | 2,767,984 |
| Public works | 2,510,207 | 1,834,413 | - | - | 2,510,207 | 1,834,413 |
| Parks, recreation and culture | 515,616 | 345,846 | - | - | 515,616 | 345,846 |
| Community development | 2,447,168 | 2,405,598 | - | - | 2,447,168 | 2,405,598 |
| Interest and other fiscal charges | 225,125 | 307,996 | - | - | 225,125 | 307,996 |
| Water | - | - | 3,980,524 | 2,946,777 | 3,980,524 | 2,946,777 |
| Sewer | - | - | 4,455,582 | 3,947,299 | 4,455,582 | 3,947,299 |
| Total expenses | \$ 13,635,942 | \$ 11,654,524 | 8,436,106 | 6,894,076 | 22,072,048 | 18,548,600 |
| Increase (decrease) in net position | \$ 3,344,516 | \$ 2,467,358 | (\$ 797,365) | \$ 938,874 | \$ 2,547,151 | \$ 3,406,232 |
| Beginning net position | 51,800,378 | 49,333,020 | 33,526,686 | 32,587,812 | 85,327,064 | 81,920,832 |
| Ending net position | \$ 55,144,894 | \$ 51,800,378 | \$ 33,729,321 | \$ 33,526,686 | \$ 87,874,215 | \$ 85,327,064 |

The Town reported an increase in net position of governmental activities by \$3,344,516 in 2023 as revenues and contributions exceeded expenditures. Governmental revenues increased by \$2.859 million over 2022 due to increases in property taxes (\$0.746 million), other local taxes (\$0.442 million) and net investment income (\$0.622 million) and the recognition of \$1.547 million in federal grant revenue associated with the American Rescue Plan Act (ARPA). Governmental expenses increased by \$1.981 million over 2022 with increases in highway maintenance spending and personnel costs offset by one-time operational savings associated with the use of ARPA funds to pay Public Safety salaries.

Town of Purcellville, Virginia Management's Discussion and Analysis

Business-type activities, associated with the Town's water and sewer utilities, decreased the overall net position by \$797,365 as expenses exceeded revenue. Public utilities tend to have a greater correlation of revenues generated relative to expenses incurred due to customer service demands. Business-type revenues decreased by \$0.194 million over 2022 as a result of declines in customer usage and a significant reduction in contributions associated with development (no developer contributions received; only 1 water and no sewer availability fees collected). These decreases were offset by an increase \$0.439 million in the use of ARPA grant funds to support utility projects. Business-type expenses increased by \$1.542 million over 2022 of which \$0.602 million was for dredging the Town's reservoir. Increases were also seen in personnel costs (\$0.548 million) and plant operations (\$0.319 million).

Financial Analysis of the Town's Funds

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

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 requirements. 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.

The Town's governmental funds include the general fund, the special revenue fund for parks and recreation activities and the capital projects fund.

General fund revenues totaled \$15,178,225, a \$2,920,154 increase over 2022. The change was driven by an increase of \$1,275,242 in federal revenue. In 2023, the Town spent \$1.547 million in ARPA funds, an increase of \$1.172 over the prior year. Increases were also seen in property tax (\$0.659 million), other local taxes (\$0.442 million) and net investment income (\$0.568 million). The property tax increase is related to assessment increases and timing differences associated with the transition of tax billing activities to Loudoun County in 2022 (only one-half year of personal property revenue was recognized in the prior year due to alignment with the County's semi-annual due dates). The increase in other local taxes was greatly influenced by the effects of inflation on consumer related purchases (meals and sales tax). Furthermore, investment returns benefitted from the steep rise in interest rates as the Federal Reserve applied monetary policy tools to tame inflation. General fund expenditures, excluding principal payments, totaled \$11,625,154, a \$2,142,592 increase over 2022. This increase was associated with an increase in spending on federal stimulus programs and aligns with the largest revenue driver detailed above. Increases were also seen in Public Works related expense (\$0.530 million) and capital outlay (\$0.509 million) along with a decrease in overall Public Safety costs (\$0.864 million) as \$1.4 million in ARPA support was used for salaries.

Special parks and recreation fund revenues totaled \$614,204, an increase of \$42,363 over 2022. This increase is due to continued appreciation in property assessments (\$0.053 million) and miscellaneous revenues (\$0.013 million) associated with reinstatement of programs following the pandemic. However, revenue was offset by a decrease (\$0.023 million) in use of property revenue with the temporary closure of the Bush Tabernacle for floor replacement. Expenditures, excluding principal payments, totaled \$542,064, \$181,611 more than 2022 as a result of increases in management costs (\$0.080 million), program costs (\$0.044 million) and facility maintenance costs (\$0.057 million).

Capital projects fund revenues totaled \$878,502, a decrease of \$629,772 over 2022 largely due to decreased intergovernmental grants. Expenditures totaled \$2,371,726, \$882,113 more than 2022 due to project timing. Renovations at the current police facility accounted for \$972,138 of the expenditures in 2023. A sidewalk project was completed in 2023 and five other projects are currently in the design phase.

Town of Purcellville, Virginia Management's Discussion and Analysis

The town's total governmental fund balance was \$13,610,630 at the end of 2023, an increase of \$1,160,257 over 2022 as revenues exceeded expenditures. Of this amount, \$10,170,282 was unassigned and available for future spending, an increase of \$1,306,631 over 2022.

Proprietary Funds: The town's proprietary funds include the water fund and sewer fund and provide the same type of information found in the government-wide financial statements, but in more detail.

Water fund operating revenues totaled \$2,306,883, a decrease of \$47,815 over 2022. Although user fees were increased by 3% in 2023, user revenue saw little change due to a contraction in customer usage. Operating expenses totaled \$3,671,844, an increase of \$1,026,515 over 2022. This increase was driven by capital outlay for dredging at the Town's reservoir along with increases in personnel and plant operation costs.

Non-operating revenues less expenses increased by \$224,416 primarily attributed to investment returns as interest rates rose significantly during the fiscal year. ARPA revenue of \$955,512 was recognized during 2023, however, this increase was offset by the transfer \$938,662 in one-time nutrient credit revenue collected in 2022 to the Sewer Fund. Capital Contributions totaled \$25,754, a decrease of \$420,074 over 2022 as no developer contributions were collected and availability revenue was limited to a single water connection.

The water fund's ending net position for 2023 was \$15,120,292 of which \$5,267,897 was unrestricted. The 2023 decrease in unrestricted net position of \$1,438,092 is largely due to a decrease in cash and investments of which \$938,662 relates to the governing body's decision to transfer one-time nutrient credit revenue from the Water Fund to the Sewer Fund.

Sewer Fund operating revenues totaled \$3,402,591, a decrease of \$144,154 over 2022, primarily due to a decrease in miscellaneous revenue (2022 included a one-time \$200k insurance reimbursement associated with an electrical fire). Although user rates were increased by 5% in 2023, only 3% revenue growth was realized due to reduced customer usage. Operating expenses totaled \$3,493,538, an increase of \$492,639 over 2022, largely due to increased personnel costs and plant operations.

Non-operating revenues less expenses increased in 2023 by \$619,318 as a result of increased investment revenue and recognition of \$452,641 in ARPA revenue. No Capital Contributions were received in 2023 as development has slowed in town and no availabilities were sold.

The sewer fund's ending net position for 2023 was \$17,609,029, of which \$6,481,780 was unrestricted. The 2023 increase in unrestricted net position of \$792,295 is a primarily a result of the transfer of \$938,662 in Nutrient Credit proceeds from the Water Fund to the Sewer Fund as a short-term plan to mitigate the impact of rising sewer debt service costs in 2025, 2026 and 2027 once the period of restructured debt ends.

The town's total net position at the end of 2023 for the two proprietary funds was \$32,729,321, of which \$11,749,677 was unrestricted.

General Fund Budgetary Highlights

The Town's General Fund saw a budgetary surplus of \$1,269,002, a strong ending position bolstered by federal stimulus programs, robust revenue trends and effective managerial control of expenditures.

General fund revenue from local sources exceeded budget by \$1,403,424 in 2023. Of that total, other local taxes exceeded budget by \$695,487 with largest growth tied to consumer taxes such as meals, sales and business license tax. General property taxes exceeded budget by \$258,290 as assessed values continued to rise, although Town Council reduced the tax rate by half a cent in 2023. Personal property tax exceeded budget by \$153,504 as the Town benefited from the County's dedicated collections team. That said, overall 2023 General Fund revenues fell below budget projections by \$2,097,221, a variance largely driven by timing factors associated with recognition of federal ARPA funds. The second tranche of ARPA totaling \$5,279,922 was budgeted for a variety of projects,

Town of Purcellville, Virginia
Management's Discussion and Analysis

however, only \$1,546,539 was spent during 2023 resulting in a \$3,733,383 budgetary shortfall. According to federal requirements, the Town's \$10.6 million ARPA allocation must be fully obligated by December 31, 2024 and spent by December 31, 2026.

The 2023 General Fund expenditures were favorable to budget by \$3,680,091. A large portion of this variance is timing as the second tranche of the ARPA funds was budgeted in 2023, however, project expenditures may be incurred through December 31, 2026 in accordance with the federal legislation. Operational savings were also seen in all departments with the largest favorability seen in Public Safety, Public Works and Community Development.

Capital Asset and Debt Administration

Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$115,987,729 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress.

Capital assets, net of accumulated depreciation, are illustrated in the following table:

Town of Purcellville, Virginia
Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 4,310,764 | \$ 4,310,764 | \$ 3,039,509 | \$ 3,039,509 | \$ 7,350,273 | \$ 7,350,273 |
| Building | 8,397,094 | 8,694,931 | - | - | 8,397,094 | 8,694,931 |
| Improvements other than buildings | 2,201,911 | 2,340,551 | - | - | 2,201,911 | 2,340,551 |
| Machinery and equipment | 246,595 | 300,659 | 694,166 | 605,735 | 940,761 | 906,394 |
| Vehicles | 357,839 | 357,165 | 127,889 | 93,999 | 485,728 | 451,164 |
| Infrastructure | 37,534,633 | 38,121,150 | - | - | 37,534,633 | 38,121,150 |
| Utility plant in service | - | - | 53,436,964 | 54,372,680 | 53,436,964 | 54,372,680 |
| Right of use leases | 400,567 | 560,100 | 3,890 | 7,685 | 404,457 | 567,785 |
| Subscription Assets | 293,771 | | | | 293,771 | |
| Construction in progress | 3,418,060 | 1,883,064 | 1,524,077 | 699,836 | 4,942,137 | 2,582,900 |
| Total capital assets (net of accumulated depreciation) | <u>\$ 57,161,234</u> | <u>\$ 56,568,384</u> | <u>\$ 58,826,495</u> | <u>\$ 58,819,444</u> | <u>\$ 115,987,729</u> | <u>\$ 115,387,828</u> |

Additional information on the Town's capital assets can be found in Note 5 on pages 26 and 27 of this report.

**Town of Purcellville, Virginia
Management's Discussion and Analysis**

Long-term obligations: At the end of the current fiscal year, the Town had total outstanding obligations of \$57,828,959 and details are summarized in the following table:

**Town of Purcellville, Virginia
Outstanding Obligations
For the Year Ended June 30, 2023**

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General obligation bonds | \$ 10,271,051 | \$ 11,387,925 | \$ 40,256,470 | \$ 40,534,368 | \$ 50,527,521 | \$ 51,922,293 |
| Notes payable | 340,000 | 425,000 | - | - | 340,000 | 425,000 |
| Financing payables | 366,777 | 325,070 | 87,782 | 30,616 | 454,559 | 355,686 |
| Leases | 417,196 | 570,805 | 3,851 | 7,676 | 421,047 | 578,481 |
| Subscriptions | 279,174 | | | | 279,174 | |
| Net OPEB liabilities | 4,069,157 | 4,000,641 | 1,074,135 | 930,228 | 5,143,292 | 4,930,869 |
| Compensated absences | 563,744 | 524,009 | 99,622 | 87,083 | 663,366 | 611,092 |
| | <u>\$ 16,307,099</u> | <u>\$ 17,233,450</u> | <u>\$ 41,521,860</u> | <u>\$ 41,589,971</u> | <u>\$ 57,828,959</u> | <u>\$ 58,823,421</u> |

Obligations associated with governmental activities decreased by \$926,351 in 2023 with principal payments totaling \$1,201,874 offset by increases in Other Post-Employment Benefits (OPEB) and compensated absences. The accounting standard for technology subscriptions was implemented in 2023 in accordance with GASB 96.

Obligations associated with business-type activities decreased by \$68,111 in 2023 with principal payments totaling \$277,898 offset by increases in OPEB liabilities and financing payables.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total assessed value of taxed real property. The Town was compliant with Virginia debt limitation statutes as of June 30, 2023.

Additional information on the Town's outstanding debt obligations can be found in Note 6 and debt compliance is found in Table 12. Additional information on net pension can be found on Note 8 and OPEB on Notes 9, 10 and 11.

Economic Factors and Next Year's Budgets and Rates

The Town of Purcellville, population 8,974 is located in western Loudoun County at the base of the Blue Ridge Mountains approximately 50 miles west of Washington, DC. Once a stop along the W&OD rail line, now multi-use trail from Alexandria, VA to Purcellville, the Town has maintained its historic old-town feel through the restoration and maintenance of its many downtown structures, reflecting the Victorian architecture popular during the early 1900s. Today, Purcellville is the economic hub of western Loudoun County and a popular weekend destination for antiquing, equestrian activities, farmer's markets, wineries, breweries, distilleries and restaurants.

While the high rate of inflation has driving up overall costs, the Town's General Fund revenues benefited through higher tax receipts and investment returns. Although inflation is down significantly from the 9% rate experienced in 2022, the 3% rate as of June 2023 is still above the Federal Reserve's target rate of 2% creating economic uncertainty. The local economy remains robust; however, growth is slowing as the Town reaches buildout.

Town of Purcellville, Virginia Management's Discussion and Analysis

Purcellville's real property assessments increased by 9.30% in 2023, made up of a 9.11% increase in existing property values and a 0.19% increase in new construction and growth. In 2024, growth in real estate valuation is expected to moderate yet remain positive. Opportunities for new development has slowed as the Town approaches build-out but there is continued interest in infill and redevelopment. The current residential/commercial tax base is split 83/17%. Given the large increase in assessed value, the Council reduced the real estate tax rate by a half cent to \$0.205 per \$100 of assessed value in 2023, however revenue still increased by 6%. The Fireman's Field Service tax, a special assessment used to support recreational and cultural facilities and activities, remained unchanged at \$0.03 per \$100 of assessed value and is reported in the Parks and Recreation special revenue fund. No change was made to the personal property tax rates of \$1.05 for vehicles and \$0.55 for business property.

In 2023, the Town's revenues were bolstered by continued growth in local taxes such a meals tax (13%), bank franchise tax (6%), sales tax (3%) and business license tax (2%). Investment income grew significantly over the prior year due to the dramatic increase in interest rates (~1.1% to 5.3%). The town's General Fund continues to benefit from a diversified revenue stream. The largest categories are property tax (31%), meals tax (20%), sales tax (11%), ARPA revenue (10%) and revenue from the Commonwealth (9%).

In the Proprietary funds, the Town continues to work with our utility rate consultant, Stantec, to ensure enterprise revenues are sufficient to offset slowing availability revenue as the Town reaches build-out and prepare for annual debt service escalations post debt restructure in 2025 and 2026. In FY24, Council approved a 5% increase to water rates and a 7.5% increase to sewer rates. Council also set aside \$938,662 (Nutrient Credit proceeds) in an interest-bearing Capital Reserve Fund to mitigate the impact of rising wastewater debt service costs in 2025, 2026 and 2027.

The Town will continue to benefit from its \$10.6 million federal allocation of ARPA funds through the spending deadline of December 31, 2026. Town Council has allocated these funds to governmental services and capital infrastructure projects, with over \$8 million budgeted for utility improvements.

The Town has maintained strong investment grade credit ratings with the three national credit rating agencies:

- o Standard and Poors (AAA, Outlook Stable)
- o Moody's (Aa2)
- o Fitch (AA+, Outlook Stable)

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Town of Purcellville
221 S. Nursery Ave.
Purcellville, VA 20132

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BASIC FINANCIAL STATEMENTS

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF NET POSITION
June 30, 2023

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents (Note 2) | \$ 6,484,323 | \$ 7,913,607 | \$ 14,397,930 |
| Cash and cash equivalents, restricted (Note 2) | 9,254,844 | - | 9,254,844 |
| Investments (Note 2) | 3,814,264 | 5,620,122 | 9,434,386 |
| Receivables, net | | | |
| Taxes receivable | 2,778,473 | - | 2,778,473 |
| Accounts receivable | 314,362 | 886,166 | 1,200,528 |
| Lease receivable (Note 3) | 293,838 | 414,098 | 707,936 |
| Due from other governmental units (Note 4) | 2,031,479 | - | 2,031,479 |
| Inventories | 108,604 | 136,770 | 245,374 |
| Prepaid expenses | 105,277 | 32,452 | 137,729 |
| Net pension asset (Note 8) | 463,320 | 113,840 | 577,160 |
| Capital assets, net (Note 5) | | | |
| Land | 4,310,764 | 3,039,509 | 7,350,273 |
| Buildings and system | 8,397,094 | - | 8,397,094 |
| Improvements other than buildings | 2,201,911 | - | 2,201,911 |
| Machinery and equipment | 246,595 | 694,166 | 940,761 |
| Vehicles | 357,839 | 127,889 | 485,728 |
| Infrastructure | 37,534,633 | - | 37,534,633 |
| Utility plant in service | - | 53,436,964 | 53,436,964 |
| Lease assets | 400,567 | 3,890 | 404,457 |
| Subscription assets | 293,771 | - | 293,771 |
| Construction in progress | 3,418,060 | 1,524,077 | 4,942,137 |
| Total assets | 82,810,018 | 73,943,550 | 156,753,568 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 582,111 | 2,387,412 | 2,969,523 |
| Deferred outflows related to pensions (Note 8) | 627,261 | 154,122 | 781,383 |
| Deferred outflows related to other postemployment benefits (Notes 9, 10 and 11) | 647,712 | 170,423 | 818,135 |
| Total deferred outflows of resources | 1,857,084 | 2,711,957 | 4,569,041 |
| LIABILITIES | | | |
| Accounts payable | 852,541 | 395,423 | 1,247,964 |
| Accrued liabilities | 272,025 | 73,948 | 345,973 |
| Customer deposits | 109,890 | 597,145 | 707,035 |
| Unearned revenue | 7,170,480 | 75,000 | 7,245,480 |
| Accrued interest payable | 88,862 | 423,467 | 512,329 |
| Noncurrent liabilities due within one year: | | | |
| Due within one year (Note 6) | 1,728,096 | 390,376 | 2,118,472 |
| Noncurrent liabilities due in more than one year: | | | |
| Net other postemployment benefit liabilities (Notes 9, 10 and 11) | 4,069,157 | 1,074,135 | 5,143,292 |
| Other non-current liabilities (Note 6) | 10,509,846 | 40,057,349 | 50,567,195 |
| Total liabilities | 24,800,897 | 43,086,843 | 67,887,740 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred property taxes (Note 7) | 2,710,200 | - | 2,710,200 |
| Deferred lease revenue (Note 3) | 288,391 | 396,284 | 684,675 |
| Deferred inflows related to pensions (Note 8) | 649,751 | 159,647 | 809,398 |
| Deferred inflows related to other postemployment benefits (Notes 9, 10 and 11) | 1,072,969 | 283,412 | 1,356,381 |
| Total deferred inflows of resources | 4,721,311 | 839,343 | 5,560,654 |
| NET POSITION | | | |
| Net investment in capital assets | 46,069,149 | 20,865,804 | 66,934,953 |
| Restricted: | | | |
| State highway maintenance | 327,771 | - | 327,771 |
| Proffers | 695,550 | - | 695,550 |
| Loudoun County transportation funded projects | 670,762 | - | 670,762 |
| Pension | 463,320 | 113,840 | 577,160 |
| Unrestricted | 6,918,342 | 11,749,677 | 18,668,019 |
| Total net position | \$ 55,144,894 | \$ 32,729,321 | \$ 87,874,215 |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|-----------------------------------|---------------|--|--------------------------|--------------------------|---|-----------------|----------------|
| Functions/Programs | Expenses | Charges for Services | Operating | Capital | Governmental Activities | Business- | Total |
| | | | Grants and Contributions | Grants and Contributions | | Type Activities | |
| Primary Government: | | | | | | | |
| Governmental activities | | | | | | | |
| General government administration | \$ 5,994,296 | \$ 180,082 | \$ 1,867,478 | \$ - | \$ (3,946,736) | | \$ (3,946,736) |
| Public safety | 1,943,530 | 65,907 | 173,148 | - | (1,704,475) | | (1,704,475) |
| Public works | 2,510,207 | - | 937,586 | 301,849 | (1,270,772) | | (1,270,772) |
| Parks, recreation, and cultural | 515,616 | 900 | 4,500 | 251,987 | (258,229) | | (258,229) |
| Community development | 2,447,168 | 174,140 | - | 537,823 | (1,735,205) | | (1,735,205) |
| Interest and other fiscal charges | 225,125 | - | - | - | (225,125) | | (225,125) |
| Total governmental activities | 13,635,942 | 421,029 | 2,982,712 | 1,091,659 | (9,140,542) | | (9,140,542) |
| Business-type activities | | | | | | | |
| Water | 3,980,524 | 2,306,883 | 1,013,320 | 25,754 | | (634,567) | (634,567) |
| Sewer | 4,455,582 | 3,402,591 | 452,641 | - | | (600,350) | (600,350) |
| Total business-type activities | 8,436,106 | 5,709,474 | 1,465,961 | 25,754 | | (1,234,917) | (1,234,917) |
| Total primary government | \$ 22,072,048 | \$ 6,130,503 | \$ 4,448,673 | \$ 1,117,413 | (9,140,542) | (1,234,917) | (10,375,459) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| | | General property taxes | | | 5,212,364 | - | 5,212,364 |
| | | Local sales and use | | | 1,667,288 | - | 1,667,288 |
| | | Business licenses | | | 968,501 | - | 968,501 |
| | | Utility license | | | 225,592 | - | 225,592 |
| | | Meals | | | 3,101,223 | - | 3,101,223 |
| | | Cigarette | | | 191,751 | - | 191,751 |
| | | Franchise | | | 416,873 | - | 416,873 |
| | | Other local taxes | | | 9,688 | - | 9,688 |
| | | Unrestricted revenues from use of property | | | 57,113 | 290,913 | 348,026 |
| | | Unrestricted investment income | | | 543,918 | - | 543,918 |
| | | Gain on disposal of capital asset | | | - | 28,485 | 28,485 |
| | | Investment income (loss) | | | (69,388) | 118,154 | 48,766 |
| | | Miscellaneous | | | 160,135 | - | 160,135 |
| | | Total general revenues | | | 12,485,058 | 437,552 | 12,922,610 |
| | | Change in net position | | | 3,344,516 | (797,365) | 2,547,151 |
| | | NET POSITION AT JULY 1, | | | 51,800,378 | 33,526,686 | 85,327,064 |
| | | NET POSITION AT JUNE 30 | | | \$ 55,144,894 | \$ 32,729,321 | \$ 87,874,215 |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

| | General Fund | Special Revenue (Parks & Recreation) | Capital Fund | Total |
|---|----------------------|---|---------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents (Note 2) | \$ 4,792,475 | \$ 151,833 | \$ 1,540,015 | \$ 6,484,323 |
| Cash and cash equivalents, restricted (Note 2) | 7,888,532 | - | 1,366,312 | 9,254,844 |
| Investments (Note 2) | 3,814,264 | - | - | 3,814,264 |
| Receivables, net | | | | |
| Taxes receivable | 2,487,634 | 290,839 | - | 2,778,473 |
| Accounts receivable | 314,362 | - | - | 314,362 |
| Lease receivable (Note 3) | 293,838 | - | - | 293,838 |
| Due from other governmental units (Note 4) | 1,642,776 | 193,190 | 195,513 | 2,031,479 |
| Inventories | 108,604 | - | - | 108,604 |
| Prepays | 100,323 | 4,954 | - | 105,277 |
| Total assets | <u>\$ 21,442,808</u> | <u>\$ 640,816</u> | <u>\$ 3,101,840</u> | <u>\$ 25,185,464</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 214,744 | \$ 17,842 | \$ 619,955 | \$ 852,541 |
| Accrued liabilities | 265,102 | 6,923 | - | 272,025 |
| Customer deposits | 109,890 | - | - | 109,890 |
| Unearned revenue | 7,165,780 | 4,700 | - | 7,170,480 |
| Total liabilities | <u>7,755,516</u> | <u>29,465</u> | <u>619,955</u> | <u>8,404,936</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to leases (Note 3) | 288,391 | - | - | 288,391 |
| Deferred property taxes (Note 7) | 2,588,720 | 292,787 | - | 2,881,507 |
| Total deferred inflows of resources | <u>2,877,111</u> | <u>292,787</u> | <u>-</u> | <u>3,169,898</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventories | 108,604 | - | - | 108,604 |
| Prepays | 100,323 | 4,954 | - | 105,277 |
| Total nonspendable balance | <u>208,927</u> | <u>4,954</u> | <u>-</u> | <u>213,881</u> |
| Restricted for: | | | | |
| State highway maintenance | 327,771 | - | - | 327,771 |
| Proffers | - | - | 695,550 | 695,550 |
| Loudoun County funded projects | - | - | 670,762 | 670,762 |
| Total restricted fund balance | <u>327,771</u> | <u>-</u> | <u>1,366,312</u> | <u>1,694,083</u> |
| Committed for: | | | | |
| Future capital outlay | - | - | 14,076 | 14,076 |
| Capital asset replacement | 103,201 | - | - | 103,201 |
| Parks & recreation | - | 313,610 | - | 313,610 |
| Total committed fund balance | <u>103,201</u> | <u>313,610</u> | <u>14,076</u> | <u>430,887</u> |
| Assigned: | | | | |
| Capital projects | - | - | 1,101,497 | 1,101,497 |
| Unassigned | 10,170,282 | - | - | 10,170,282 |
| Total fund balances | <u>10,810,181</u> | <u>318,564</u> | <u>2,481,885</u> | <u>13,610,630</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 21,442,808</u> | <u>\$ 640,816</u> | <u>\$ 3,101,840</u> | <u>\$ 25,185,464</u> |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023**

| | |
|---|------------------------------------|
| Ending fund balance – governmental fund | \$ 13,610,630 |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 57,161,234 |
| Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 171,307 |
| Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds. | |
| Pension related deferred outflows | 627,261 |
| Pension related deferred inflows | (649,751) |
| Net pension asset | 463,320 |
| Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds. | |
| Other postemployment benefit related deferred outflows | 647,712 |
| Other postemployment benefit related deferred inflows | (1,072,969) |
| Net other postemployment benefit liabilities | (4,069,157) |
| Deferred refunding costs are not financial resources and, therefore, are not reported in the funds. | 582,111 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Total long-term liabilities | \$ (12,237,942) |
| Accrued interest payable | (88,862) |
| | <u>(12,326,804)</u> |
| Total net position – governmental activities | <u><u>\$ 55,144,894</u></u> |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

| | General Fund | Special Revenue (Parks & Recreation) | Capital Fund | Total |
|--|-------------------------|---|-------------------------|----------------------|
| REVENUES | | | | |
| General property taxes | \$ 4,658,413 | \$ 546,273 | \$ - | \$ 5,204,686 |
| Other local taxes | 6,580,917 | - | - | 6,580,917 |
| Permits, privilege fees, and regulatory licenses | 354,222 | 900 | - | 355,122 |
| Fines and forfeitures | 65,907 | - | - | 65,907 |
| Revenue from use of property | 27,163 | 29,950 | - | 57,113 |
| Investment income | 485,226 | - | 58,692 | 543,918 |
| Investment loss | (69,388) | - | - | (69,388) |
| Miscellaneous | 93,054 | 37,081 | 30,000 | 160,135 |
| Intergovernmental | | | | |
| Local government | - | - | 343,824 | 343,824 |
| Commonwealth | 1,329,755 | - | 389,364 | 1,719,119 |
| Federal | 1,652,956 | - | 56,622 | 1,709,578 |
| Total revenues | 15,178,225 | 614,204 | 878,502 | 16,670,931 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government administration | 5,650,806 | - | - | 5,650,806 |
| Public safety | 1,657,424 | - | - | 1,657,424 |
| Public works | 2,133,385 | - | - | 2,133,385 |
| Parks, recreation, and cultural | - | 520,168 | - | 520,168 |
| Community development | 1,381,028 | - | - | 1,381,028 |
| Capital outlay | 514,230 | - | 2,371,726 | 2,885,956 |
| Debt service | | | | |
| Principal retirement | 6,489,937 | 87,661 | - | 6,577,598 |
| Interest and other fiscal charges | 279,877 | 21,896 | - | 301,773 |
| Bond issuance costs | 8,404 | - | - | 8,404 |
| Total expenditures | 18,115,091 | 629,725 | 2,371,726 | 21,116,542 |
| Excess (deficiency) of revenues over (under) expenditures | (2,936,866) | (15,521) | (1,493,224) | (4,445,611) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (Note 1) | - | - | 1,564,184 | 1,564,184 |
| Transfers out (Note 1) | (1,400,000) | (164,184) | - | (1,564,184) |
| Issuance of financed purchase | 146,136 | - | - | 146,136 |
| Issuance of subscription-based IT arrangements | 364,732 | - | - | 364,732 |
| General obligation refunding bonds issued | 5,095,000 | - | - | 5,095,000 |
| Total other financing sources (uses) | 4,205,868 | (164,184) | 1,564,184 | 5,605,868 |
| Net change in fund balance | 1,269,002 | (179,705) | 70,960 | 1,160,257 |
| FUND BALANCE AT JULY 1 | 9,541,179 | 498,269 | 2,410,925 | 12,450,373 |
| FUND BALANCE AT JUNE 30 | \$ 10,810,181 | \$ 318,564 | \$ 2,481,885 | \$ 13,610,630 |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023**

Net change in fund balance – total governmental fund \$ 1,160,257

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

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.

| | | |
|---------------------------------------|--------------|---------|
| Capital outlays | \$ 2,532,997 | |
| Depreciation and amortization expense | (1,940,147) | |
| | | 592,850 |

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

7,678

Governmental funds report employer contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

| | | |
|--------------------------------|-----------|---------|
| Employer pension contributions | 455,700 | |
| Pension expense | (141,880) | |
| | | 313,820 |

Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.

| | | |
|---|----------|--------|
| Employer other postemployment benefit contributions | 37,684 | |
| Other postemployment benefit expense | (27,421) | |
| | | 10,263 |

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Details supporting this adjustment are as follows:

| | | |
|--|-------------|-----------|
| Principal retired on long-term liabilities | 6,577,598 | |
| Issuance of SBITAs | (364,732) | |
| Issuance of financed purchase | (146,136) | |
| Issuance of refunding bonds | (5,095,000) | |
| Amortization of deferred charge on refunding | 237,740 | |
| Amortization of premiums | 62,874 | |
| | | 1,272,344 |

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 | (39,737) | |
| Change in accrued interest payable | 27,041 | |
| | | (12,696) |

Change in net position of governmental activities \$ 3,344,516

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

EXHIBIT 7

**STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2023**

| | Water Fund | Sewer Fund | Total |
|--|---------------|---------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents (Note 2) | \$ 4,165,765 | \$ 3,747,842 | \$ 7,913,607 |
| Investments (Note 2) | 2,289,860 | 3,330,262 | 5,620,122 |
| Accounts receivable, net | 303,463 | 582,703 | 886,166 |
| Lease receivable (Note 3) | 414,098 | - | 414,098 |
| Inventories | 67,946 | 68,824 | 136,770 |
| Prepaid items | 14,823 | 17,629 | 32,452 |
| Total current assets | 7,255,955 | 7,747,260 | 15,003,215 |
| Noncurrent assets | | | |
| Net pension asset (Note 8) | 60,326 | 53,514 | 113,840 |
| Capital assets (Note 5) | | | |
| Land | 2,672,409 | 367,100 | 3,039,509 |
| Utility plant in service | 19,930,100 | 49,444,720 | 69,374,820 |
| Improvements other than buildings | 445,000 | - | 445,000 |
| Vehicles | 224,406 | 195,206 | 419,612 |
| Machinery and equipment | 657,293 | 1,296,750 | 1,954,043 |
| Lease assets | 4,635 | 6,846 | 11,481 |
| Construction in progress | 955,209 | 568,868 | 1,524,077 |
| Accumulated depreciation & amortization | (6,987,409) | (10,954,638) | (17,942,047) |
| Total capital assets | 17,901,643 | 40,924,852 | 58,826,495 |
| Total noncurrent assets | 17,961,969 | 40,978,366 | 58,940,335 |
| Total assets | 25,217,924 | 48,725,626 | 73,943,550 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 592,818 | 1,794,594 | 2,387,412 |
| Deferred outflows related to pensions (Note 8) | 81,672 | 72,450 | 154,122 |
| Deferred outflows related to other postemployment benefits (Notes 9, 10, and 11) | 76,846 | 93,577 | 170,423 |
| Total deferred outflows of resources | 751,336 | 1,960,621 | 2,711,957 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 206,447 | 188,976 | 395,423 |
| Accrued liabilities | 37,285 | 36,663 | 73,948 |
| Customer deposits | 597,145 | - | 597,145 |
| Unearned revenue | 75,000 | - | 75,000 |
| Accrued interest payable | 102,138 | 321,329 | 423,467 |
| Bonds - current portion (Note 6) | 280,000 | 68,840 | 348,840 |
| Financing payable - current portion (Note 6) | 23,501 | 4,222 | 27,723 |
| Lease liability - current portion (Note 6) | 1,555 | 2,296 | 3,851 |
| Compensated absences - current portion (Note 6) | 4,169 | 5,793 | 9,962 |
| Total current liabilities | 1,327,240 | 628,119 | 1,955,359 |
| Noncurrent liabilities | | | |
| Bonds - net of current portion (Note 6) | 8,347,000 | 31,560,630 | 39,907,630 |
| Financing payable - net of current portion (Note 6) | 50,336 | 9,723 | 60,059 |
| Compensated absences - net of current portion (Note 6) | 37,522 | 52,138 | 89,660 |
| Net other postemployment benefit liability (Notes 9, 10, and 11) | 479,667 | 594,468 | 1,074,135 |
| Total noncurrent liabilities | 8,914,525 | 32,216,959 | 41,131,484 |
| Total liabilities | 10,241,765 | 32,845,078 | 43,086,843 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred lease revenue (Note 3) | 396,284 | - | 396,284 |
| Deferred inflows related to pension (Note 8) | 84,600 | 75,047 | 159,647 |
| Deferred inflows related to other postemployment benefits (Note 9, 10 and 11) | 126,319 | 157,093 | 283,412 |
| Total deferred inflows of resources | 607,203 | 232,140 | 839,343 |
| NET POSITION | | | |
| Net investment in capital assets | 9,792,069 | 11,073,735 | 20,865,804 |
| Restricted for pension | 60,326 | 53,514 | 113,840 |
| Unrestricted | 5,267,897 | 6,481,780 | 11,749,677 |
| Total net position | \$ 15,120,292 | \$ 17,609,029 | \$ 32,729,321 |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
Year Ended June 30, 2023**

| | Water Fund | Sewer Fund | Total |
|---|-----------------------------|-----------------------------|-----------------------------|
| OPERATING REVENUES | | | |
| Charges for services: | | | |
| Charges for services and connection fees | \$ 2,242,656 | \$ 3,319,920 | \$ 5,562,576 |
| Other revenue | 30,286 | 34,276 | 64,562 |
| Miscellaneous | 33,941 | 48,395 | 82,336 |
| Total operating revenues | <u>2,306,883</u> | <u>3,402,591</u> | <u>5,709,474</u> |
| OPERATING EXPENSES | | | |
| Personnel | 1,628,543 | 1,483,955 | 3,112,498 |
| Plant operations and meter reading | 666,851 | 975,206 | 1,642,057 |
| Well operations | 266,816 | - | 266,816 |
| Pump station operations | - | 58,890 | 58,890 |
| Depreciation and amortization | 483,480 | 915,943 | 1,399,423 |
| Capital outlay-non-capitalizable expenses | 603,154 | 39,184 | 642,338 |
| Other operating expenses | 23,000 | 20,360 | 43,360 |
| Total operating expenses | <u>3,671,844</u> | <u>3,493,538</u> | <u>7,165,382</u> |
| Operating (loss) | <u>(1,364,961)</u> | <u>(90,947)</u> | <u>(1,455,908)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Intergovernmental revenue | 1,010,430 | 452,641 | 1,463,071 |
| Investment Income | 55,411 | 62,743 | 118,154 |
| Cellular lease income | 283,438 | - | 283,438 |
| Lease interest income | 7,475 | - | 7,475 |
| Nutrient credit revenue | 2,890 | - | 2,890 |
| Gain on sale of capital assets | 12,150 | 16,335 | 28,485 |
| Bond issuance costs | - | (10,696) | (10,696) |
| Interest expense | (308,680) | (951,348) | (1,260,028) |
| Net non-operating revenues (expenses) | <u>1,063,114</u> | <u>(430,325)</u> | <u>632,789</u> |
| Loss before contributions | <u>(301,847)</u> | <u>(521,272)</u> | <u>(823,119)</u> |
| CAPITAL CONTRIBUTIONS | | | |
| Availability fees | 25,754 | - | 25,754 |
| Total capital contributions | <u>25,754</u> | <u>-</u> | <u>25,754</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (Note 1) | - | 938,662 | 938,662 |
| Transfers out (Note 1) | (938,662) | - | (938,662) |
| Total other financing sources (uses) | <u>(938,662)</u> | <u>938,662</u> | <u>-</u> |
| Change in net position | (1,214,755) | 417,390 | (797,365) |
| NET POSITION AT JULY 1, | <u>16,335,047</u> | <u>17,191,639</u> | <u>33,526,686</u> |
| NET POSITION AT JUNE 30 | <u><u>\$ 15,120,292</u></u> | <u><u>\$ 17,609,029</u></u> | <u><u>\$ 32,729,321</u></u> |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2023

| | Water Fund | Sewer Fund | Total |
|---|---------------------|---------------------|---------------------|
| OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 2,382,299 | \$ 3,568,507 | \$ 5,950,806 |
| Payments to suppliers | (1,506,832) | (1,145,737) | (2,652,569) |
| Payments to and on behalf of employees | (1,620,812) | (1,403,039) | (3,023,851) |
| Other operating receipts | 1,301,343 | 452,641 | 1,753,984 |
| Net cash provided by operating activities | 555,998 | 1,472,372 | 2,028,370 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers to other funds | (938,662) | - | (938,662) |
| Transfers from other funds | - | 938,662 | 938,662 |
| Net cash provided by (used in) noncapital financing activities | (938,662) | 938,662 | - |
| CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of property, plant, and equipment | (610,753) | (719,505) | (1,330,258) |
| Proceeds from sale of capital assets | 12,150 | 16,335 | 28,485 |
| Availability fees | 25,754 | - | 25,754 |
| Bond issuance costs | - | (10,696) | (10,696) |
| Retirements of long-term indebtedness | (266,684) | (6,426,191) | (6,692,875) |
| Proceeds from debt issued | - | 6,393,000 | 6,393,000 |
| Interest expense | (253,902) | (850,761) | (1,104,663) |
| Net cash used in capital and related financing activities | (1,093,435) | (1,597,818) | (2,691,253) |
| INVESTING ACTIVITIES | | | |
| Investment income | 115,907 | 109,076 | 224,983 |
| Proceeds from sale of nutrient credits | 2,890 | - | 2,890 |
| Proceeds for (purchase of) investments | 1,877,377 | (4,121) | 1,873,256 |
| Net cash provided by investing activities | 1,996,174 | 104,955 | 2,101,129 |
| Net increase in cash and cash equivalents | 520,075 | 918,171 | 1,438,246 |
| CASH AND CASH EQUIVALENTS | | | |
| Beginning at July 1 | 3,645,690 | 2,829,671 | 6,475,361 |
| Ending at June 30 | <u>\$ 4,165,765</u> | <u>\$ 3,747,842</u> | <u>\$ 7,913,607</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating loss | \$ (1,364,961) | \$ (90,947) | \$ (1,455,908) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation and amortization | 483,480 | 915,943 | 1,399,423 |
| Pension expense net of employer contribution | (40,456) | (36,168) | (76,624) |
| Other postemployment benefit expense net of employer contribution | 42,870 | 97,131 | 140,001 |
| Other non-operating revenues included in operating activities | 1,301,343 | 452,641 | 1,753,984 |
| (Increase) decrease in: | | | |
| Accounts receivable | (12,809) | 165,916 | 153,107 |
| Lease receivable | 410,655 | - | 410,655 |
| Inventories | 2,065 | (11,803) | (9,738) |
| Prepaid items | (1,123) | (1,982) | (3,105) |
| Increase (decrease) in: | | | |
| Accounts payable | 52,047 | (38,312) | 13,735 |
| Accrued liabilities | 4,986 | 7,745 | 12,731 |
| Customer deposits | 12,210 | - | 12,210 |
| Unearned revenue | (334,640) | - | (334,640) |
| Compensated absences | 331 | 12,208 | 12,539 |
| Net cash provided by operating activities | <u>\$ 555,998</u> | <u>\$ 1,472,372</u> | <u>\$ 2,028,370</u> |
| NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | |
| Capital assets purchased through financed purchases | <u>\$ 76,216</u> | <u>\$ -</u> | <u>\$ 76,216</u> |
| Decrease in fair value of investments | <u>\$ (60,496)</u> | <u>\$ (46,333)</u> | <u>\$ (106,829)</u> |

The Notes to Financial Statements are an integral part of this statement.

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental units reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Town of Purcellville, Virginia, (the "Town").

B. Government-wide and Fund Financial Statements

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 but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide statement of activities reflects both the gross and net cost per functional category (general government administration; public safety; public works; parks, recreation, and cultural; and community development) which 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, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes which are collected by the state or utilities and subsequently remitted to the Town are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The individual Governmental Funds are:

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.

Special Revenue Fund

The special revenue fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Parks and Recreation Fund, which is considered a major fund. The primary revenue source for this fund is the Fireman's Field Special Tax District and additional revenue is generated from contributions and user fees associated with special events. The Special Revenue Fund is considered a major fund.

Capital Fund

The Capital 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. The Capital Fund is considered a major fund.

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds, which account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Currently the Town's Water and Sewer Funds are accounted for as enterprise funds. In addition, both funds are considered major funds.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

D. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

E. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for doubtful accounts. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$48,353 at June 30, 2023, and is comprised solely of property taxes.

F. Restricted Assets

The Town is obligated by various sources to restrict the availability of certain assets. Specifically, assets are restricted from external sources such as creditors, grantors, contributors, or laws or regulations of other governments. Assets are also subject to restriction through constitutional law provisions or enabling legislation.

G. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, infrastructure, vehicles, and equipment with an initial individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not included in the capital assets of the government-wide statements or capitalized in the proprietary funds.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation for capital assets is computed over the following useful lives using the straight-line method.

| | |
|-----------------------------------|-------------|
| Buildings | 15-40 Years |
| Utility plant and lines | 25-75 Years |
| Vehicles | 4-10 Years |
| Machinery and equipment | 3-20 Years |
| Infrastructure | 20-75 Years |
| Improvements other than buildings | 10-20 Years |

Lease assets are amortized over the shorter of the lease term or useful life of the underlying asset.

Intangible assets include subscription right-to-use assets recorded under GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), net of accumulated amortization. SBITAs are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

I. Compensated Absences

Vested or accumulated vacation leave is reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

J. Unearned revenues

Unearned revenue represents amount for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue consists of unspent federal awards.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental and business-type 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 is reported as other financing sources while discounts and premiums on debt issuances are reported as other financing uses. Governmental activities long-term liabilities are generally paid by the general fund.

L. Property Taxes

Real property is assessed by Loudoun County, Virginia at its value on January 1 and is payable semi-annually on December 5th and June 5th. Personal property taxes are assessed by Loudoun County, Virginia as of January 1 and are payable semi-annually on October 5th and on May 5th. Taxes attach as an enforceable lien as of the date assessed. The County bills and collects property taxes on behalf of the Town, based on the assessed values provided by the County.

M. Use of Estimates

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

N. Deferred Outflows and Inflows of Resources

In addition to assets, the statement which presents financial position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement which presents financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting as deferred inflows or outflows:

- Deferred charge on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows and Inflows of Resources (Continued)

- Contributions subsequent to the measurement date for pensions and OPEB; these will be applied to the net pension asset or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension asset or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in assumptions on pension plan or OPEB investments. This difference will be recognized in pension or OPEB expense over the remaining service life of the employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportion and differences between the Town's contributions and its proportionate share of contributions for OPEB are deferred and amortized over the average expected remaining service lives of all employees provided with group life insurance benefits, and may be reported as a deferred inflow or outflow as appropriate.
- Differences between projected and actual earnings on pension and OPEB plan investments. These differences will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.
- Lease-related amounts are recognized at the inception of leases in which the town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

O. 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, 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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

O. Net Position (Continued)

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. The Town’s restricted net position on June 30, 2023, consisted of net pension assets and net assets restricted by other external sources.

P. Fund Balance

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** – amounts that are not in spendable form, such as inventory and prepaids;
- **Restricted** – 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** – 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** – 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** – 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. Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

Appropriations lapse on June 30, for all Town departments. Encumbrances and committed fund balances outstanding at June 30 are reappropriated in the succeeding year on a case-by-case basis.

The Town's expenditures exceeded budget in some categories for the year ending June 30, 2023.

In the general fund, the Town strives to maintain an unassigned fund balance of \$3 million or 30% of the total General Fund revenues, whichever is greater.

Q. Pensions/ Other Postemployment Benefits (OPEB)

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

R. Interfund Transfers

Transfers between funds included a transfer from the General fund totaling \$1,400,000 to the Capital fund for cash-funded construction in progress expenses, a transfer from the Parks & Recreation fund to the Capital fund of \$164,184 for cash-funded construction in progress expenses, a transfer from the Water fund to the Sewer fund of \$938,662 for the Nutrient Credit revenue earned intended to offset rate increases in the Sewer fund annual debt service. The money transferred to the Sewer fund from the water fund is being held in the VIP account to earn interest. The town intends to use \$500,000 of the funds transferred to the Sewer fund in FY26, \$300,000 in FY27, and the remaining \$138,662 in FY28.

The composition of interfund transfers is as follows:

| | Transfers In | Transfers Out |
|--------------------|---------------------|----------------------|
| General fund | \$ - | \$ 1,400,000 |
| Parks & Recreation | - | 164,184 |
| Capital fund | 1,564,184 | - |
| Water fund | - | 938,662 |
| Sewer fund | 938,662 | - |
| | <u>\$ 2,502,846</u> | <u>\$ 2,502,846</u> |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

S. Upcoming Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Deposits and Investments (Continued)

Investments

Investment policy

Statutes authorize the Town to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; “prime quality” commercial paper and certain corporate notes; banker’s acceptances; repurchase agreements; the Virginia Investment Pool (VIP); and the State Treasurer’s Local Government Investment Pool (LGIP). The VIP and LGIP are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Town’s position in the pools is the same as the value of the pool shares and is reported within the guidelines of GASB Statement No. 79.

As of June 30th, the Town had the following deposits and investments:

| Type | Fair Value | Credit Rating | Weighted Average Maturity* |
|--|----------------------|----------------------|-----------------------------------|
| Demand Deposits | \$ 7,273,334 | N/A | N/A |
| LGIP | 1,130,598 | AAAm | 0.11 |
| Virginia Investment Pool – NAV Liquidity Pool | 15,248,242 | AAAm | 0.11 |
| Virginia Investment Pool – 1-3 Year High Quality Bond Fund | 9,434,386 | AA+f/S1 | 1.83 |
| Cash on Hand | 600 | N/A | N/A |
| | <u>\$ 33,087,160</u> | | |

*Average maturity in years

Reconciliation of deposits and investments to Exhibit 1:

| | |
|---------------------------------------|----------------------|
| Cash and cash equivalents | \$ 14,397,930 |
| Cash and cash equivalents, restricted | 9,254,844 |
| Investments | <u>9,434,386</u> |
| Total deposits and investments | <u>\$ 33,087,160</u> |

Credit risk

As required by state statute, commercial paper must have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following; Moody’s Investors Service, Standard & Poor’s, and Fitch Investor’s Service, provided that the issuing corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody’s and Standard & Poor’s. Bankers’ acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody’s or Standard & Poor’s. Repurchase agreements require that the counterparty be rated “A” or better by Moody’s and Standard & Poor’s.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Deposits and Investments (Continued)

Concentration of credit risk

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the Policy places no limit on the amount the Town may invest in any one issuer.

Interest rate risk

In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting its investments to instruments maturing within one year at the time of purchase, with the exception of investments in the Virginia Investment Pool.

Custodial credit risk

As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30th, the Town has no investments subject to custodial credit risk.

Restricted cash and cash equivalents

Restricted cash and cash equivalents in the general and capital funds are restricted for highway maintenance, unspent federal awards, and capital outlay.

Note 3. Lease receivable

The general fund is the lessor of right-of-way usage through May 14, 2026, with an annual payment of \$48,388. Also, the general fund is the lessor of a building through March 31, 2027, with monthly payments of \$2,250 increasing 3% annually.

The water and sewer funds are the lessors of cell tower land usage leases with various cell phone carriers, through December 31, 2026. Monthly payments are \$23,499, increasing 4% annually. Additionally, the sewer fund is the lessor of a cell tower land usage for forty years through 2062, having an annual fixed payment of \$20,000 that commences once the lessee receives a building permit.

Note 4. Due from Other Governmental Units

Amounts due from other governmental units are as follows:

| | |
|---|---------------------|
| Commonwealth of Virginia: | |
| VDOT | \$ 80,268 |
| Communications tax | 17,743 |
| Recreational Trails Grant | 49,106 |
| Northern Virginia Transportation Authority-NVTA | 66,139 |
| County of Loudoun, Virginia | <u>1,818,223</u> |
| | <u>\$ 2,031,479</u> |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5. Capital Assets

Capital asset activity for the year was as follows:

| Governmental Activities | Beginning Balance, as restated | Increases | Decreases | Ending Balance |
|--|---|------------------|------------------|---------------------------|
| Capital assets, not depreciated: | | | | |
| Land | \$ 4,310,764 | \$ - | \$ - | \$ 4,310,764 |
| Construction in progress | 1,883,064 | 2,435,225 | 900,229 | 3,418,060 |
| Total capital assets, not being depreciated | 6,193,828 | 2,435,225 | 900,229 | 7,728,824 |
| Capital assets, depreciated: | | | | |
| Buildings and system | 11,913,487 | - | - | 11,913,487 |
| Improvements other than buildings | 4,754,025 | 94,437 | - | 4,848,462 |
| Machinery and equipment | 2,332,348 | - | 63,436 | 2,268,912 |
| Vehicles | 1,271,594 | 146,136 | 73,019 | 1,344,711 |
| Infrastructure | 71,456,642 | 392,696 | - | 71,849,338 |
| Total capital assets being depreciated | 91,728,096 | 633,269 | 136,455 | 92,224,910 |
| Less accumulated depreciation for: | | | | |
| Buildings and system | 3,218,556 | 297,837 | - | 3,516,393 |
| Improvements other than buildings | 2,413,474 | 233,077 | - | 2,646,551 |
| Machinery and equipment | 2,031,689 | 54,064 | 63,436 | 2,022,317 |
| Vehicles | 914,429 | 145,462 | 73,019 | 986,872 |
| Infrastructure | 33,335,492 | 979,213 | - | 34,314,705 |
| Total accumulated depreciation | 41,913,640 | 1,709,653 | 136,455 | 43,486,838 |
| Total capital assets being depreciated, net | 49,814,456 | (1,076,384) | - | 48,738,072 |
| Lease assets: | | | | |
| Equipment | 718,578 | - | - | 718,578 |
| Less: accumulated amortization | 158,478 | 159,533 | - | 318,011 |
| Total lease assets, net | 560,100 | (159,533) | - | 400,567 |
| Subscription assets: | | | | |
| Subscriptions | - | 364,732 | - | 364,732 |
| Less: accumulated amortization | - | 70,961 | - | 70,961 |
| Total subscription assets, net | - | 293,771 | - | 293,771 |
| Governmental activities capital assets, net | \$ 56,568,384 | \$ 1,493,079 | \$ 900,229 | \$ 57,161,234 |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5. Capital Assets (Continued)

| Business-Type Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|-------------------|-------------------|---------------------------|
| Capital assets, not depreciated | | | | |
| Land | \$ 3,039,509 | \$ - | \$ - | \$ 3,039,509 |
| Construction in progress | 699,836 | 1,092,219 | 267,978 | 1,524,077 |
| Total capital assets, not depreciated | 3,739,345 | 1,092,219 | 267,978 | 4,563,586 |
| Utility plant in service | 69,106,842 | 267,978 | - | 69,374,820 |
| Improvements other than buildings | 445,000 | - | - | 445,000 |
| Vehicles | 365,587 | 76,216 | 22,191 | 419,612 |
| Machinery and equipment | 1,716,002 | 238,041 | - | 1,954,043 |
| Total capital assets, depreciated | 71,633,431 | 582,235 | 22,191 | 72,193,475 |
| Less accumulated depreciation for: | | | | |
| Utility plant in service | 14,734,162 | 1,203,694 | - | 15,937,856 |
| Improvements other than buildings | 445,000 | - | - | 445,000 |
| Vehicles | 271,588 | 42,326 | 22,191 | 291,723 |
| Machinery and equipment | 1,110,267 | 149,610 | - | 1,259,877 |
| Total accumulated depreciation | 16,561,017 | 1,395,630 | 22,191 | 17,934,456 |
| Total capital assets, depreciated, net | 55,072,414 | (813,395) | - | 54,259,019 |
| Lease assets: | | | | |
| Equipment | 11,481 | - | - | 11,481 |
| Less: accumulated amortization | 3,796 | 3,795 | - | 7,591 |
| Total lease assets, net | 7,685 | (3,795) | - | 3,890 |
| Business-type activities capital assets, net | <u>\$ 58,819,444</u> | <u>\$ 275,029</u> | <u>\$ 267,978</u> | <u>\$ 58,826,495</u> |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5. Capital Assets (Continued)

Depreciation and amortization expense was charged to functions/programs as follows:

| | | |
|--|----|------------------|
| Governmental activities | | |
| General government administration | \$ | 372,695 |
| Public safety | | 226,478 |
| Public works | | 210,608 |
| Parks & recreation | | 2,133 |
| Community development | | 1,128,233 |
| Total depreciation and amortization expense – governmental activities | \$ | <u>1,940,147</u> |
| Business-type activities | | |
| Water | \$ | 483,480 |
| Sewer | | 915,943 |
| Total depreciation and amortization expense – business-type activities | \$ | <u>1,399,423</u> |

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 11,253,000 | \$ 5,095,000 | \$ 6,149,000 | \$ 10,199,000 | \$ 1,116,000 |
| Notes payable | 425,000 | - | 85,000 | 340,000 | 85,000 |
| Issuance premiums | 134,925 | - | 62,874 | 72,051 | 43,213 |
| Financed purchases | 325,070 | 146,136 | 104,429 | 366,777 | 152,684 |
| Leases | 570,805 | - | 153,611 | 417,194 | 160,268 |
| Subscriptions | - | 364,732 | 85,558 | 279,174 | 114,555 |
| Compensated absences | 524,009 | 573,650 | 533,913 | 563,746 | 56,376 |
| | <u>\$ 13,232,809</u> | <u>\$ 6,179,518</u> | <u>\$ 7,174,385</u> | <u>\$ 12,237,942</u> | <u>\$ 1,728,096</u> |
| Business-type activities: | | | | | |
| General obligation bond | \$ 40,518,630 | \$ 6,393,000 | \$ 6,670,000 | \$ 40,241,630 | \$ 334,000 |
| Premium on bonds | 15,738 | - | 898 | 14,840 | 14,840 |
| Financed purchases | 30,616 | 76,216 | 19,050 | 87,782 | 27,723 |
| Leases | 7,676 | - | 3,825 | 3,851 | 3,851 |
| Compensated absences | 87,083 | 126,799 | 114,260 | 99,622 | 9,962 |
| | <u>\$ 40,659,743</u> | <u>\$ 6,596,015</u> | <u>\$ 6,808,033</u> | <u>\$ 40,447,725</u> | <u>\$ 390,376</u> |

Governmental activities compensated absences, pension liabilities, and other post-employment benefits liabilities are generally liquidated by the general fund.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Long-Term Liabilities (Continued)

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

| Governmental Activities | | | | | |
|--------------------------------|--------------------------------|---------------------|---------------------------|------------------|----------------------|
| Fiscal Year | General Obligation Bond | | Financed Purchases | | Notes Payable |
| | Principal | Interest | Principal | Interest | Principal |
| 2024 | \$ 1,116,000 | \$ 214,831 | \$ 152,684 | \$ 18,135 | \$ 85,000 |
| 2025 | 1,127,000 | 174,136 | 129,207 | 7,659 | 85,000 |
| 2026 | 1,164,000 | 133,539 | 29,530 | 3,238 | 85,000 |
| 2027 | 1,181,000 | 115,511 | 31,040 | 1,728 | 85,000 |
| 2028 | 1,260,000 | 97,217 | 24,316 | 299 | - |
| 2029-2033 | 3,789,000 | 239,060 | - | - | - |
| 2034-2038 | 562,000 | 28,778 | - | - | - |
| | <u>\$ 10,199,000</u> | <u>\$ 1,003,072</u> | <u>\$ 366,777</u> | <u>\$ 31,059</u> | <u>\$ 340,000</u> |

| Governmental Activities | | | | | |
|--------------------------------|-------------------|-----------------|----------------------|------------------|--|
| Fiscal Year | Leases | | Subscriptions | | |
| | Principal | Interest | Principal | Interest | |
| 2024 | \$ 160,268 | \$ 3,326 | \$ 114,555 | \$ 4,386 | |
| 2025 | 137,471 | 1,905 | 83,323 | 4,272 | |
| 2026 | 119,455 | 537 | 81,296 | 2,100 | |
| 2027 | - | - | - | - | |
| | <u>\$ 417,194</u> | <u>\$ 5,768</u> | <u>\$ 279,174</u> | <u>\$ 10,758</u> | |

| Business-Type Activities | | | | | |
|---------------------------------|--------------------------------|----------------------|---------------------------|-----------------|--|
| Fiscal Year | General Obligation Bond | | Financed Purchases | | |
| | Principal | Interest | Principal | Interest | |
| 2024 | \$ 334,000 | \$ 1,062,753 | \$ 27,723 | \$ 4,157 | |
| 2025 | 1,735,354 | 1,048,971 | 24,813 | 2,445 | |
| 2026 | 2,197,508 | 1,003,233 | 15,820 | 1,327 | |
| 2027 | 2,267,556 | 949,972 | 16,585 | 563 | |
| 2028 | 2,332,518 | 894,916 | 2,841 | 17 | |
| 2029-2033 | 12,584,694 | 3,615,394 | - | - | |
| 2034-2038 | 14,153,000 | 1,954,590 | - | - | |
| 2039-2040 | 4,637,000 | 125,556 | - | - | |
| | <u>\$ 40,241,630</u> | <u>\$ 10,655,385</u> | <u>\$ 87,782</u> | <u>\$ 8,509</u> | |

| Business-Type Activities | | |
|---------------------------------|------------------|-----------------|
| Fiscal Year | Leases | |
| | Principal | Interest |
| 2024 | \$ 3,851 | \$ 14 |
| | <u>\$ 3,851</u> | <u>\$ 14</u> |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Long-Term Liabilities (Continued)

Details of general obligation and capital lease long-term indebtedness are as follows:

| | Interest Rates | Final Maturity Date | Amount of Original Issue | Amount Outstanding | |
|---------------------------|---------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| | | | | Governmental Activities | Business-Type Activities |
| General obligation bonds: | | | | | |
| Series 2013A & 2013B | 2.00-5.00% | 2/1/2034 | \$ 33,690,000 | \$ 1,465,000 | \$ - |
| Series 2017B | 3.35% | 2/1/2038 | 16,370,000 | 700,000 | 15,055,000 |
| VRA Series 2008 | 2.77% | 3/1/2030 | 14,449,513 | - | 8,863,630 |
| Series 2020A GO | 1.46% | 2/1/2033 | 4,522,000 | 2,939,000 | 609,000 |
| Series 2021 GO | 2.69% | 8/1/2031 | 12,265,000 | - | 9,321,000 |
| Series 2023 GO | 1.58% | 2/1/2034 | 11,488,000 | 5,095,000 | 6,393,000 |
| | | | | <u>\$ 10,199,000</u> | <u>\$ 40,241,630</u> |
| Financed purchases: | | | | | |
| Pickup truck | 8.28% | 2/1/2024 | \$ 25,431 | \$ 9,695 | \$ - |
| Police interceptor | 8.19% | 3/1/2024 | 37,552 | 12,613 | - |
| Sports utility vehicle | 8.09% | 3/1/2024 | 23,093 | 9,107 | - |
| Sports utility vehicle | 8.09% | 3/1/2024 | 23,093 | - | 9,107 |
| Pickup truck | 7.55% | 5/1/2024 | 55,349 | 16,216 | - |
| Pickup truck | 7.03% | 7/1/2024 | 55,349 | 17,922 | - |
| Sports utility vehicle | 6.87% | 9/1/2024 | 49,922 | 17,780 | - |
| Sports utility vehicle | 6.91% | 10/1/2024 | 25,130 | 12,221 | - |
| Sports utility vehicle | 7.04% | 11/1/2024 | 29,900 | 14,830 | - |
| Police interceptor | 7.39% | 1/1/2025 | 35,643 | 15,057 | - |
| Police interceptor | 7.39% | 1/1/2025 | 35,643 | 15,057 | - |
| Pickup truck | 7.68% | 1/1/2025 | 27,747 | 14,518 | - |
| Pickup truck | 6.36% | 3/1/2025 | 58,653 | 26,259 | - |
| Police interceptor | 6.06% | 3/1/2025 | 51,102 | 22,898 | - |
| Police interceptor | 6.06% | 3/1/2025 | 51,102 | 22,898 | - |
| Pickup truck | 7.73% | 1/1/2025 | 26,622 | - | 13,945 |
| Pickup truck | 5.00% | 8/1/2027 | 76,216 | - | 64,730 |
| Police interceptor | 5.00% | 2/1/2028 | 71,379 | 67,154 | - |
| Police interceptor | 5.00% | 4/1/2028 | 74,182 | 72,552 | - |
| | | | | <u>\$ 366,777</u> | <u>\$ 87,782</u> |
| Leases: | | | | | |
| Building | 4.98% | 4/30/2026 | \$ 630,889 | \$ 387,724 | \$ - |
| Office equipment | .648% | 6/30/2024 | 91,173 | 26,726 | 3,851 |
| Shared Parking | 3.06% | 3/31/2025 | 7,998 | 2,744 | - |
| | | | | <u>\$ 417,194</u> | <u>\$ 3,851</u> |
| Notes Payable | | | | | |
| Fireman's Field | 0.00% | 8/1/2026 | \$ 1,700,000 | <u>\$ 340,000</u> | <u>\$ -</u> |

Assets acquired through financed purchases have a carrying value of \$286,748 and \$74,742 for governmental and business-type activities, respectively, as of June 30, 2023. Depreciation expense for assets under financing payables was \$118,913 for governmental activities and \$23,977 for business-type activities.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Long-Term Liabilities (Continued)

During 2023, the Town implemented the guidance of GASB No. 96, *Subscription-Based Information Technology Arrangements*. In instances where the Town is the Lessee, the right-to-use asset information can be found in Note 5, and the corresponding liabilities and maturity schedules are provided in Note 7. During 2023, the Town entered into multiple subscription-based technology arrangements, details of which are described below.

The town recorded a subscription-based technology arrangement for debt and lease management software with a term of 24 months. Minimum payments are \$7,500 on an annual basis. For the purpose of discounting future payments, the Town imputed an interest rate of 1.89%.

The Town also entered a subscription-based technology arrangement for GoTo Connect application with a term of 32 months. Minimum payments are \$1,056 on a monthly basis. For the purpose of discounting future payments, the Town imputed an interest rate of 1.89%.

The Town entered into subscription-based technology arrangement for Granicus Government Transparency Suite with a term of 36 months. Minimum payments are \$2,568 on an annual basis. For the purpose of discounting future payments, the Town imputed an interest rate of 2.58%.

The Town entered into subscription-based technology arrangement for Tyler Detect Services with a term of 24 months. Minimum payments are \$15,000 on an annual basis. For the purpose of discounting future payments, the Town imputed an interest rate of 1.58%.

The Town entered into subscription-based technology arrangement for Tyler ERP Software with a term of 42 months. Minimum payments are \$79,424 on an annual basis. For the purpose of discounting future payments, the Town imputed an interest rate of 2.58%.

The Town entered into subscription-based technology arrangement for VelocityEHS HQ with a term of 36 months. Minimum payments are to be made on an annual basis and are to increase 3% each year. The minimum payments for 2023, 2024, and 2025 are \$3,636, \$3,745, and \$3,857, respectively. For the purpose of discounting future payments, the Town imputed an interest rate of 3.12%.

In prior years, the Town defeased certain outstanding bonds payable. The proceeds were placed in trust to fund all future debt service payments. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Town's financial statements. At June 30, 2023, the following bonds are considered defeased:

| | Beginning Balance | | Increases | | Decreases | | Ending Balance |
|------------------------------|------------------------------|----|------------------|----|-------------------|----|---------------------------|
| VRA GO Bond, Series 2008 | \$ 2,670,692 | \$ | - | \$ | 1,318,627 | \$ | 1,352,065 |
| GO Public Bond, Series 2013A | 18,935,000 | | - | | 18,935,000 | | - |
| GO Public Bond, Series 2013B | 6,535,000 | | - | | 6,535,000 | | - |
| GO Public Bond, Series 2017 | 4,489,000 | | - | | 4,489,000 | | - |
| | <u>\$ 32,629,692</u> | \$ | <u>-</u> | \$ | <u>31,277,627</u> | \$ | <u>1,352,065</u> |

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Deferred Property Taxes

Deferred property taxes represent amounts for which asset recognition criteria have been met, but revenue recognition criteria have not. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables that were not collected within the availability period.

| | Governmental Activities | Governmental Funds |
|--|----------------------------|-----------------------|
| Uncollected property tax billings that are unavailable for the funding of current expenditures | \$ - | \$ 171,307 |
| Uncollected property tax billings for 2nd half assessment | 2,595,963 | 2,595,963 |
| Property tax billings collected in advance for 2nd half assessment | 114,237 | 114,237 |
| | <u>\$ 2,710,200</u> | <u>\$ 2,881,507</u> |

Note 8. Defined Benefit Pension Plan

Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan is available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | <u>Members</u> |
|--|-----------------------|
| Inactive members or their beneficiaries currently receiving benefits | 58 |
| Inactive members: | |
| Vested inactive members | 18 |
| Non-vested inactive members | 12 |
| Inactive members active elsewhere in VRS | 32 |
| | <hr/> |
| Total inactive members | 62 |
| Active members | 75 |
| | <hr/> |
| Total covered employees | 195 |
| | <hr/> <hr/> |

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 political subdivision's contractually required contribution rate for the year ended June 30, 2023, was 8.35% 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 political subdivision were \$567,668 and \$454,401 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability/(Asset)

The political subdivision's net pension liability 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. For political subdivisions, the net pension liability/(asset) was measured as of June 30, 2022. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

| | |
|--|--|
| Inflation | 2.50% |
| General Employees – Salary increases, including inflation | 3.50 – 5.35% |
| Public Safety Employees with hazardous duty benefits – Salary increases, including inflation | 3.50 – 4.75% |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the changes in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates; adjusted withdrawal rates to better-fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------------|--------------------------|---|---|
| Public equity | 34.00 % | 5.71 % | 1.94 % |
| Fixed income | 15.00 | 2.04 | 0.31 |
| Credit strategies | 14.00 | 4.78 | 0.67 |
| Real assets | 14.00 | 4.47 | 0.63 |
| Private equity | 14.00 | 9.73 | 1.36 |
| MAPS – Multi-Asset Public Strategies | 6.00 | 3.73 | 0.22 |
| PIP – Private Investment Partnership | 3.00 | 6.55 | 0.20 |
| Total | 100.00 % | | 5.33 % |
| | Inflation | | 2.50 |
| | | | 7.83 % |

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability/(Asset)

| | Increase (Decrease) | | |
|--|--|--|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/ (Asset) (a) – (b) |
| Balances at June 30, 2022 | \$ 18,587,342 | \$ 20,217,791 | \$ (1,630,449) |
| Changes for the year: | | | |
| Service cost | 670,048 | - | 670,048 |
| Interest | 1,272,386 | - | 1,272,386 |
| Changes in assumptions | - | - | - |
| Differences between expected and actual experience | (193,541) | - | (193,541) |
| Contributions – employer | - | 454,777 | (454,777) |
| Contributions – employee | - | 279,738 | (279,738) |
| Net investment income | - | (26,884) | 26,884 |
| Benefit payments, including refunds of employee contributions | (814,464) | (814,464) | - |
| Administrative expenses | - | (12,499) | 12,499 |
| Other changes | - | 472 | (472) |
| Net changes | 934,429 | (118,860) | 1,053,289 |
| Balances at June 30, 2023 | \$ 19,521,771 | \$ 20,098,931 | \$ (577,160) |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Defined Benefit Pension Plan (Continued)

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

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

| | <u>1.00% Decrease (5.75%)</u> | <u>Current Discount Rate (6.75%)</u> | <u>1.00% Increase (7.75%)</u> |
|---|--|---|--|
| Political subdivision's net pension liability/(asset) | \$ 2,190,880 | \$ (577,160) | \$ (2,818,078) |

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of \$177,600. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ - | \$ 247,226 |
| Change in assumptions | 213,715 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 562,172 |
| Employer contributions subsequent to the measurement date | <u>567,668</u> | <u>-</u> |
| Total | <u>\$ 781,383</u> | <u>\$ 809,398</u> |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Defined Benefit Pension Plan (Continued)

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

The \$567,668 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Increase (Reduction) to Pension Expense |
|--------------------------------|--|
| 2024 | \$ (208,336) |
| 2025 | (274,487) |
| 2026 | (390,557) |
| 2027 | 277,697 |
| 2028 | - |
| Thereafter | - |

Pension Plan Data

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

Note 9. Other Postemployment Benefits Liability – Local Plan

Plan Description

In addition to the pension benefits described in Note 8, the Town administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report. There are no assets accumulated in a GASB-compliant trust.

Benefits Provided

Participants who are eligible to retire as participants in the VRS pension plan are allowed access to the plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however, as they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Benefits Provided (Continued)

VRS retirement eligibility is age 60 with 10 years of service for employees hired prior to July 1, 2010, who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 15 years of service or 90 combined age and service points for other employees.

Employees Covered by Benefit Terms

As of the January 1, 2022 actuarial valuation, the following employees were covered by the benefit terms of the plan:

| | <u>Members</u> |
|--|-----------------------|
| Inactive employees or beneficiaries: | |
| Currently receiving benefits | 20 |
| Entitled to but not yet receiving benefits | <u>-</u> |
| Total inactive employees | 20 |
| Active plan members | <u>76</u> |
| | <u><u>96</u></u> |

Total OPEB Liability

The Town's total OPEB liability of \$4,813,249 was measured as of June 30, 2023, and was determined based on an actuarial valuation performed as of January 1, 2022.

Actuarial Assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------------------|--------------------------|
| Inflation | 2.50% |
| Discount rate | 3.65% |
| Salary increases, including inflation | 3.50-5.35% |
| Healthcare cost trend rates | 3.90-5.30% over 74 years |

Mortality rates: Pre-Retirement Mortality Rates: RP-2014 Employee Rates to age 80. Healthy Annuitant Rate at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Actuarial Assumptions and other inputs (Continued)

Post-Retirement Mortality Rates: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement Mortality Rates: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study covering the period from July 1, 2012 to June 30, 2016.

Changes in the Total OPEB Liability

| | |
|---|--------------|
| Balance at June 30, 2022 | \$ 4,618,379 |
| Changes for the year: | |
| Service cost | 199,429 |
| Interest | 167,930 |
| Differences between expected and actual experience | - |
| Assumption or other input changes | (23,173) |
| Benefit payments | (149,316) |
| Net changes | 194,870 |
| Balance at June 30, 2023 | \$ 4,813,249 |

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

| | 1.00% Decrease (2.65%) | Current Discount Rate (3.65%) | 1.00% Increase (4.65%) |
|----------------------|---------------------------------------|--|---------------------------------------|
| Total OPEB liability | \$ 5,666,864 | \$ 4,813,249 | \$ 4,130,984 |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it was calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

| | <u>1.00% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1.00% Increase</u> |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB liability | \$ 3,972,409 | \$ 4,813,249 | \$ 5,921,686 |

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$307,877. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Change in assumptions | \$ 396,004 | \$ 1,284,723 |
| Differences between expected and actual experience | 322,520 | - |
| | <u>\$ 718,524</u> | <u>\$ 1,284,723</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ended June 30,</u> | <u>Reduction to OPEB Expense</u> |
|--------------------------------|--|
| 2024 | \$ (59,482) |
| 2025 | (59,482) |
| 2026 | (59,482) |
| 2027 | (59,482) |
| 2028 | (60,337) |
| Thereafter | (267,934) |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town of Purcellville, Virginia also participates in a cost-sharing multiemployer other postemployment benefit plan, described as follows.

Plan Description

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple-employer, cost-sharing plan.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021 (GLI Programs). The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

| | |
|----------------------------|---|
| Governed by: | <i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly. |
| Total rate: | 1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution. |
| June 30, 2023 Contribution | \$36,683 |
| June 30, 2022 Contribution | \$32,196 |

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The net OPEB liabilities were measured as of June 30, 2022, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities, was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

| | |
|--|-----------|
| June 30, 2023 proportionate share of liability | \$330,043 |
| June 30, 2022 proportion | 0.02741% |
| June 30, 2021 proportion | 0.02684% |
| June 30, 2023 expense | \$16,201 |

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Group Life Insurance Program

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 26,135 | \$ 13,241 |
| Change in assumptions | 12,310 | 32,147 |
| Net difference between projected and actual earnings | | |
| On OPEB plan investments | - | 20,623 |
| Changes in proportion | 24,483 | 5,647 |
| Employer contributions subsequent to the measurement date | 36,683 | - |
| | <hr/> | <hr/> |
| Total | \$ 99,611 | \$ 71,658 |

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Group Life Insurance Program

| Year Ended June 30, | Addition (Reduction) to OPEB Expense |
|--------------------------------|---|
| 2024 | \$ (619) |
| 2025 | 630 |
| 2026 | (11,554) |
| 2027 | 3,961 |
| 2028 | (1,148) |
| Thereafter | - |

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

| | |
|---|--------------|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| • Locality – general employees | 3.50 – 5.35% |
| • Locality – hazardous duty employees | 3.50 – 4.75% |
| Healthcare cost trend rates: | |
| • Under age 65 | 7.00 – 4.75% |
| • Ages 65 and older | 5.25 – 4.75% |
| Investment rate of return, net of expenses, including inflation | GLI: 6.75% |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 8.

Net OPEB Liabilities

The net OPEB liabilities represent each 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, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

| | Group Life Insurance Program |
|---|-------------------------------------|
| Total OPEB Liability | \$ 3,672,085 |
| Plan fiduciary net position | 2,467,989 |
| Employers' net OPEB liability (asset) | \$ 1,204,096 |
| Plan fiduciary net position as a percentage of total OPEB liability | 67.21% |

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS 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 OPEB 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:

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return (Continued)

| <u>Asset Class (Strategy)</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Rate of Return</u> | <u>Weighted Average Long-Term Expected Rate of Return</u> |
|---------------------------------------|-------------------------------------|---|---|
| Public Equity | 34.00 % | 5.71 % | 1.94 % |
| Fixed Income | 15.00 | 2.04 | 0.31 |
| Credit Strategies | 14.00 | 4.78 | 0.67 |
| Real Assets | 14.00 | 4.47 | 0.63 |
| Private Equity | 14.00 | 9.73 | 1.36 |
| MAPS – Multi-Asset Public Strategies | 6.00 | 3.73 | 0.22 |
| PIP – Private Investments Partnership | 3.00 | 6.55 | 0.20 |
| Total | 100.00 % | | 5.33 % |
| | Inflation | | 2.50 % |
| | *Expected arithmetic nominal return | | 7.83 % |

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

Discount Rate

The discount rate used to measure the GLI OPEB 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 Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The following presents the net OPEB liability of the Town, as well as what the Town's net 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 discount rate:

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|------------------------|---------------------------------------|--|---------------------------------------|
| GLI Net OPEB liability | \$ 480,251 | \$ 330,043 | \$ 208,654 |

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11. Summary of Other Postemployment Benefit Elements

A summary of other postemployment benefit ("OPEB") related financial statement elements is as follows:

| | |
|---|---------------------|
| Deferred outflows of resources – OPEB | |
| Changes in proportion | |
| VRS-Group Life Insurance | \$ 24,483 |
| Employer contributions subsequent to the measurement date | |
| VRS-Group Life Insurance | 36,683 |
| Difference between expected and actual experience | |
| Local Plan | 322,520 |
| VRS-Group Life Insurance | 26,135 |
| Change in assumptions | |
| Local Plan | 396,004 |
| VRS-Group Life Insurance | 12,310 |
| Total deferred outflow of resources – OPEB | <u>\$ 818,135</u> |
| Net OPEB liability | |
| Local Plan | \$ 4,813,249 |
| VRS-Group Life Insurance | <u>330,043</u> |
| Total net OPEB liability | <u>\$ 5,143,292</u> |

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Summary of Other Postemployment Benefit Elements (Continued)

| | |
|--|---------------------|
| Deferred inflows of resources – OPEB | |
| Differences between expected and actual experience | |
| VRS-Group Life Insurance | \$ 13,241 |
| Net difference between projected and actual earnings | |
| on OPEB plan investments | |
| VRS-Group Life Insurance | 20,623 |
| Change in assumptions | |
| Local Plan | 1,284,723 |
| VRS-Group Life Insurance | 32,147 |
| Changes in proportion | |
| VRS-Group Life Insurance | <u>5,647</u> |
| Total deferred inflow of resources – OPEB | <u>\$ 1,356,381</u> |
| OPEB Expense | |
| Local Plan | \$ 307,877 |
| VRS-Group Life Insurance | <u>16,201</u> |
| Total expense – OPEB | <u>\$ 324,078</u> |

Note 12. Service Concession Arrangement

The Town entered into a service concession arrangement with Purcellville Teen Center, Inc. (PTC) on July 1, 2023, for the operation and management of the Bush Tabernacle. The agreement entitles PTC to all income, revenues, and receipts from the operation of the facility. The agreement states increases to rates and charges for use of the facility must be mutually agreed upon by both parties. Under the terms of the agreement, PTC is required to pay all costs of operating and maintaining the facility except for costs related to landscaping, parking, and servicing of heating and cooling equipment. In exchange, PTC shall pay the Town a basic monthly payment equal to \$4,000. The current agreement is effective through March 31, 2024, with no option to automatically renew.

Note 13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the association for its workers' compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 14. Commitments and Contingencies

Federal and State-Assisted Programs

The Town has received proceeds from several federal and state grant programs. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes any required refunds will be immaterial. Based on past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Construction commitments

At June 30, 2023, the Town was contractually obligated for \$2,849,035 to complete various construction projects within the Town, \$794,881 in the capital projects fund, \$1,358,156 in the water fund, and \$695,998 in the wastewater fund. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal, and state funding.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2023**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| General property taxes | \$ 4,400,123 | \$ 4,400,123 | \$ 4,658,413 | \$ 258,290 |
| Other local taxes | 5,885,430 | 5,885,430 | 6,580,917 | 695,487 |
| Permits, privilege fees, and regulatory licenses | 338,941 | 338,941 | 354,222 | 15,281 |
| Fines and forfeitures | 103,659 | 103,659 | 65,907 | (37,752) |
| Revenue from use of property | 27,000 | 27,000 | 27,163 | 163 |
| Investment income | 17,893 | 17,893 | 485,226 | 467,333 |
| Investment loss | - | - | (69,388) | (69,388) |
| Miscellaneous | 19,044 | 19,044 | 93,054 | 74,010 |
| Intergovernmental | | | | |
| Commonwealth | 1,203,434 | 1,203,434 | 1,329,755 | 126,321 |
| Federal | - | 5,279,922 | 1,652,956 | (3,626,966) |
| | | | | |
| Total revenues | 11,995,524 | 17,275,446 | 15,178,225 | (2,097,221) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government administration | 4,288,517 | 14,413,367 | 5,650,806 | 8,762,561 |
| Public safety | 3,163,454 | 1,765,654 | 1,657,424 | 108,230 |
| Public works | 2,172,400 | 2,455,443 | 2,133,385 | 322,058 |
| Community development | 1,473,767 | 1,554,867 | 1,381,028 | 173,839 |
| Capital outlay | 182,700 | 295,550 | 514,230 | (218,680) |
| Debt service | | | | |
| Principal retirement | 1,054,000 | 1,054,000 | 6,489,937 | (5,435,937) |
| Interest and other fiscal charges | 256,301 | 256,301 | 279,877 | (23,576) |
| Bond issuance costs | - | - | 8,404 | (8,404) |
| | | | | |
| Total expenditures | 12,591,139 | 21,795,182 | 18,115,091 | 3,680,091 |
| | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (595,615) | (4,519,736) | (2,936,866) | 1,582,870 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 595,615 | 5,922,336 | - | (5,922,336) |
| Transfers out | - | (1,402,600) | (1,400,000) | 2,600 |
| Issuance of financed purchase | - | - | 146,136 | 146,136 |
| Issuance of subscription-based IT arrangements | - | - | 364,732 | 364,732 |
| General obligation refunding bonds issued | - | - | 5,095,000 | 5,095,000 |
| | | | | |
| Total other financing sources (uses) | 595,615 | 4,519,736 | 4,205,868 | (313,868) |
| | | | | |
| Net change in fund balance | \$ - | \$ - | \$ 1,269,002 | \$ 1,269,002 |

The Notes to Required Supplementary Information are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PARKS & RECREATION FUND
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| General property taxes | \$ 523,502 | \$ 523,502 | \$ 546,273 | \$ 22,771 |
| Permits, privilege fees, and regulatory licenses | 1,300 | 1,300 | 900 | (400) |
| Revenue from use of property | 48,540 | 48,540 | 29,950 | (18,590) |
| Miscellaneous | 34,345 | 34,345 | 37,081 | 2,736 |
| Total revenues | 607,687 | 607,687 | 614,204 | 6,517 |
| EXPENDITURES | | | | |
| Current | | | | |
| Parks, recreation, and cultural | 542,234 | 543,837 | 520,168 | 23,669 |
| Debt service | | | | |
| Principal retirement | 85,000 | 85,000 | 87,661 | (2,661) |
| Interest and other fiscal charges | 21,866 | 21,866 | 21,896 | (30) |
| Total expenditures | 649,100 | 650,703 | 629,725 | 20,978 |
| Excess (deficiency) of revenues over (under) expenditures | (41,413) | (43,016) | (15,521) | 27,495 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 118,597 | 207,200 | - | (207,200) |
| Transfers out | (77,184) | (164,184) | (164,184) | - |
| Total other financing sources (uses) | 41,413 | 43,016 | (164,184) | (207,200) |
| Net change in fund balance | \$ - | \$ - | \$ (179,705) | \$ (179,705) |

The Notes to Required Supplementary Information are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT

June 30, 2023

| | 2022 | 2021 | 2020 | 2019 | Plan Year 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|-----------------------|---------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| Total Pension Liability | | | | | | | | | |
| Service cost | \$ 670,048 | \$ 649,905 | \$ 645,719 | \$ 539,913 | \$ 560,029 | \$ 565,009 | \$ 520,138 | \$ 517,073 | \$ 555,900 |
| Interest on total pension liability | 1,272,386 | 1,138,401 | 1,081,157 | 1,011,938 | 940,955 | 904,712 | 831,714 | 746,112 | 683,141 |
| Difference between expected and actual experience | (193,541) | (253,657) | (142,140) | 187,582 | 106,210 | (223,270) | 127,380 | 315,416 | - |
| Changes in assumptions | - | 569,905 | - | 512,755 | - | (209,240) | - | - | - |
| Benefit payments, including refunds of employee contributions | (814,464) | (764,837) | (708,504) | (674,107) | (512,191) | (526,713) | (346,107) | (365,311) | (313,605) |
| Net change in total pension liability | 934,429 | 1,339,717 | 876,232 | 1,578,081 | 1,095,003 | 510,498 | 1,133,125 | 1,213,290 | 925,436 |
| Total pension liability – beginning | 18,587,342 | 17,247,625 | 16,371,393 | 14,793,312 | 13,698,309 | 13,187,811 | 12,054,686 | 10,841,396 | 9,915,960 |
| Total pension liability – ending | 19,521,771 | 18,587,342 | 17,247,625 | 16,371,393 | 14,793,312 | 13,698,309 | 13,187,811 | 12,054,686 | 10,841,396 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions – employer | 454,777 | 430,887 | 392,073 | 357,501 | 354,829 | 363,393 | 445,991 | 427,672 | 520,781 |
| Contributions – employee | 279,738 | 261,264 | 265,112 | 272,387 | 228,399 | 232,553 | 224,263 | 216,720 | 210,587 |
| Net investment income (loss) | (26,884) | 4,381,789 | 294,282 | 990,181 | 1,015,636 | 1,486,189 | 216,458 | 503,837 | 1,444,988 |
| Benefit payments, including refunds of employee contributions | (814,464) | (764,837) | (708,504) | (674,107) | (512,191) | (526,713) | (346,107) | (365,311) | (313,605) |
| Administrative expenses | (12,499) | (10,683) | (10,064) | (9,518) | (8,531) | (8,346) | (6,926) | (6,523) | (7,349) |
| Other | 472 | 415 | (359) | (626) | (915) | (1,336) | (88) | (109) | 76 |
| Net change in plan fiduciary net position | (118,860) | 4,298,835 | 232,540 | 935,818 | 1,077,227 | 1,545,740 | 533,591 | 776,286 | 1,855,478 |
| Plan fiduciary net position – beginning | 20,217,791 | 15,918,956 | 15,686,416 | 14,750,598 | 13,673,371 | 12,127,631 | 11,594,040 | 10,817,754 | 8,962,276 |
| Plan fiduciary net position – ending | 20,098,931 | 20,217,791 | 15,918,956 | 15,686,416 | 14,750,598 | 13,673,371 | 12,127,631 | 11,594,040 | 10,817,754 |
| Net pension liability/(asset) – ending | \$ (577,160) | \$ (1,630,449) | \$ 1,328,669 | \$ 684,977 | \$ 42,714 | \$ 24,938 | \$ 1,060,180 | \$ 460,646 | \$ 23,642 |
| Plan fiduciary net position as a percentage of total pension liability | 102.96% | 108.77% | 92.30% | 95.82% | 99.71% | 99.82% | 91.96% | 96.18% | 99.78% |
| Covered payroll | \$ 5,957,860 | \$ 5,717,892 | \$ 5,155,135 | \$ 5,167,111 | \$ 4,673,958 | \$ 4,707,039 | \$ 4,524,808 | \$ 4,309,958 | \$ 4,785,081 |
| Net pension liability/(asset) as a percentage of covered payroll | -9.69% | -28.51% | 25.77% | 13.26% | 0.91% | 0.53% | 23.43% | 10.69% | 0.49% |

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
June 30, 2023

| Entity Fiscal Year Ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|---|---|---------------------------------------|---|
| 2023 | \$ 567,668 | \$ 567,668 | \$ - | \$ 6,796,972 | 8.35 % |
| 2022 | 454,401 | 454,401 | - | 5,957,860 | 7.63 |
| 2021 | 430,887 | 430,887 | - | 5,717,892 | 7.54 |
| 2020 | 392,073 | 392,073 | - | 5,155,135 | 7.61 |
| 2019 | 357,501 | 357,501 | - | 5,167,111 | 6.92 |
| 2018 | 354,829 | 354,829 | - | 4,673,958 | 7.59 |
| 2017 | 363,393 | 363,393 | - | 4,707,039 | 7.72 |
| 2016 | 445,991 | 445,991 | - | 4,524,808 | 9.86 |
| 2015 | 427,672 | 427,672 | - | 4,309,958 | 9.92 |

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the Town's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND
 RELATED RATIOS - LOCAL PLAN
 June 30, 2023

| | Plan Year | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | | | | |
| Service cost | \$ 199,429 | \$ 306,783 | \$ 279,511 | \$ 229,310 | \$ 191,276 | \$ 204,974 |
| Interest on total OPEB liability | 167,930 | 123,351 | 119,115 | 160,700 | 155,405 | 140,295 |
| Differences between expected and actual experience | - | 308,259 | - | 132,605 | - | - |
| Changes in assumptions | (23,173) | (1,443,151) | 49,951 | 372,745 | 290,118 | (273,794) |
| Benefit payments | (149,316) | (160,678) | (149,256) | (144,714) | (54,106) | (47,156) |
| Net change in total OPEB liability | 194,870 | (865,436) | 299,321 | 750,646 | 582,693 | 24,319 |
| Total OPEB liability - beginning | <u>4,618,379</u> | <u>5,483,815</u> | <u>5,184,494</u> | <u>4,433,848</u> | <u>3,851,155</u> | <u>3,826,836</u> |
| Total OPEB liability - ending | <u>\$ 4,813,249</u> | <u>\$ 4,618,379</u> | <u>\$ 5,483,815</u> | <u>\$ 5,184,494</u> | <u>\$ 4,433,848</u> | <u>\$ 3,851,155</u> |
| Covered employee payroll | <u>\$ 5,891,292</u> | <u>\$ 5,891,292</u> | <u>\$ 5,529,749</u> | <u>\$ 5,529,749</u> | <u>\$ 4,540,991</u> | <u>\$ 4,540,991</u> |
| Total OPEB liability as a percentage of covered payroll | <u>82%</u> | <u>78%</u> | <u>99%</u> | <u>94%</u> | <u>98%</u> | <u>85%</u> |

This schedule is intended to show information for 10 years. Since fiscal year 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

There are no assets accumulated in a trust meeting the criteria defined to pay related benefits of the pension/OPEB plan.

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
June 30, 2023

| Entity Fiscal Year Ended June 30 | Employer's Proportion of the Net OPEB Liability (Asset) | Employer's Proportionate Share of the Net OPEB Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|--|--|---|---|--|--|
| Virginia Retirement System – Group Life Insurance – General Employees | | | | | |
| 2022 | 0.02741 % | \$ 330,043 | \$ 5,957,860 | 5.54 % | 67.21 % |
| 2021 | 0.02684 | 312,490 | 5,717,892 | 5.47 | 67.45 |
| 2020 | 0.02707 | 451,754 | 5,155,135 | 8.76 | 52.64 |
| 2019 | 0.02568 | 418,000 | 5,167,111 | 8.09 | 52.00 |
| 2018 | 0.02458 | 373,000 | 4,673,958 | 7.98 | 51.22 |
| 2017 | 0.02552 | 384,000 | 4,707,039 | 8.16 | 48.86 |

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – VRS GLI
June 30, 2023

| Entity Fiscal Year Ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|---|---|---|---|
| Virginia Retirement System – Group Life Insurance – General Employees | | | | | |
| 2023 | \$ 36,683 | \$ 36,683 | \$ - | \$ 6,796,972 | 0.54 % |
| 2022 | 32,196 | 32,196 | - | 5,957,860 | 0.54 |
| 2021 | 29,966 | 29,966 | - | 5,717,892 | 0.52 |
| 2020 | 26,544 | 26,544 | - | 5,155,135 | 0.51 |
| 2019 | 26,178 | 26,178 | - | 5,167,111 | 0.51 |
| 2018 | 24,305 | 24,305 | - | 4,673,958 | 0.52 |

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year — i.e. the covered payroll on which required contributions were based for the same year.

TOWN OF PURCELLVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 1. Budgets and Budgetary Accounting

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

- 1) Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 4) The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Town Council.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- 6) All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The governmental funds utilize the modified accrual basis of accounting, while the proprietary funds utilize accrual basis of accounting.
- 7) Appropriations lapse on June 30 for all Town units.
- 8) All budgetary data presented in the accompanying financial statements is amended and approved by Town Council.
- 9) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations.

Note 2. Pension and Other Postemployment Benefits – Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

(Continued)

TOWN OF PURCELLVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 3. Pension and Other Postemployment Benefits – Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

(Continued)

TOWN OF PURCELLVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 3. Pension and Other Postemployment Benefits – Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal 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.
- No change to disability rates.
- No change to salary scale.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

Local OPEB Plan:

For the local OPEB plan, the healthcare trend assumption was updated to rates consistent with the Getzen Trend Model, Milliman's health costs Guidelines, and actuarial judgment.

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**OTHER
SUPPLEMENTARY INFORMATION**

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TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| General Fund | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 3,662,814 | \$ 3,662,814 | \$ 3,746,027 | \$ 83,213 |
| Personal property taxes | 701,309 | 701,309 | 854,813 | 153,504 |
| Penalties and interest | 36,000 | 36,000 | 57,573 | 21,573 |
| Total general property taxes | 4,400,123 | 4,400,123 | 4,658,413 | 258,290 |
| Other local taxes: | | | | |
| Local sales and use taxes | 1,517,218 | 1,517,218 | 1,667,287 | 150,069 |
| Cigarette taxes | 222,166 | 222,166 | 191,751 | (30,415) |
| Business license taxes | 881,576 | 881,576 | 968,501 | 86,925 |
| Utility license taxes | 220,000 | 220,000 | 225,592 | 5,592 |
| Franchise taxes | 375,950 | 375,950 | 416,873 | 40,923 |
| Hotel and motel room taxes | - | - | 1,452 | 1,452 |
| Meals tax | 2,657,020 | 2,657,020 | 3,101,223 | 444,203 |
| Other local taxes | 11,500 | 11,500 | 8,238 | (3,262) |
| Total other local taxes | 5,885,430 | 5,885,430 | 6,580,917 | 695,487 |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Motor vehicle license fees | 175,102 | 175,102 | 180,081 | 4,979 |
| Zoning fees | 68,359 | 68,359 | 85,929 | 17,570 |
| Right-of-way usage fees | 95,000 | 95,000 | 88,192 | (6,808) |
| Other permit fees | 480 | 480 | 20 | (460) |
| Total permits, privilege fees, and regulatory licenses | 338,941 | 338,941 | 354,222 | 15,281 |
| Fines and forfeitures: | | | | |
| Police fines | 103,659 | 103,659 | 65,907 | (37,752) |
| Total fines and forfeitures | 103,659 | 103,659 | 65,907 | (37,752) |
| Revenue from use of property: | 27,000 | 27,000 | 27,163 | 163 |
| Investment income: | 17,893 | 17,893 | 415,838 | 397,945 |
| Miscellaneous: | | | | |
| Insurance reimbursement | - | - | 31,757 | 31,757 |
| Proceeds from sales of property | - | - | 18,146 | 18,146 |
| Community events sign | 150 | 150 | 760 | 610 |
| Public works reimbursement from others | 10,000 | 10,000 | 24,681 | 14,681 |
| Miscellaneous | 8,894 | 8,894 | 17,710 | 8,816 |
| Total miscellaneous | 19,044 | 19,044 | 93,054 | 74,010 |
| Total revenue from local sources | 10,792,090 | 10,792,090 | 12,195,514 | 1,403,424 |

(Continued)

SCHEDULE 1

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------|---------------|---|
| | Original | Final | | |
| General Fund (continued) | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Communications tax | 114,200 | 114,200 | 111,744 | (2,456) |
| Personal property tax relief funds | 201,753 | 201,753 | 201,753 | - |
| Total noncategorical aid | 315,953 | 315,953 | 313,497 | (2,456) |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Aid to Police | 118,608 | 118,608 | 130,404 | 11,796 |
| Total shared expenses | 118,608 | 118,608 | 130,404 | 11,796 |
| Other categorical aid: | | | | |
| Arts grant | - | - | 4,499 | 4,499 |
| Other categorical aid | 11,287 | 11,287 | 7,395 | (3,892) |
| Fire program funds | 33,500 | 33,500 | 35,824 | 2,324 |
| Highway maintenance funds | 721,086 | 721,086 | 832,349 | 111,263 |
| Litter control grant | 3,000 | 3,000 | 5,787 | 2,787 |
| Total other categorical aid | 768,873 | 768,873 | 885,854 | 116,981 |
| Total categorical aid | 887,481 | 887,481 | 1,016,258 | 128,777 |
| Total revenue from the Commonwealth | 1,203,434 | 1,203,434 | 1,329,755 | 126,321 |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Law enforcement funds | - | - | 6,967 | 6,967 |
| VDOT funds | - | - | 99,450 | 99,450 |
| ARPA Funding | - | 5,279,922 | 1,546,539 | (3,733,383) |
| Total categorical aid | - | 5,279,922 | 1,652,956 | (3,626,966) |
| Total revenue from the federal government | - | 5,279,922 | 1,652,956 | (3,626,966) |
| Total intergovernmental | 1,203,434 | 6,483,356 | 2,982,711 | (3,500,645) |
| Total General Fund | \$ 11,995,524 | \$ 17,275,446 | \$ 15,178,225 | \$ (2,097,221) |
| Parks and Recreation Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property - special tax district | \$ 523,202 | \$ 523,202 | \$ 544,469 | \$ 21,267 |
| Penalties and interest | 300 | 300 | 1,804 | 1,504 |
| Total general property taxes | 523,502 | 523,502 | 546,273 | 22,771 |
| Permits, privilege fees, and regulatory licenses: | 1,300 | 1,300 | 900 | (400) |
| Revenue from use of property: | 48,540 | 48,540 | 29,950 | (18,590) |

(Continued)

SCHEDULE 1

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------|---------------|---|
| | Original | Final | | |
| Parks and Recreation Fund (continued) | | | | |
| Miscellaneous: | | | | |
| Donations | 500 | 500 | 223 | (277) |
| Miscellaneous | 33,845 | 33,845 | 36,858 | 3,013 |
| Total miscellaneous | 34,345 | 34,345 | 37,081 | 2,736 |
| Total revenue from local sources | 607,687 | 607,687 | 614,204 | 6,517 |
| Total Parks and Recreation Fund | \$ 607,687 | \$ 607,687 | \$ 614,204 | \$ 6,517 |
| Capital Fund: | | | | |
| Revenue from local sources: | | | | |
| Investment income: | \$ - | \$ - | \$ 58,692 | \$ 58,692 |
| Miscellaneous: | | | | |
| Proffers | - | 363,588 | - | (363,588) |
| Miscellaneous | 228,734 | 45,013 | 30,000 | (15,013) |
| Total miscellaneous | 228,734 | 408,601 | 30,000 | (378,601) |
| Total revenue from local sources | 228,734 | 408,601 | 88,692 | (319,909) |
| Intergovernmental: | | | | |
| Revenue from local governments: | | | | |
| Loudoun County contribution | 345,000 | 1,145,642 | 200,000 | (945,642) |
| NVT A | 159,000 | 1,777,327 | 143,824 | (1,633,503) |
| Total revenue from local governments | 504,000 | 2,922,969 | 343,824 | (2,579,145) |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Transportation grants | 225,005 | 1,570,697 | 137,377 | (1,433,320) |
| Other grants | - | 552,749 | 251,987 | (300,762) |
| Total revenue from the Commonwealth | 225,005 | 2,123,446 | 389,364 | (1,734,082) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Highway planning and construction | 467,723 | 550,817 | 56,622 | (494,195) |
| Total categorical aid | 467,723 | 550,817 | 56,622 | (494,195) |
| Total revenue from the federal government | 467,723 | 550,817 | 56,622 | (494,195) |
| Total intergovernmental | 1,196,728 | 5,597,232 | 789,810 | (4,807,422) |
| Total General Capital Improvements Fund | \$ 1,425,462 | \$ 6,005,833 | \$ 878,502 | \$ (5,127,331) |
| Total Primary Government | \$ 14,028,673 | \$ 23,888,966 | \$ 16,670,931 | \$ (7,218,035) |

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| General Fund | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Town Council | \$ 86,378 | \$ 86,378 | \$ 65,356 | \$ 21,022 |
| General and financial administration: | | | | |
| Administration | 1,790,728 | 11,925,793 | 3,910,685 | 8,015,108 |
| Legal services | 76,000 | 76,000 | 69,608 | 6,392 |
| Financial administration | 89,400 | 89,400 | 72,908 | 16,492 |
| Information technology | 852,883 | 868,283 | 634,016 | 234,267 |
| Finance | 1,212,626 | 1,217,011 | 1,216,368 | 643 |
| Retiree benefits | 69,502 | 69,502 | 66,903 | 2,599 |
| Contingency-Operating Reserve | 111,000 | 81,000 | - | 81,000 |
| Total general and financial administration | 4,202,139 | 14,326,989 | 5,970,488 | 8,356,501 |
| Total general government administration* | 4,288,517 | 14,413,367 | 6,035,844 | 8,377,523 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Police department | 3,132,254 | 1,847,304 | 1,598,725 | 248,579 |
| Fire and rescue services: | | | | |
| Fire department | 78,500 | 78,500 | 80,824 | (2,324) |
| Ambulance and rescue services | 45,000 | 45,000 | 45,000 | - |
| Total fire and rescue services | 123,500 | 123,500 | 125,824 | (2,324) |
| Total public safety* | 3,255,754 | 1,970,804 | 1,724,549 | 246,255 |
| Public works: | | | | |
| Highways, streets, bridges and sidewalks | 757,700 | 1,038,943 | 776,348 | 262,595 |
| Administration | 407,792 | 409,592 | 428,861 | (19,269) |
| General properties | 493,908 | 493,908 | 404,094 | 89,814 |
| Refuse | 594,000 | 594,000 | 576,846 | 17,154 |
| Total public works* | 2,253,400 | 2,536,443 | 2,186,149 | 350,294 |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning commission | 13,099 | 13,099 | 12,452 | 647 |
| Board of zoning and appeals | 100 | 100 | 750 | (650) |
| Board of architectural review | 3,230 | 3,230 | 2,960 | 270 |
| Engineering Planning and Development | 1,430,738 | 1,511,838 | 1,350,292 | 161,546 |
| Total planning and community development | 1,447,167 | 1,528,267 | 1,366,454 | 161,813 |
| Environmental management: | 8,000 | 8,000 | 5,909 | 2,091 |
| Economic development: | 8,000 | 8,000 | 919 | 7,081 |
| Arts: | 20,000 | 20,000 | 17,050 | 2,950 |
| Total community development* | 1,483,167 | 1,564,267 | 1,390,332 | 173,935 |

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------------|----------------------|----------------------|---|
| | Original | Final | | |
| General Fund (continued) | | | | |
| Debt service: | | | | |
| Principal retirement | 1,054,000 | 1,054,000 | 6,485,073 | (5,431,073) |
| Interest and other fiscal charges | 256,301 | 256,301 | 284,740 | (28,439) |
| Bond issuance costs | - | - | 8,404 | (8,404) |
| Total debt service | 1,310,301 | 1,310,301 | 6,778,217 | (5,467,916) |
| Total General Fund | <u>\$ 12,591,139</u> | <u>\$ 21,795,182</u> | <u>\$ 18,115,091</u> | <u>\$ 3,680,091</u> |
| Parks and Recreation Fund: | | | | |
| Parks, recreation, and cultural: | | | | |
| Management | \$ 279,604 | \$ 275,904 | \$ 282,477 | \$ (6,573) |
| Skating rink | 50,000 | 73,000 | 61,350 | 11,650 |
| Train station | 41,230 | 33,815 | 19,888 | 13,927 |
| Programs | 95,200 | 98,200 | 91,326 | 6,874 |
| Fireman's Field | 62,200 | 62,918 | 65,127 | (2,209) |
| Tree commission | - | - | - | - |
| Contingency-Operating Reserve | 14,000 | - | - | - |
| Total parks, recreation, and cultural | 542,234 | 543,837 | 520,168 | 23,669 |
| Debt service: | | | | |
| Principal retirement and interest | 85,000 | 85,000 | 87,661 | (2,661) |
| Interest and other fiscal charges | 21,866 | 21,866 | 21,896 | (30) |
| Total debt service | 106,866 | 106,866 | 109,557 | (2,691) |
| Total Parks and Recreation Fund | <u>\$ 649,100</u> | <u>\$ 650,703</u> | <u>\$ 629,725</u> | <u>\$ 20,978</u> |
| Capital Fund: | | | | |
| Capital projects expenditures: | | | | |
| General capital projects | \$ - | \$ 11,953 | \$ - | \$ 11,953 |
| Financial software upgrade | - | 126,787 | 21,214 | 105,573 |
| Hirst Farm pond | - | 524,796 | 90,171 | 434,625 |
| Main and Maple improvements | 59,000 | 808,850 | 57,959 | 750,891 |
| A Street trail | - | 278,254 | - | 278,254 |
| 12th Street improvements | - | 1,442,350 | 198,437 | 1,243,913 |
| 32nd and Main Street improvements | 100,000 | 1,277,601 | 76,084 | 1,201,517 |
| 32nd Street Path | - | 124,900 | 90,613 | 34,287 |
| Hatcher Avenue improvements | - | 235,197 | 234 | 234,963 |
| Bush Tabernacle | - | 381,695 | 380,855 | 840 |
| Police Facility | - | 1,440,989 | 972,138 | 468,851 |
| Nursery Avenue drain improvement | - | 532,107 | - | 532,107 |
| Outdoor Stage | 20,000 | 63,825 | - | 63,825 |
| Street Lighting - N. Maple | - | 200,000 | 14,778 | 185,222 |
| Sue Kane Nature Park Multi-use Trail | 285,918 | 455,937 | 438,306 | 17,631 |
| Adam's Bike Park | - | 45,013 | 30,937 | 14,076 |
| 20th Street Mid-Block | 65,000 | - | - | - |
| G Street Sidewalks | 692,728 | - | - | - |
| FF Warning Track | 280,000 | - | - | - |
| Total capital projects | 1,502,646 | 7,950,254 | 2,371,726 | 5,578,528 |
| Total General Capital Improvements Fund | 1,502,646 | 7,950,254 | 2,371,726 | 5,578,528 |
| Total Primary Government | <u>\$ 14,742,885</u> | <u>\$ 30,396,139</u> | <u>\$ 21,116,542</u> | <u>\$ 9,279,597</u> |

*includes capital outlay items

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
WATER FUND
Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Water fees | \$ 2,340,188 | \$ 2,340,188 | \$ 2,242,442 | \$ (97,746) |
| Water meter fees | 3,244 | 3,244 | 214 | (3,030) |
| Miscellaneous income | 4,136 | 4,136 | 33,941 | 29,805 |
| Penalties and interest | 26,000 | 26,000 | 30,286 | 4,286 |
| Total operating revenues | 2,373,568 | 2,373,568 | 2,306,883 | (66,685) |
| Operating expenses: | | | | |
| Personnel: | | | | |
| Water staff | 737,093 | 738,293 | 765,655 | (27,362) |
| Overtime | 31,000 | 31,000 | 36,455 | (5,455) |
| Health insurance | 121,417 | 121,417 | 115,831 | 5,586 |
| Retirement | 62,490 | 62,490 | 67,547 | (5,057) |
| Workers' compensation | 18,276 | 18,276 | 15,511 | 2,765 |
| Payroll taxes | 56,388 | 56,388 | 60,037 | (3,649) |
| Life insurance | 9,526 | 9,526 | 9,474 | 52 |
| Disability insurance | 1,996 | 1,996 | 1,949 | 47 |
| Deferred compensation match | 3,120 | 3,120 | 3,120 | - |
| Utility chargeback | 533,500 | 533,500 | 533,500 | - |
| Retiree Health Benefit | 19,734 | 19,734 | 19,464 | 270 |
| Plant operations and meter reading: | | | | |
| Electricity | 16,000 | 16,000 | 19,234 | (3,234) |
| Communications | 13,000 | 13,000 | 13,480 | (480) |
| Supplies | 36,900 | 36,900 | 28,766 | 8,134 |
| Lab equipment | 4,500 | 4,500 | 4,593 | (93) |
| Contracts | 90,000 | 90,000 | 62,147 | 27,853 |
| Uniforms | 9,800 | 9,800 | 12,240 | (2,440) |
| Safety | 7,150 | 7,150 | 2,026 | 5,124 |
| Sludge disposal | 7,500 | 7,500 | 3,066 | 4,434 |
| Cross connections | 1,000 | 1,000 | - | 1,000 |
| Plant repairs | 46,800 | 58,394 | 56,128 | 2,266 |
| Water line repairs | 30,000 | 30,000 | 30,740 | (740) |
| Leak detection | 2,000 | 2,000 | - | 2,000 |
| Meter repairs, tools, and equipment | 35,250 | 35,250 | 138,638 | (103,388) |
| New water meters | 3,000 | 3,000 | 1,535 | 1,465 |
| Hardware and computer supplies | 3,000 | 3,000 | - | 3,000 |
| Chemicals - plant | 34,800 | 34,800 | 26,930 | 7,870 |
| Permits | 9,500 | 9,500 | 8,859 | 641 |
| GIS layers | 12,000 | 12,000 | 1,470 | 10,530 |
| Advertisements | 500 | 500 | - | 500 |
| Water samples | 16,000 | 16,000 | 18,086 | (2,086) |
| Training | 11,155 | 11,155 | 10,339 | 816 |
| Dues and subscriptions | 900 | 900 | 1,212 | (312) |
| General expenses | 500 | 500 | 432 | 68 |
| Postage/mailings | 4,000 | 4,000 | 2,301 | 1,699 |
| Professional services | 91,400 | 91,400 | 43,662 | 47,738 |
| Watershed management | 28,000 | 28,000 | 20,669 | 7,331 |
| Grant Funded Expenditures | 15,000 | 15,000 | 55,038 | (40,038) |
| Software Maint Services | 8,500 | 8,500 | 6,988 | 1,512 |

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
WATER FUND
Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|----------------|----------------|---|
| | Original | Final | | |
| Operating expenses: (continued) | | | | |
| Forestry management | 5,000 | 5,000 | - | 5,000 |
| Environmental compliance | 1,500 | 1,500 | 1,122 | 378 |
| Mowing | 6,500 | 6,500 | 3,889 | 2,611 |
| Administrative supplies | 300 | 300 | 31 | 269 |
| Water department emergency | 250 | 250 | - | 250 |
| Purchased water | 65,000 | 65,000 | 33,675 | 31,325 |
| New equipment and tools | 35,500 | 35,500 | 17,984 | 17,516 |
| Leased/rented equipment | 3,200 | 3,200 | 855 | 2,345 |
| Vehicle repairs and maintenance | 8,695 | 8,695 | 3,480 | 5,215 |
| Propane | 15,000 | 15,000 | 13,460 | 1,540 |
| Nutrient Credit Development | 500 | 500 | - | 500 |
| Generator maintenance | 12,000 | 12,000 | 9,368 | 2,632 |
| Pest control | 300 | 300 | 155 | 145 |
| Vehicle fuel | 9,000 | 9,000 | 11,623 | (2,623) |
| Public information/education | 1,500 | 1,500 | 2,629 | (1,129) |
| Well operations: | | | | |
| Electricity | 58,000 | 58,000 | 74,052 | (16,052) |
| Telephone | 3,500 | 3,500 | 2,000 | 1,500 |
| Contracts | 10,500 | 10,500 | - | 10,500 |
| Plant repairs | 25,000 | 25,000 | 21,800 | 3,200 |
| Spare parts | 29,250 | 29,250 | 12,109 | 17,141 |
| Repairs | 29,000 | 29,000 | 30,626 | (1,626) |
| Chemicals | 29,040 | 29,040 | 12,288 | 16,752 |
| Carbon change-out | 26,000 | 26,000 | 30,884 | (4,884) |
| Water samples | 4,500 | 4,500 | 7,808 | (3,308) |
| New equipment and tools | 25,700 | 25,700 | 34,732 | (9,032) |
| Propane | - | - | 2,822 | (2,822) |
| Well rehabilitation | 38,000 | 38,000 | 37,695 | 305 |
| Depreciation/amortization | - | - | 483,481 | (483,481) |
| Capital outlay | 807,238 | 1,310,218 | 603,154 | 707,064 |
| Other operating expenses | 40,900 | 40,900 | 23,000 | 17,900 |
| Total operating expenses | 3,423,568 | 3,939,342 | 3,671,844 | 267,498 |
| Operating income (loss) | (1,050,000) | (1,565,774) | (1,364,961) | 200,813 |
| Non-operating revenues (expenses): | | | | |
| Investment income (loss) | 16,039 | 24,682 | 55,411 | 30,729 |
| Intergovernmental | 137,538 | 137,538 | 1,010,430 | 872,892 |
| Cellular lease income | 216,000 | 216,000 | 283,438 | 67,438 |
| Lease interest income | - | - | 7,475 | 7,475 |
| Forestry management | 100,000 | 100,000 | - | (100,000) |
| Nutrient credit revenue | - | 2,890 | 2,890 | - |
| Loss on sale of capital assets | - | - | 12,150 | 12,150 |
| Retirement of debt | (250,000) | (250,000) | - | 250,000 |
| Interest expense | (250,186) | (250,186) | (308,680) | (58,494) |
| Total non-operating revenues (expenses) | (30,609) | (19,076) | 1,063,114 | 1,082,190 |
| Income (loss) before operating transfers and contributions | (1,080,609) | (1,584,850) | (301,847) | 1,283,003 |
| Other financing sources (uses): | | | | |
| Contributed capital - availability fees | 437,818 | 437,818 | 25,754 | (412,064) |
| Transfers out | - | (938,662) | (938,662) | - |
| Total other financing sources (uses) | 437,818 | (500,844) | (912,908) | (412,064) |
| Change in net position | \$ (642,791) | \$ (2,085,694) | \$ (1,214,755) | \$ 870,939 |

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
SEWER FUND
Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Sewer fees | \$ 3,408,128 | \$ 3,408,128 | \$ 3,319,707 | \$ (88,421) |
| Sewer meter fees | 3,244 | 3,244 | 213 | (3,031) |
| Penalties and interest | 26,000 | 26,000 | 30,276 | 4,276 |
| Grant revenue | - | - | 4,000 | 4,000 |
| Miscellaneous income | 2,265 | 39,169 | 48,395 | 9,226 |
| Total operating revenues | 3,439,637 | 3,476,541 | 3,402,591 | (73,950) |
| Operating expenses: | | | | |
| Personnel: | | | | |
| Sewer staff | 651,792 | 652,892 | 728,551 | (75,659) |
| Overtime - Sewer | 32,500 | 32,500 | 30,389 | 2,111 |
| Health insurance | 128,483 | 128,483 | 146,387 | (17,904) |
| Retirement | 55,299 | 55,299 | 118,741 | (63,442) |
| Workers' compensation | 6,322 | 6,322 | 5,606 | 716 |
| Payroll taxes | 49,862 | 49,862 | 55,909 | (6,047) |
| Deferred compensation match | 3,120 | 3,120 | 3,660 | (540) |
| Life insurance | 8,430 | 8,430 | 8,738 | (308) |
| Disability insurance | 1,566 | 1,566 | 1,637 | (71) |
| Retiree Health Benefit | 13,308 | 13,308 | 12,837 | 471 |
| Utility chargeback | 371,500 | 371,500 | 371,500 | - |
| Plant operations: | | | | |
| Electricity | 156,000 | 156,000 | 176,457 | (20,457) |
| Propane | - | - | 109 | (109) |
| Telephone | 15,500 | 15,500 | 22,082 | (6,582) |
| Plant supplies | 16,500 | 16,500 | 19,651 | (3,151) |
| Contracts | 65,252 | 65,252 | 53,173 | 12,079 |
| Permits | 15,000 | 15,000 | 11,484 | 3,516 |
| Uniforms | 11,800 | 11,800 | 10,094 | 1,706 |
| Plant repairs | 12,000 | 144,121 | 152,628 | (8,507) |
| Sewer line repairs | 40,000 | 40,000 | 21,144 | 18,856 |
| Safety | 12,000 | 12,000 | 3,674 | 8,326 |
| Lab supplies | 37,746 | 37,746 | 31,785 | 5,961 |
| New equipment and tools | 43,656 | 51,351 | 73,455 | (22,104) |
| Sludge removal | 37,000 | 37,000 | 18,198 | 18,802 |
| Chemicals | 130,000 | 130,000 | 120,556 | 9,444 |
| Lab certification | 2,700 | 2,700 | 2,444 | 256 |
| Sample analysis | 8,249 | 8,249 | 5,679 | 2,570 |
| Computer operations | 5,000 | 5,000 | 1,097 | 3,903 |
| GIS layers | 12,000 | 12,000 | 1,470 | 10,530 |
| Waste disposal | 6,000 | 6,000 | 2,931 | 3,069 |
| Meter repairs, tools, and equipment | 35,250 | 35,250 | 138,638 | (103,388) |
| New water meters | 3,000 | 3,000 | 1,535 | 1,465 |
| Equipment - plant | 67,000 | 67,000 | 73,935 | (6,935) |
| Vehicle repairs | 2,500 | 2,500 | 1,085 | 1,415 |
| Dues and subscriptions | 2,000 | 2,000 | 807 | 1,193 |

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
SEWER FUND

Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|------------|---|
| | Original | Final | | |
| Operating expenses: (continued) | | | | |
| Leased/Rented Equipment | 6,000 | 6,000 | 944 | 5,056 |
| Advertisements | 1,000 | 1,000 | - | 1,000 |
| Training | 9,862 | 9,862 | 5,621 | 4,241 |
| Postage/mailings | 1,050 | 1,050 | 772 | 278 |
| Other expenses | 2,500 | 2,500 | - | 2,500 |
| Professional services | 32,000 | 32,000 | 8,422 | 23,578 |
| Mowing | 1,000 | 1,000 | 44 | 956 |
| Environmental compliance | 4,000 | 4,000 | - | 4,000 |
| Sewer department emergency | 3,000 | 3,000 | - | 3,000 |
| Administrative supplies | 600 | 600 | 567 | 33 |
| Generator maintenance | 10,000 | 10,000 | 7,350 | 2,650 |
| Long range planning | 60,000 | 52,000 | - | 52,000 |
| Pest control | - | - | 115 | (115) |
| Vehicle fuel | 5,500 | 5,500 | 4,560 | 940 |
| Cleaning | 3,000 | 3,000 | 2,700 | 300 |
| Pump station operations: | | | | |
| Electricity | 15,500 | 15,500 | 17,830 | (2,330) |
| Telephone | 2,500 | 2,500 | 1,494 | 1,006 |
| Repairs | 7,500 | 7,500 | 2,877 | 4,623 |
| Contracts | 7,500 | 7,500 | 11,513 | (4,013) |
| Equipment | 20,000 | 28,300 | 22,668 | 5,632 |
| Propane | 2,500 | 2,500 | 2,508 | (8) |
| Depreciation/amortization | - | - | 915,943 | (915,943) |
| Capital outlay | 345,470 | 1,208,434 | 39,184 | 1,169,250 |
| Other operating expenses | 35,900 | 35,900 | 20,360 | 15,540 |
| Total operating expenses | 2,634,717 | 3,638,897 | 3,493,538 | 145,359 |
| Operating income (loss) | 804,920 | (162,356) | (90,947) | 71,409 |
| Non-operating revenues (expenses): | | | | |
| Investment income | 12,974 | 12,974 | 62,743 | 49,769 |
| Intergovernmental - Federal | - | - | 452,641 | 452,641 |
| Gain on sale of capital assets | - | - | 16,335 | 16,335 |
| Retirement of debt | (27,000) | (27,000) | - | 27,000 |
| Bond issuance costs | - | - | (10,696) | (10,696) |
| Interest expense | (847,013) | (847,013) | (951,348) | (104,335) |
| Total non-operating revenues (expenses) | (861,039) | (861,039) | (430,325) | 430,714 |
| Income (loss) before operating transfers and contributions | (56,119) | (1,023,395) | (521,272) | 502,123 |
| Other financing sources (uses): | | | | |
| Transfers in | 265,270 | 1,412,601 | 938,662 | (473,939) |
| Contributed capital - availability fees | 367,200 | 367,200 | - | (367,200) |
| Total other financing sources (uses) | 632,470 | 1,779,801 | 938,662 | (841,139) |
| Change in net position | \$ 576,351 | \$ 756,406 | \$ 417,390 | \$ (339,016) |

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL FUND
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 58,692 | \$ 58,692 |
| Miscellaneous | 228,734 | 408,601 | 30,000 | (378,601) |
| Intergovernmental | | | | |
| Local government | 504,000 | 2,922,969 | 343,824 | (2,579,145) |
| Commonwealth | 225,005 | 2,123,446 | 389,364 | (1,734,082) |
| Federal | 467,723 | 550,817 | 56,622 | (494,195) |
| Total revenues | <u>1,425,462</u> | <u>6,005,833</u> | <u>878,502</u> | <u>(5,127,331)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>1,502,646</u> | <u>7,950,254</u> | <u>2,371,726</u> | <u>5,578,528</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(77,184)</u> | <u>(1,944,421)</u> | <u>(1,493,224)</u> | <u>451,197</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>77,184</u> | <u>1,944,421</u> | <u>1,564,184</u> | <u>(380,237)</u> |
| Total other financing sources | <u>77,184</u> | <u>1,944,421</u> | <u>1,564,184</u> | <u>(380,237)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 70,960</u> | <u>\$ 70,960</u> |

The Notes to Required Supplementary Information are an integral part of this statement.

STATISTICAL SECTION

This part of the Town of Purcellville’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

| <u>Contents</u> | <u>Table</u> |
|--|--------------|
| Financial Trends These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time. | 1-5 |
| Revenue Capacity These tables contain information to help the reader assess the factors affecting the Town’s ability to generate its property and sales taxes. | 6-10 |
| Debt Capacity These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future. | 11-14 |
| Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place and to help make comparisons over time and with other governments. | 15-16 |
| Operating Information These schedules contain information about the Town’s operations and resources to help the reader understand how the Town’s financial information relates to the services it provides and the activities it performs. | 17-19 |

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

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TABLE 1

Town of Purcellville, Virginia

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 34,615,139 | \$ 35,096,434 | \$ 35,336,103 | \$ 34,948,299 | \$ 36,103,203 | \$ 36,541,656 | \$ 38,353,880 | \$ 43,165,963 | \$ 44,203,955 | \$ 46,069,149 |
| Restricted | 1,992,726 | 989,533 | 548,493 | 723,338 | 1,701,564 | 2,608,858 | 1,959,705 | 1,519,909 | 3,342,323 | 2,157,403 |
| Unrestricted | 3,445,511 | 3,890,599 | 4,480,445 | 5,909,479 | 3,153,671 | 2,916,735 | 2,966,569 | 4,647,148 | 4,254,100 | 6,918,342 |
| Total governmental activities net position | <u>\$ 40,053,376</u> | <u>\$ 39,976,566</u> | <u>\$ 40,365,041</u> | <u>\$ 41,581,116</u> | <u>\$ 40,958,438</u> | <u>\$ 42,067,249</u> | <u>\$ 43,280,154</u> | <u>\$ 49,333,020</u> | <u>\$ 51,800,378</u> | <u>\$ 55,144,894</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 13,902,748 | \$ 12,826,291 | \$ 12,328,265 | \$ 11,835,787 | \$ 14,617,526 | \$ 13,968,289 | \$ 14,060,553 | \$ 21,367,837 | \$ 20,805,629 | \$ 20,865,804 |
| Restricted | - | - | - | - | - | - | - | - | 325,583 | 113,840 |
| Unrestricted | 4,189,021 | 5,718,797 | 6,525,057 | 10,910,592 | 11,562,432 | 13,248,155 | 12,924,392 | 11,219,975 | 12,395,474 | 11,749,677 |
| Total business-type activities net position | <u>\$ 18,091,769</u> | <u>\$ 18,545,088</u> | <u>\$ 18,853,322</u> | <u>\$ 22,746,379</u> | <u>\$ 26,179,958</u> | <u>\$ 27,216,444</u> | <u>\$ 26,984,945</u> | <u>\$ 32,587,812</u> | <u>\$ 33,526,686</u> | <u>\$ 32,729,321</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 48,517,887 | \$ 47,922,725 | \$ 47,664,368 | \$ 46,784,086 | \$ 50,720,729 | \$ 50,509,945 | \$ 52,414,433 | \$ 64,533,800 | \$ 65,009,584 | \$ 66,934,953 |
| Restricted | 1,992,726 | 989,533 | 548,493 | 723,338 | 1,701,564 | 2,608,858 | 1,959,705 | 1,519,909 | 3,667,906 | 2,271,243 |
| Unrestricted | 7,634,532 | 9,609,396 | 11,005,502 | 16,820,071 | 14,716,103 | 16,164,890 | 15,890,961 | 15,867,123 | 16,649,574 | 18,668,019 |
| Total primary government net position | <u>\$ 58,145,145</u> | <u>\$ 58,521,654</u> | <u>\$ 59,218,363</u> | <u>\$ 64,327,495</u> | <u>\$ 67,138,396</u> | <u>\$ 69,283,693</u> | <u>\$ 70,265,099</u> | <u>\$ 81,920,832</u> | <u>\$ 85,327,064</u> | <u>\$ 87,874,215</u> |

Note: GASB Statement No. 68 and 75 were adopted in fiscal year 2015 and 2018, respectively. Prior years were not restated for the impact of these statements.

TABLE 2

Town of Purcellville, Virginia

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,923,193 | \$ 2,763,529 | \$ 2,815,863 | \$ 2,942,494 | \$ 3,437,040 | \$ 3,378,091 | \$ 4,083,075 | \$ 5,409,541 | \$ 3,988,687 | \$ 5,994,296 |
| Public safety | 1,919,119 | 1,947,552 | 2,122,003 | 2,238,136 | 2,302,104 | 2,584,402 | 2,643,488 | 2,098,663 | 2,767,984 | 1,943,530 |
| Public works | 3,472,819 | 2,978,601 | 3,537,166 | 3,240,338 | 2,227,327 | 2,525,765 | 2,868,524 | 2,224,500 | 1,838,414 | 2,510,207 |
| Parks, recreation, and cultural | 265,740 | 341,526 | 284,991 | 288,865 | 422,519 | 279,894 | 312,666 | 373,998 | 345,846 | 515,616 |
| Community development | 1,858,057 | 1,957,359 | 1,993,482 | 2,085,427 | 2,015,654 | 1,297,069 | 1,399,905 | 2,143,612 | 2,405,597 | 2,447,168 |
| Interest on long-term debt | 833,107 | 652,262 | 624,740 | 599,827 | 643,001 | 470,275 | 468,726 | 309,239 | 307,996 | 225,125 |
| Total governmental activities expenses | 11,272,035 | 10,640,829 | 11,378,245 | 11,395,087 | 11,047,645 | 10,535,496 | 11,776,384 | 12,559,553 | 11,654,524 | 13,635,942 |
| Business-type activities: | | | | | | | | | | |
| Water | 2,116,235 | 2,536,825 | 2,213,759 | 2,173,568 | 3,008,206 | 2,894,441 | 2,973,565 | 3,314,617 | 2,946,777 | 3,980,524 |
| Sewer | 3,336,116 | 3,105,398 | 3,246,210 | 3,310,332 | 3,856,998 | 3,690,481 | 3,845,912 | 4,429,197 | 3,947,299 | 4,455,582 |
| Total business-type activities expenses | 5,452,351 | 5,642,223 | 5,459,969 | 5,483,900 | 6,865,204 | 6,584,922 | 6,819,477 | 7,743,814 | 6,894,076 | 8,436,106 |
| Total primary government expenses | \$ 16,724,386 | \$ 16,283,052 | \$ 16,838,214 | \$ 16,878,987 | \$ 17,912,849 | \$ 17,120,418 | \$ 18,595,861 | \$ 20,303,367 | \$ 18,548,600 | \$ 22,072,048 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 153,981 | \$ 145,791 | \$ 146,961 | \$ 154,425 | \$ 167,457 | \$ 181,409 | \$ 176,334 | \$ 178,255 | \$ 195,693 | \$ 180,082 |
| Public safety | 64,947 | 57,326 | 42,844 | 61,696 | 58,302 | 50,466 | 45,866 | 63,386 | 102,158 | 65,907 |
| Parks, recreation, and cultural | - | - | - | - | - | - | - | 300 | 1,200 | 900 |
| Community development | 217,668 | 161,370 | 143,284 | 158,169 | 127,221 | 91,765 | 113,099 | 88,630 | 149,091 | 174,140 |
| Operating grants and contributions | 789,086 | 798,187 | 812,838 | 957,708 | 825,145 | 1,229,911 | 1,210,658 | 1,208,177 | 1,584,918 | 2,982,712 |
| Capital grants and contributions | 1,862,645 | 755,462 | 1,277,717 | 1,181,722 | 1,642,735 | 368,774 | 1,866,644 | 3,869,206 | 1,389,360 | 1,091,659 |
| Total governmental activities program revenues | \$ 3,088,327 | \$ 1,918,136 | \$ 2,423,644 | \$ 2,513,720 | \$ 2,820,860 | \$ 1,922,325 | \$ 3,412,601 | \$ 5,407,954 | \$ 3,422,420 | \$ 4,495,400 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | \$ 2,062,128 | \$ 2,085,958 | \$ 2,072,275 | \$ 2,135,053 | \$ 2,179,702 | \$ 2,195,929 | \$ 2,336,437 | \$ 2,391,149 | \$ 2,446,556 | \$ 2,306,883 |
| Sewer | 2,652,841 | 2,603,688 | 2,716,078 | 2,918,681 | 3,022,056 | 3,073,423 | 3,191,709 | 3,080,112 | 3,557,778 | 3,402,591 |
| Operating grants and contributions | 29,368 | 28,287 | 27,041 | 25,902 | 12,164 | - | - | - | 923,829 | 1,465,961 |
| Capital grants and contributions | 1,506,757 | 2,325,382 | 1,752,098 | 4,851,708 | 5,114,232 | 1,894,160 | 639,279 | 5,028,229 | 894,604 | 25,754 |
| Total business-type activities program revenues | 6,251,094 | 7,043,315 | 6,567,492 | 9,931,344 | 10,328,154 | 7,163,512 | 6,167,425 | 10,499,490 | 7,822,767 | 7,201,189 |
| Total primary government program revenues | \$ 9,339,421 | \$ 8,961,451 | \$ 8,991,136 | \$ 12,445,064 | \$ 13,149,014 | \$ 9,085,837 | \$ 9,580,026 | \$ 15,907,444 | \$ 11,245,187 | \$ 11,696,589 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (8,183,708) | \$ (8,722,693) | \$ (8,954,601) | \$ (8,881,367) | \$ (8,226,785) | \$ (8,613,171) | \$ (8,363,783) | \$ (7,151,599) | \$ (8,232,104) | \$ (9,140,542) |
| Business-type activities | 798,743 | 1,401,092 | 1,107,523 | 4,447,444 | 3,462,950 | 578,590 | (652,052) | 2,755,676 | 928,691 | (1,234,917) |
| Total primary government net expense | \$ (7,384,965) | \$ (7,321,601) | \$ (7,847,078) | \$ (4,433,923) | \$ (4,763,835) | \$ (8,034,581) | \$ (9,015,835) | \$ (4,395,923) | \$ (7,303,413) | \$ (10,375,459) |

(Continued)

TABLE 2

Town of Purcellville, Virginia

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 3,088,573 | \$ 3,344,853 | \$ 3,395,079 | \$ 3,690,806 | \$ 3,889,211 | \$ 4,220,164 | \$ 4,356,659 | \$ 4,545,865 | \$ 4,466,337 | \$ 5,212,364 |
| Local sales and use taxes | 898,669 | 998,571 | 1,110,071 | 1,164,728 | 1,136,133 | 1,225,507 | 1,315,764 | 1,425,820 | 1,615,994 | 1,667,288 |
| Meals taxes | 1,384,194 | 1,607,222 | 1,786,932 | 1,910,552 | 2,047,316 | 2,206,283 | 1,906,056 | 2,429,322 | 2,751,798 | 3,101,223 |
| Utility license taxes | 218,543 | 222,625 | 220,033 | 220,180 | 222,488 | 222,898 | 219,145 | 216,085 | 216,334 | 225,592 |
| Business license taxes | 666,178 | 677,503 | 765,285 | 765,041 | 790,617 | 888,515 | 854,839 | 847,344 | 949,542 | 968,501 |
| Other local taxes | 508,110 | 535,057 | 537,536 | 547,485 | 570,898 | 579,098 | 517,500 | 598,057 | 605,518 | 618,312 |
| Coronavirus Aid, Relief, and Security Act Funds | - | - | - | - | - | - | 85,331 | 1,704,154 | - | - |
| Unrestricted grants and contributions | 392,714 | 391,107 | 385,727 | 381,086 | 362,408 | - | - | - | - | - |
| Unrestricted revenues from use of money and investments | 41,890 | 40,442 | 39,846 | 49,464 | 75,600 | 44,680 | 68,890 | 27,180 | 80,514 | 57,113 |
| Unrestricted investment income | - | - | - | - | 21,713 | 149,046 | 139,166 | 8,127 | 41,640 | 543,918 |
| Investment loss | - | - | - | - | - | - | - | - | (189,424) | (69,388) |
| Miscellaneous | 88,120 | 112,530 | 89,326 | 210,938 | 173,981 | 185,791 | 113,338 | 55,950 | 161,209 | 160,135 |
| Gain (loss) on sale of capital asset | - | (9,735) | - | - | (14,987) | - | - | - | - | - |
| Transfers | 1,115,904 | 1,050,904 | 1,013,241 | 1,157,162 | - | - | - | - | - | - |
| Total governmental activities | 8,402,895 | 8,971,079 | 9,343,076 | 10,097,442 | 9,275,378 | 9,721,982 | 9,576,688 | 11,857,904 | 10,699,462 | 12,485,058 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous | 20,026 | 20,995 | 35,130 | 322,784 | 20,000 | - | - | - | - | - |
| Gain (loss) on sale of capital asset | - | 35,000 | - | - | - | - | - | 27,180 | - | 28,485 |
| Investment income (loss) | - | - | - | - | - | - | - | - | (257,962) | 118,154 |
| Unrestricted revenues from use of money and investments | 147,590 | 153,812 | 178,155 | 259,562 | 444,277 | 210,882 | 193,317 | 247,833 | 268,145 | 290,913 |
| Unrestricted investment income | 2,244 | 1,030 | 667 | 20,429 | 38,860 | 247,014 | 227,236 | 14,574 | - | - |
| Transfers | (1,115,904) | (1,050,904) | (1,013,241) | (1,157,162) | - | - | - | - | - | - |
| Total business-type activities | (946,044) | (840,067) | (799,289) | (554,387) | 503,137 | 457,896 | 420,553 | 289,587 | 10,183 | 437,552 |
| Total primary government | \$ 7,456,851 | \$ 8,131,012 | \$ 8,543,787 | \$ 9,543,055 | \$ 9,778,515 | \$ 10,179,878 | \$ 9,997,241 | \$ 12,147,491 | \$ 10,709,645 | \$ 12,922,610 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 219,187 | \$ 248,386 | \$ 388,475 | \$ 1,216,075 | \$ 1,048,593 | \$ 1,108,811 | \$ 1,212,905 | \$ 4,706,305 | \$ 2,467,358 | \$ 3,344,516 |
| Business-type activities | (147,301) | 561,025 | 308,234 | 3,893,057 | 3,966,087 | 1,036,486 | (231,499) | 3,045,263 | 938,874 | (797,365) |
| Total primary government | \$ 71,886 | \$ 809,411 | \$ 696,709 | \$ 5,109,132 | \$ 5,014,680 | \$ 2,145,297 | \$ 981,406 | \$ 7,751,568 | \$ 3,406,232 | \$ 2,547,151 |

TABLE 3

Town of Purcellville, Virginia

**GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

| Fiscal Year | Property Taxes | Local Sales and Use Taxes | Business Licenses | Utility License Taxes | Meals Taxes | Other Local Taxes | Total |
|------------------------|---------------------------|--|------------------------------|--------------------------------------|--------------------|------------------------------|---------------|
| 2023 | \$ 5,212,364 | \$ 1,667,288 | \$ 968,501 | \$ 225,592 | \$ 3,101,223 | \$ 618,312 | \$ 11,793,280 |
| 2022 | 4,466,337 | 1,615,994 | 949,542 | 216,334 | 2,751,798 | 605,518 | 10,605,523 |
| 2021 | 4,545,865 | 1,425,820 | 847,344 | 216,085 | 2,429,322 | 598,057 | 10,062,493 |
| 2020 | 4,356,659 | 1,315,764 | 854,839 | 219,145 | 1,906,056 | 517,500 | 9,169,963 |
| 2019 | 4,220,164 | 1,225,507 | 888,515 | 222,898 | 2,206,283 | 579,098 | 9,342,465 |
| 2018 | 3,889,211 | 1,136,133 | 790,617 | 222,488 | 2,047,316 | 570,898 | 8,656,663 |
| 2017 | 3,690,806 | 1,164,728 | 765,041 | 220,180 | 1,910,552 | 547,485 | 8,298,792 |
| 2016 | 3,395,079 | 1,110,071 | 765,285 | 220,033 | 1,786,932 | 537,536 | 7,814,936 |
| 2015 | 3,344,853 | 998,571 | 677,503 | 222,625 | 1,607,222 | 535,057 | 7,385,831 |
| 2014 | 3,088,573 | 898,669 | 666,178 | 218,543 | 1,384,194 | 508,110 | 6,764,267 |

TABLE 4

Town of Purcellville, Virginia

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General funds: | | | | | | | | | | |
| Nonspendable | \$ 63,487 | \$ 61,630 | \$ - | \$ 1,256 | \$ 1,758 | \$ 61,838 | \$ 165,926 | \$ 168,316 | \$ 202,859 | \$ 208,927 |
| Restricted | 35,051 | 131,454 | 58,377 | 260,205 | 364,998 | 371,240 | 434,922 | 21,836 | 265,872 | 327,771 |
| Committed | 691,135 | 590,155 | 479,261 | 373,852 | 271,475 | 178,523 | 142,780 | 140,342 | 208,797 | 103,201 |
| Unassigned | 4,231,964 | 5,049,286 | 5,617,146 | 6,685,555 | 5,176,351 | 6,299,036 | 6,064,206 | 7,943,340 | 8,863,651 | 10,170,282 |
| Total General Fund | <u>\$ 5,021,637</u> | <u>\$ 5,832,525</u> | <u>\$ 6,154,784</u> | <u>\$ 7,320,868</u> | <u>\$ 5,814,582</u> | <u>\$ 6,910,637</u> | <u>\$ 6,807,834</u> | <u>\$ 8,273,834</u> | <u>\$ 9,541,179</u> | <u>\$ 10,810,181</u> |
| Governmental funds: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 18,440 | \$ - | \$ 2,203 | \$ 2,182 | \$ 4,736 | \$ 4,954 |
| Restricted | 2,000,311 | 858,079 | 490,116 | 1,130,669 | 2,228,746 | 2,237,618 | 1,524,783 | 1,498,073 | 1,771,585 | 1,366,312 |
| Committed | - | - | - | 151,588 | 285,266 | 319,400 | 404,852 | 397,291 | 508,546 | 327,686 |
| Assigned | 21,654 | - | 220,199 | 183,142 | 443,537 | 198,018 | 667,721 | 798,991 | 624,327 | 1,101,497 |
| Unassigned | (22,931) | (18,120) | 59,281 | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 1,999,034</u> | <u>\$ 839,959</u> | <u>\$ 769,596</u> | <u>\$ 1,465,399</u> | <u>\$ 2,975,989</u> | <u>\$ 2,755,036</u> | <u>\$ 2,599,559</u> | <u>\$ 2,696,537</u> | <u>\$ 2,909,194</u> | <u>\$ 2,800,449</u> |

TABLE 5

Town of Purcellville, Virginia

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Revenues | | | | | | | | | | |
| General property taxes | \$ 3,095,888 | \$ 3,239,133 | \$ 3,472,962 | \$ 3,648,248 | \$ 3,874,778 | \$ 4,188,212 | \$ 4,327,765 | \$ 4,544,608 | \$ 4,493,217 | \$ 5,204,686 |
| Other local taxes | 3,675,694 | 4,040,978 | 4,419,857 | 4,607,986 | 4,767,452 | 5,122,301 | 4,813,304 | 5,516,628 | 6,139,186 | 6,580,917 |
| Permits, privilege fees, and regulatory licenses | 371,649 | 307,161 | 290,245 | 312,594 | 294,678 | 273,174 | 289,433 | 267,185 | 345,984 | 355,122 |
| Fines and forfeitures | 64,947 | 57,326 | 42,844 | 61,696 | 58,302 | 50,466 | 45,866 | 63,386 | 102,158 | 65,907 |
| Revenue from use of property | 40,862 | 39,315 | 36,590 | 36,540 | 82,880 | 44,680 | 68,890 | 27,000 | 80,514 | 57,113 |
| Investment income | 1,028 | 1,127 | 3,256 | 12,924 | 21,713 | 149,046 | 139,166 | 8,127 | 41,640 | 543,918 |
| Miscellaneous | 88,119 | 112,530 | 89,327 | 210,938 | 166,701 | 185,791 | 113,338 | 55,950 | 161,209 | 160,135 |
| Intergovernmental | | | | | | | | | | |
| Local government | 1,102,228 | 253,365 | 223,147 | 773,558 | 1,393,377 | 223,579 | 597,146 | 1,029,136 | 581,225 | 343,824 |
| Commonwealth | 1,830,329 | 1,623,099 | 1,415,501 | 1,331,322 | 1,414,125 | 1,294,819 | 2,195,217 | 1,921,243 | 1,791,344 | 1,719,119 |
| Federal | 111,888 | 68,292 | 837,634 | 415,637 | 22,785 | 80,287 | 370,270 | 1,786,613 | 601,709 | 1,709,578 |
| Total revenues | 10,382,632 | 9,742,326 | 10,831,363 | 11,411,443 | 12,096,791 | 11,612,355 | 12,960,395 | 15,219,876 | 14,338,186 | 16,740,319 |
| Expenditures | | | | | | | | | | |
| General government administration | 2,515,213 | 2,471,121 | 2,611,773 | 2,679,550 | 3,205,477 | 2,974,232 | 3,578,864 | 4,972,625 | 3,749,614 | 5,650,806 |
| Public safety | 1,906,858 | 1,968,590 | 2,068,546 | 2,103,905 | 2,243,805 | 2,506,891 | 2,430,628 | 1,946,893 | 2,521,745 | 1,657,424 |
| Public works | 3,285,281 | 2,729,601 | 3,387,426 | 3,014,297 | 2,045,628 | 2,329,499 | 2,607,051 | 1,987,882 | 1,603,313 | 2,133,385 |
| Parks, recreation, and cultural | 183,440 | 227,434 | 169,803 | 174,316 | 289,565 | 279,696 | 341,714 | 365,640 | 338,553 | 520,168 |
| Community development | 420,836 | 431,276 | 495,504 | 537,634 | 477,634 | 459,406 | 501,453 | 1,123,139 | 1,275,561 | 1,381,028 |
| Capital projects | 2,190,996 | 2,046,356 | 1,323,834 | 652,204 | 373,089 | 1,027,782 | 2,795,634 | 1,858,178 | 1,495,207 | 2,885,956 |
| Debt service | | | | | | | | | | |
| Principal | 8,517,384 | 756,531 | 833,543 | 864,121 | 3,154,872 | 742,353 | 4,522,053 | 1,054,174 | 1,336,132 | 6,577,598 |
| Interest and other fiscal charges | 596,339 | 725,508 | 702,279 | 680,691 | 706,928 | 558,819 | 609,393 | 348,367 | 348,635 | 301,773 |
| Bond issue costs | 165,517 | - | - | - | 20,312 | - | 47,019 | - | - | 8,404 |
| Total expenditures | 19,781,864 | 11,356,417 | 11,592,708 | 10,706,718 | 12,517,310 | 10,878,678 | 17,433,809 | 13,656,898 | 12,668,760 | 21,116,542 |
| Excess (deficiency) of revenues over (under) expenditures | (9,399,232) | (1,614,091) | (761,345) | 704,725 | (420,519) | 733,677 | (4,473,414) | 1,562,978 | 1,669,426 | (4,376,223) |
| Other financing sources (uses) | | | | | | | | | | |
| Investment loss | - | - | - | - | - | - | - | - | (189,424) | (69,388) |
| Transfers in | 1,579,416 | 1,259,361 | 1,174,741 | 1,337,162 | 2,284,248 | 50,000 | 207,000 | - | 95,200 | 1,564,184 |
| Transfers out | (463,512) | (208,457) | (161,500) | (180,000) | (2,284,248) | (50,000) | (207,000) | - | (95,200) | (1,564,184) |
| Refunding bonds issued(including bond premiums) | 12,473,453 | - | - | - | 700,000 | - | 9,119,000 | - | - | 5,095,000 |
| Issuance of debt | - | 215,000 | - | - | - | - | - | - | - | - |
| Financed purchase | - | - | - | - | - | 141,425 | 420,190 | - | - | 146,136 |
| Subscription-Based IT Arrangements | - | - | - | - | - | - | - | - | - | 364,732 |
| Payments to refunded bond escrow agent | (4,655,399) | - | - | - | (275,177) | - | (5,324,056) | - | - | - |
| Total other financing sources (uses) | 8,933,958 | 1,265,904 | 1,013,241 | 1,157,162 | 424,823 | 141,425 | 4,215,134 | - | (189,424) | 5,536,480 |
| Net change in fund balances | \$ (465,274) | \$ (348,187) | \$ 251,896 | \$ 1,861,887 | \$ 4,304 | \$ 875,102 | \$ (258,280) | \$ 1,562,978 | \$ 1,480,002 | \$ 1,160,257 |
| Debt service as a percentage of noncapital expenditures | 51.92% | 15.94% | 15.09% | 15.50% | 31.97% | 13.05% | 35.16% | 11.91% | 15.12% | 37.02% |

TABLE 6

Town of Purcellville, Virginia

**GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| Fiscal Year | Property Taxes | Local Sales and Use Taxes | Business Licenses | Utility License Taxes | Meals Taxes | Other Local Taxes | Total |
|------------------------|---------------------------|--|------------------------------|--------------------------------------|--------------------|------------------------------|---------------|
| 2023 | \$ 5,204,686 | \$ 1,667,288 | \$ 968,501 | \$ 225,592 | \$ 3,101,223 | \$ 618,312 | \$ 11,785,602 |
| 2022 | 4,493,217 | 1,615,994 | 949,542 | 216,334 | 2,751,798 | 605,518 | 10,632,403 |
| 2021 | 4,544,608 | 1,425,819 | 847,344 | 216,085 | 2,429,322 | 598,057 | 10,061,235 |
| 2020 | 4,327,765 | 1,315,763 | 854,839 | 219,145 | 1,906,056 | 517,500 | 9,141,068 |
| 2019 | 4,188,214 | 1,225,507 | 888,515 | 222,898 | 2,206,283 | 579,098 | 9,310,515 |
| 2018 | 3,874,778 | 1,136,133 | 790,617 | 222,488 | 2,047,316 | 570,898 | 8,642,230 |
| 2017 | 3,648,248 | 1,164,728 | 765,041 | 220,180 | 1,910,552 | 547,485 | 8,256,234 |
| 2016 | 3,472,962 | 1,110,071 | 765,285 | 220,033 | 1,786,932 | 537,536 | 7,892,819 |
| 2015 | 3,239,133 | 998,571 | 677,503 | 222,625 | 1,607,222 | 535,057 | 7,280,111 |
| 2014 | 3,095,888 | 898,669 | 666,178 | 218,543 | 1,384,194 | 508,110 | 6,771,582 |

TABLE 7

Town of Purcellville, Virginia

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

| Calendar Year | Real Estate | Personal Property | Public Service | Total Taxable Assessed Value | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|--------------------------|------------------------|------------------------------|---------------------------|---|---|---|
| 2023 | \$ 1,866,583,585 | \$ 103,483,211 ^ | \$ 22,492,319 | \$ 1,992,559,115 | \$ 1,992,559,115 | 100% |
| 2022 | 1,679,019,663 | 49,862,129 | 21,793,092 | 1,750,674,884 | 1,750,674,884 | 100% |
| 2021 | 1,550,692,153 | 94,964,157 | 21,647,914 | 1,667,304,224 | 1,667,304,224 | 100% |
| 2020 | 1,485,999,930 | 88,518,762 | 21,769,718 | 1,596,288,410 | 1,596,288,410 | 100% |
| 2019 | 1,404,879,395 | 84,880,781 | 21,168,842 | 1,510,929,018 | 1,510,929,018 | 100% |
| 2018 | 1,325,967,550 | 79,726,603 | 21,440,870 | 1,427,135,023 | 1,427,135,023 | 100% |
| 2017 | 1,252,549,625 | 70,990,468 | 21,708,974 | 1,345,249,067 | 1,345,249,067 | 100% |
| 2016 | 1,202,445,320 | 63,071,081 | 21,747,771 | 1,287,264,172 | 1,287,264,172 | 100% |
| 2015 | 1,140,041,935 | 65,961,448 | 21,628,009 | 1,227,631,392 | 1,227,631,392 | 100% |
| 2014 | 1,064,663,675 | 64,959,370 | 20,976,414 | 1,150,599,459 | 1,150,599,459 | 100% |

Source: Loudoun County Commissioner of the Revenue and Assessor of Real Estate - County-Wide assessment Summary Report

In fiscal year 2022 Loudoun County assumed responsibility for tax billing. 2023 Personal Property tax billed over two cycles (May 2023-FY23 & October 2023-FY24), therefore, assessment value half of prior year. Previously Personal Property billed one cycle in June of fiscal year.

Note^: This schedule % of assessment reflects that Loudoun Co. tax bill is based on 100% of assessment.
FY23 Personal Property Vehicles were taxed on 80% of assessed value.

TABLE 8

Town of Purcellville, Virginia

PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

| Calendar Year | Direct Rates | | | Volunteers | Machinery and Tools | Merchants' Capital | Overlapping Rates County of Loudoun, Virginia | | |
|------------------|----------------|----------------------------|----------------------|------------|------------------------|-----------------------|--|----------------------|------------------------|
| | Real Estate | FF Service Tax District | Personal Property | | | | Real Estate | Personal Property | Machinery and Tools |
| 2023 | .21/.205 | .03/.03 | 1.05 | 0.01 | 0.55 | N/A | 0.875 | 4.15 | 2.75 |
| 2022 | .22/.21 | .03/.03 | 1.05 | 0.01 | 0.55 | N/A | 0.890 | 4.20 | 2.75 |
| 2021 | .22/.22 | .03/.03 | 1.05 | 0.01 | 0.55 | N/A | 0.980 | 4.20 | 2.75 |
| 2020 | .22/.22 | .03/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.035 | 4.20 | 2.75 |
| 2019 | .22/.22 | .03/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.045 | 4.20 | 2.75 |
| 2018 | .22/.22 | .035/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.085 | 4.20 | 2.75 |
| 2017 | .22/.22 | .035/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.125 | 4.20 | 2.75 |
| 2016 | .22/.22 | .035/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.145 | 4.20 | 2.75 |
| 2015 | .21/.22 | .035/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.135 | 4.20 | 2.75 |
| 2014 | .225/.21 | .035/.03 | 1.05 | 0.01 | 0.55 | N/A | 1.155 | 4.20 | 2.75 |

(1) Per \$100 of assessed value.

Source: Town Finance Department and Treasurer of Loudoun County

TABLE 9

Town of Purcellville, Virginia
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

| Taxpayer | Type Business | 2023 | | 2014 | |
|----------------------------------|---|-----------------------|------------------------------------|----------------------|------------------------------------|
| | | Total Assessed Value | Percentage of Total Assessed Value | Total Assessed Value | Percentage of Total Assessed Value |
| Main St. Station LLC | Shopping Center (1000 E Main St) | \$ 21,681,720 | 1.05 % | \$ 14,968,030 | 1.37 % |
| Echo Purcellville LLC | Shopping Ctr (105 Purcellville Gateway) | 19,743,560 | 0.86 | 16,187,830 | 1.48 |
| S R B Enterprises LLC | Shopping Center (711 E Main St) | 11,683,620 | 0.60 | 10,977,490 | 1.00 |
| Purcellville Shopping Center LLC | Shopping Center (609 E Main St) | 10,249,390 | 0.48 | 10,716,390 | 0.98 |
| Valley Medical Center LLC | Medical Center (205 Hirst Road) | 8,917,340 | 0.46 | 9,300,920 | 0.85 |
| Purcellville Development LLC | Shopping Center (1231 Wolf Rock Rd) | 8,896,310 | 0.45 | 1,208,900 | 0.11 |
| Maple Avenue Apartments LP | Apartments (610-650 Dominion TE) | 7,334,690 | 0.35 | 5,195,660 | 0.48 |
| Main Street Associates LP | Apartments (123 16th St) | 6,061,220 | 0.30 | 4,218,260 | 0.39 |
| LRG-125 Hirst Road LLC | Office Building (125 Hirst Road) | 5,395,810 | 0.24 | 2,374,140 | 0.22 |
| Castle Storage LLC | Storage Facility (113 N Bailey) | 4,879,070 | 0.23 | 2,344,890 | 0.21 |
| | | <u>\$ 104,842,730</u> | <u>5.03 %</u> | <u>\$ 77,492,510</u> | <u>7.09 %</u> |

Source: Loudoun County Assessor of Real Estate taxable data

Note: Total Assessed Value is adjusted for land use deferral.

TABLE 10

Town of Purcellville, Virginia

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

| Fiscal Year | RE Tax Levy for Fiscal Year | PP Tax Levy for Fiscal Year | Total Tax Levy for Fiscal Year | Collected within the Year of Levy | Percentage of Levy Collected in Year of Levy | Collections in Subsequent Years | Total Collections to Date | Percentage of Total Collection to Date of Levy |
|--------------------|------------------------------------|------------------------------------|---------------------------------------|--|---|--|----------------------------------|---|
| 2023 | \$ 4,311,726 | \$ 904,382 | \$ 5,216,108 | \$ 5,058,374 | 96.98 % | N/A | \$ 5,058,374 | 96.98 % |
| 2022 | 4,071,623 * | 410,540 | 4,482,163 | 4,367,936 | 97.45 | 99,540 | 4,467,476 | 99.67 |
| 2021 | 3,887,315 | 733,461 | 4,620,776 | 4,388,330 | 94.97 | 210,223 | 4,598,553 | 99.52 |
| 2020 | 3,670,993 | 656,460 | 4,327,453 | 4,097,076 | 94.68 | 218,174 | 4,315,250 | 99.72 |
| 2019 | 3,444,525 | 617,998 | 4,062,523 | 3,854,265 | 94.87 | 189,317 | 4,043,582 | 99.53 |
| 2018 | 3,309,611 | 579,342 | 3,888,953 | 3,689,674 | 94.88 | 193,479 | 3,883,153 | 99.85 |
| 2017 | 3,191,567 | 489,048 | 3,680,615 | 3,528,421 | 95.86 | 142,242 | 3,670,663 | 99.73 |
| 2016 | 3,006,627 | 427,528 | 3,434,155 | 3,320,031 | 96.68 | 108,169 | 3,428,200 | 99.83 |
| 2015 | 2,833,250 | 438,636 | 3,271,886 | 3,099,061 | 94.72 | 164,700 | 3,263,761 | 99.75 |
| 2014 | 2,684,760 | 431,752 | 3,116,512 | 3,021,519 | 96.95 | 91,331 | 3,112,850 | 99.88 |

Source: Town Finance Department and Loudoun County Commissioner of Revenue

* In fiscal year 2022 Loudoun County assumed responsibility for tax billing.

2023 Personal Property tax billed over two cycles (May 2023-FY23 & October 2023-FY24), therefore tax value half of prior year. Previously Personal Property billed one cycle in June of fiscal year.

TABLE 11

Town of Purcellville, Virginia

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita |
|----------------|--------------------------------|----------------------|----------------------|---------------------------|--------------------------------|----------------------|----------|--------------------------------|---|------------|
| | General Obligation Bonds | Financing Sources | Other Notes/Bonds | Leases & Subscriptions | General Obligation Bonds | Financing Sources | Leases | | | |
| 2023 | \$ 10,271,051 | \$ 366,777 | \$ 340,000 | \$ 696,368 | \$ 40,256,470 | \$ 87,782 | \$ 3,851 | \$ 52,022,299 | N/A % | N/A |
| 2022 | 11,387,925 | 325,070 | 425,000 | 570,805 | 40,534,368 | 30,616 | 7,676 | 53,281,460 | 6.18 | 5,937 |
| 2021 | 12,481,066 | 416,429 | 510,000 | - | 40,623,257 | 91,810 | - | 54,122,562 | 6.65 | 6,000 |
| 2020 | 13,459,980 | 501,603 | 595,000 | - | 40,663,000 | 150,748 | - | 55,370,331 | 7.25 | 6,201 |
| 2019 | 13,900,005 | 135,983 | 680,000 | - | 40,605,881 | 179,596 | - | 55,501,465 | 7.60 | 6,285 |
| 2018 | 14,657,946 | - | 765,000 | - | 40,921,224 | 206,671 | - | 56,550,841 | 8.34 | 6,596 |
| 2017 | 17,374,221 | - | 850,000 | - | 42,595,476 | 254,291 | - | 61,073,988 | 9.60 | 7,309 |
| 2016 | 18,251,388 | - | 935,000 | - | 43,033,090 | 300,393 | - | 62,519,871 | 10.31 | 7,672 |
| 2015 | 19,094,249 | - | 1,020,000 | - | 43,475,334 | 345,026 | - | 63,934,609 | 11.08 | 7,918 |
| 2014 | 19,642,757 | - | 1,105,000 | - | 44,173,657 | - | - | 64,921,414 | 11.78 | 8,141 |

Note: Details regarding the Town's outstanding debt can be found in the Notes to Financial Statements.

(1) Personal income figures are derived from Loudoun County Department of Management and Financial Services.

TABLE 12

Town of Purcellville, Virginia

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Debt limit | \$ 108,560,416 | \$ 116,163,432 | \$ 122,419,309 | \$ 127,425,860 | \$ 134,740,842 | \$ 142,604,824 | \$ 150,776,965 | \$ 157,234,007 | \$ 170,081,276 | \$ 188,907,590 |
| Total net debt applicable to limit | 64,921,414 | 63,934,609 | 62,519,871 | 61,073,988 | 56,550,841 | 55,501,465 | 55,370,331 | 54,122,562 | 53,281,460 | 52,022,299 |
| Legal debt margin | <u>\$ 43,639,002</u> | <u>\$ 52,228,823</u> | <u>\$ 59,899,438</u> | <u>\$ 66,351,872</u> | <u>\$ 78,190,001</u> | <u>\$ 87,103,359</u> | <u>\$ 95,406,634</u> | <u>\$ 103,111,445</u> | <u>\$ 116,799,816</u> | <u>\$ 136,885,291</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 59.80% | 55.04% | 51.07% | 47.93% | 41.97% | 38.92% | 36.72% | 34.42% | 31.33% | 27.54% |

Legal debt margin calculation for fiscal year 2021

| | |
|--|-----------------------|
| Assessed value | \$ 1,889,075,904 |
| Debt limit (10% of total assessed value) | \$ 188,907,590 |
| Net debt applicable to limit | <u>52,022,299</u> |
| Legal debt margin | <u>\$ 136,885,291</u> |

TABLE 13

Town of Purcellville, Virginia

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2023

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-------------------------|--|--|
| Debt repaid with property taxes: County of Loudoun | \$ 2,246,808,610 | 1.46 % | \$ 32,803,406 * |
| Subtotal, overlapping debt | | | |
| Town of Purcellville, direct debt (2) | | | <u>12,708,800</u> |
| Total direct and overlapping debt | | | <u><u>\$ 45,512,206</u></u> |

* information is not yet available

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the Town. This process recognized that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the County government's boundaries and dividing it by the County's total taxable assessed value.

(2) Excludes debt related to business-type activities.

TABLE 14

Town of Purcellville, Virginia

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

| Fiscal Year Ended June 30, | Gross Bonded Debt | Less: Amounts Reserved for Debt Service | Net Bonded Debt (1) (2) | Ratio of Net General Obligation Debt to Assessed Value (3) | Net Bonded Debt per Capita |
|---|------------------------------|--|------------------------------------|---|---|
| 2023 | \$ 50,527,521 | \$ - | \$ 50,527,521 | 2.54 % | N/A |
| 2022 | 51,922,293 | - | 51,922,293 | 2.97 | 5,786 |
| 2021 | 53,104,323 | - | 53,104,323 | 3.19 | 5,887 |
| 2020 | 54,122,981 | - | 54,122,981 | 3.39 | 6,061 |
| 2019 | 54,505,886 | - | 54,505,886 | 3.61 | 6,172 |
| 2018 | 55,579,170 | - | 55,579,170 | 3.89 | 6,483 |
| 2017 | 59,969,697 | - | 59,969,697 | 4.46 | 7,177 |
| 2016 | 61,284,478 | - | 61,284,478 | 4.76 | 7,520 |
| 2015 | 62,569,583 | - | 62,569,583 | 5.10 | 7,749 |
| 2014 | 63,816,414 | - | 63,816,414 | 5.55 | 8,002 |

(1) Includes all long-term general obligation bonded debt paid from tax revenues.

(2) Net bonded debt includes (a) general obligation debt that is tax-supported and (b) general obligation debt that is supported by revenues of the Town's water and sewer system.

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

TABLE 15

Town of Purcellville, Virginia

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Year | Purcellville Population (1) | Loudoun County Per Capita Income (2) | Purcellville Median Age (3) | Purcellville School Age Population (4) | Loudoun County Unemployment Rate (5) |
|-------------|--|---|--|---|---|
| 2023 | N/A | 101,500 | 35.3 | 2,299 | 2.5 % |
| 2022 | 8,974 | 96,040 | 35.3 | 2,299 | 2.5 |
| 2021 | 9,020 | 90,254 | 35.3 | 2,550 | 3.7 |
| 2020 | 8,929 | 85,568 | 35.5 | 2,874 | 9.0 |
| 2019 | 8,831 | 82,681 | 35.2 | 2,913 | 2.3 |
| 2018 | 8,573 | 79,119 | 35.5 | 2,838 | 2.6 |
| 2017 | 8,356 | 76,099 | 34.4 | 2,842 | 3.1 |
| 2016 | 8,149 | 74,402 | 33.8 | 2,608 | 3.3 |
| 2015 | 8,075 | 71,486 | 32.8 | 2,563 | 3.7 |
| 2014 | 7,975 | 69,089 | 33.6 | 2,603 | 4.3 |

Sources:

(1) 2014-2022: US Census Bureau, 2020 Decennial Census. 2023 update not yet available.

(2) 2014-2021: Bureau of Economic Analysis, US Department of Commerce
2022-2023: Loudoun County Department of Finance and Budget estimates.

(3) US Census Bureau American Community Survey 5-year estimates, 2021 Table S0101 through 2021.
2022 and 2023 updates not yet available (2021 value is shown for 2022 and 2023).

(4) 2014-2022: Weldon Cooper Center for Public Service School-Age Population Estimates for July 1 of
the year indicated. 2023 is a Loudoun County Office of Management and Budget estimate.

(5) Local Area Unemployment Statistics, Virginia Employment Commission, Month of June each year.
Values for 2020 and 2021 were revised.

Note: Loudoun County data was used for items 2 and 5 as no specific data is available for Purcellville.
The Town of Purcellville is an incorporated town located in Loudoun County, Virginia.

TABLE 16

Town of Purcellville, Virginia

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| Employer | Fiscal Year 2023 | | Fiscal Year 2014 | |
|---------------------------------------|-------------------------|-------------|-------------------------|-------------|
| | Employees | Rank | Employees | Rank |
| Loudoun County Schools | 630 | 1 | 553 | 1 |
| Harris Teeter | 165 | 2 | 125 | 3 |
| Giant | 158 | 3 | 85 | 7 |
| Home School Legal Defense Association | 134 | 4 | 112 | 4 |
| Blue Ridge Veterinary Assoc., Inc. | 119 | 5 | 125 | 2 |
| Chick-fil-A | 105 | 6 | N/A | N/A |
| Magnolia's at the Mill | 87 | 7 | 81 | 8 |
| Town of Purcellville | 83 | 8 | 77 | 9 |
| McDonald's Restaurant VA #4871 | 81 | 9 | N/A | N/A |
| Loudoun Stairs | 68 | 10 | N/A | N/A |

Each employer's percentage of total employment is not included because that information is not available.

Source: Town Business License Renewal
Loudoun County Public Schools

TABLE 17

Town of Purcellville, Virginia

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020* | 2021 | 2022 | 2023 |
| Administration | 8.50 | 9.00 | 10.00 | 9.50 | 10.20 | 11.20 | 11.20 | 11.20 | 10.25 | 9.25 |
| Finance Administration | 7.50 | 7.50 | 8.00 | 8.60 | 8.60 | 9.30 | 9.90 | 9.90 | 9.60 | 9.60 |
| Public safety/Police | 16.00 | 17.00 | 16.00 | 17.00 | 18.00 | 19.60 | 18.00 | 17.00 | 19.00 | 18.00 |
| Public works | 8.00 | 7.00 | 6.75 | 6.00 | 9.00 | 8.00 | 7.00 | 2.00 | 2.00 | 2.00 |
| General maintenance | 9.00 | 9.00 | 9.60 | 10.60 | 10.60 | 9.60 | 11.00 | 10.00 | 10.00 | 10.00 |
| Planning & Zoning | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.00 | - | - | - |
| Engineering Planning & Development | - | - | - | - | - | - | - | 9.00 | 10.00 | 9.00 |
| Parks & Recreation | 1.00 | 1.00 | 1.00 | 1.20 | 1.20 | 1.20 | 2.00 | 2.00 | 2.00 | 2.00 |
| Water Treatment | 8.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 8.00 | 9.00 | 9.00 |
| Wastewater Treatment | 9.00 | 9.50 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| | <u>71.00</u> | <u>73.00</u> | <u>73.35</u> | <u>74.90</u> | <u>79.60</u> | <u>80.90</u> | <u>80.10</u> | <u>78.10</u> | <u>80.85</u> | <u>77.85</u> |

*Although some departmental changes were undertaken during FY20, the Town retained the old departmental structure for its accounting records through the end of the fiscal year.

Source: IRS Form 941's

TABLE 18

Town of Purcellville, Virginia

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| <u>Administration</u> | | | | | | | | | | |
| Special Events | 22 | 27 | 27 | 20 | 19 | 10 | 9 | 7 | 11 | 12 |
| FOIA Requests Processed | 105 | 137 | 135 | 85 | 116 | 85 | 79 | 51 | 42 | 81 |
| <u>Finance</u> | | | | | | | | | | |
| Utility Bills Processed | 15,590 | 15,787 | 15,949 | 16,303 | 16,941 | 17,484 | 17,779 | 17,983 | 18,106 | 18,116 |
| Tax Bills Processed | 12,823 | 12,923 | 12,220 | 12,812 | 14,971 | 14,349 | 15,122 | 15,522 | 14,394 | 17,800 |
| Accounts Payable Transactions | 6,652 | 6,291 | 6,449 | 6,815 | 8,361 | 8,474 | 8,500 | 6,293 | 6,377 | 6,799 |
| <u>Public safety</u> | | | | | | | | | | |
| Parking violations | 358 | 270 | 79 | 142 | 221 | 136 | 197 | 57 | 18 | 31 |
| Traffic violations | 1,152 | 834 | 624 | 1,038 | 915 | 1,072 | 851 | 926 | 1,065 | 994 |
| Incident reports | 865 | 756 | 632 | 755 | 814 | 823 | 754 | 680 | 703 | 694 |
| Warning Tickets* | - | - | 524 | 588 | 1,258 | 911 | 1,102 | 346 | 742 | 1,056 |
| <u>Public works</u> | | | | | | | | | | |
| <u>Maintenance Dept</u> | | | | | | | | | | |
| Work Orders, number of | 1,583 | 1,753 | 1,395 | 2,154 | 1,979 | 1,961 | 2,343 | 2,251 | 1,990 | 2,037 |
| New Meters Installed | 25 | 24 | 38 | 93 | 99 | 77 | 14 | 29 | 2 | 2 |
| Miss Utility's' processed | 1,014 | 988 | 1,372 | 1,523 | 1,475 | 1,659 | 1,236 | 1,459 | 1,176 | 964 |
| <u>Water Dept</u> | | | | | | | | | | |
| Total Gallons Treated (millions) | 192 | 201 | 200 | 198 | 210 | 203 | 203.0 | 215.0 | 212.0 | 205.0 |
| Samples in compliance, % of | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| <u>Wastewater Dept</u> | | | | | | | | | | |
| Daily average of gallons treated | 614,200 | 549,400 | 661,400 | 589,800 | 576,000 | 684,200 | 664,892 | 656,800 | 596,017 | 619,450 |
| Complaints, number of | 1 | 1 | 1 | - | 2 | - | - | - | - | - |
| Sample Analysis Passing Quality Assurance, % of | | | | | | | 99% | 98.8% | 99.4% | 99.5% |
| <u>Planning and Zoning</u> | | | | | | | | | | |
| Occupancy permits issued | 70 | 93 | 81 | 129 | 192 | 117 | 60 | 82 | 69 | 71 |
| Zoning permits issued | 214 | 202 | 259 | 306 | 386 | 268 | 270 | 281 | 262 | 327 |
| Development Plans Processed | 8 | 11 | 7 | 10 | 19 | 14 | 15 | 14 | 32 | 35 |

*data for warning tickets first available for 2016

Source: Individual Town departments.

TABLE 19

Town of Purcellville, Virginia
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|--|-------------|------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| <u>Administration</u> | | | | | | | | | | |
| Administration buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bus stops of public transportation | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public parking lots | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| <u>Parks and Recreation</u> | | | | | | | | | | |
| Recreation Facilities - Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Recreation Facilities - Fields, Parks, Trails | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <u>Public safety</u> | | | | | | | | | | |
| Radar smart trailers | - | - | - | - | - | 1 | 1 | 1 | 1 | - |
| Vehicles | 12 | 12 | 12 | 13 | 12 | 13 | 15 | 15 | 15 | 16 |
| <u>Planning and Zoning</u> | | | | | | | | | | |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| <u>Engineering Planning and Development</u> | | | | | | | | | | |
| Vehicles | - | - | - | - | - | - | - | 5 | 5 | 5 |
| <u>Public works</u> | | | | | | | | | | |
| <u>Maintenance Dept</u> | | | | | | | | | | |
| Heavy Equipment (Backhoes,etc.) | 13 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Maintenance Facility | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Message Boards | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 4 | 3 | 3 |
| Traffic Signals | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Vehicles | 20 | 20 | 20 | 20 | 18 | 20 | 23 | 19 | 19 | 16 |
| <u>Water Dept</u> | | | | | | | | | | |
| Chlorine Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Elevated Water Tanks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Filter Building | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Vehicles | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Water Reservoir(s) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Modular Bldg @ Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wells/Well Houses | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| <u>Wastewater Dept</u> | | | | | | | | | | |
| Pump stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Vehicles | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 |
| Water Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Source: Town depreciation schedule. | | | | | | | | | | |
| | 107 | 106 | 106 | 106 | 103 | 106 | 111 | 111 | 110 | 107 |

COMPLIANCE SECTION

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 8, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Town's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 8, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Purcellville, Virginia (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal program for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Purcellville, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 8, 2023

**TOWN OF PURCELLVILLE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023**

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Urban Highway Maintenance
Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

**TOWN OF PURCELLVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The program tested as major was:

| | Name of Program | Assistance Listing Number |
|----------|---|------------------------------|
| COVID-19 | Coronavirus State and Local Fiscal Recovery Funds | 21.027 |

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Town was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

TOWN OF PURCELLVILLE, VIRGINIA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-through Entity indentifying Number | Amounts Passed Thru to Sub-recipients | Cluster Amounts | Federal Expenditures |
|---|--|--|--|----------------------------|---------------------------------|
| U.S. Department of Transportation: | | | | | |
| Pass-Through Payments: | | | | | |
| Virginia Department of Transportation | | | | | |
| Highway Planning and Construction | 20.205 | N/A | N/A | N/A | \$ 45,297 |
| Total Department of Transportation | | | | | <u>45,297</u> |
| U.S. Department of the Treasury: | | | | | |
| Pass-Through Payments: | | | | | |
| Virginia Department of Accounts | | | | | |
| COVID-19 - Coronavirus State and Local | | | | | |
| Fiscal Recovery Fund | 21.027 | N/A | N/A | N/A | <u>2,954,692</u> |
| Total Department of Treasury | | | | | <u>2,954,692</u> |
| U.S. Department of Justice: | | | | | |
| Pass-Through Payments: | | | | | |
| Department of Criminal Justice Services | | | | | |
| Edward Byrne Memorial Justice Assistance | 16.738 | N/A | N/A | | 3,369 |
| Justice Assistance Act Grant | 16.738 | N/A | N/A | | <u>3,598</u> |
| Total Department of Justice | | | | | <u>6,967</u> |
| Total Expenditures of Federal Awards | | | | | <u>\$ 3,006,956</u> |

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Town of Purcellville, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the Town's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

NOTE 2 - DE MINIMIS INDIRECT COST RATE:

The entity did not elect to use the 10% de minimis indirect cost rate.

NOTE 3 - SUBRECIPIENT MONITORING:

Of the federal expenditures presented in the schedule, the Town did not provide any federal awards to subrecipients.

NOTE 4 - OUTSTANDING LOAN BALANCES:

At June 30, 2023, the Town of Purcellville had no outstanding loan balances requiring continuing disclosure.