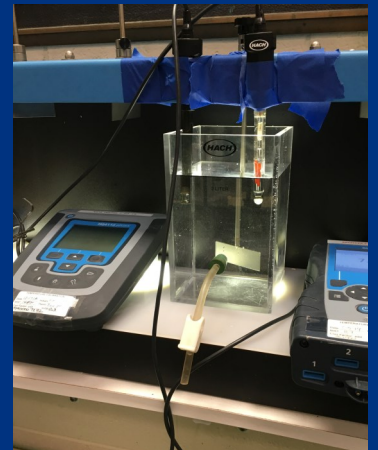


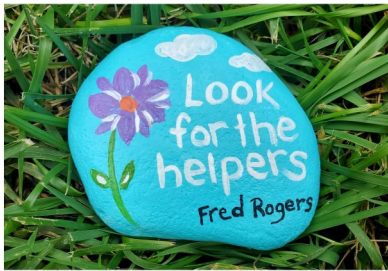
Town of Purcellville Virginia

Annual Comprehensive Financial Report Year Ending June 30, 2022



Rock Number 13

CLUE: You'll find Rock 13 near a place with drama, adventure, and history, romance, horror, suspense, and mystery.



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Purcellville
ROCKS!



TOWN OF PURCELLVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

Prepared by:
Town of Purcellville
Finance Department

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INTRODUCTORY SECTION

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2022

TOWN COUNCIL

Kwasi A. Fraser, Mayor
Christopher Bertaut, Vice Mayor

Joel D. Grewe
Stanley J. Milan, Sr.
Erin Rayner
Tip Stinnette
Mary Jane Williams

OFFICIALS

David A. Mekarski..... Town Manager
Sally Hankins..... Town Attorney
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
Don Dooley Director of Planning & Economic Development



December 2, 2022

**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, 2022. 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, 2022. 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 9088. 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 2022 with strong revenue growth, especially business-related taxes, and budgetary expenditure savings in all departments. This resulted in positive ending positions in all funds. 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 2022, the Town's total net position increased by \$3,406,232 of which \$2,467,358 was from governmental activities and \$938,874 was from business-type or utility activities. The general fund ended fiscal year 2022 with a fund balance of \$9.5 million. Of this amount, \$8.9 million was unassigned and available for future spending, a \$920,311 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. The utility funds benefited from \$923,829 in non-operating revenues associated from the sale of one-time Nutrient Credits developed on the Aberdeen watershed property.

The Town's assessed value of taxable real property totaled \$1.784 billion and increased by 11.72% in 2022. Early forecasts indicate residential property valuations will continue to increase into 2023, although at a slower rate as interest rates continue to climb. Due to the strong growth in property assessments, Town Council reduced the real property tax rate by one cent in 2022 to \$.21 per \$100 of assessed value. 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 2022. The Town Council increased utility usage rates by 3% for water and 5% for sewer in July 2022 in accordance with recommendations from the Town's utility rate consultant. Continued utility rate increases are anticipated in future years to offset slowing availability revenue and increased annual debt service post 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. There was no change to the real estate tax due date on June 5th and December 5th. However, personal property tax due dates and frequency changed from an annual due date on June 5th to semiannual due dates on May 5th and October 5th. The change to semiannual due dates delayed half of the 2022 personal property tax revenue receipts to fiscal year 2023, however, this was more than offset by strong growth in other general fund revenues.

In 2022, 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 FY22, 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 a significant initiatives and achievements accomplished across all departments in fiscal year 2022:

- Received 14th consecutive GFOA Distinguished Budget Presentation Award for fiscal year 2023.
- Received 14th consecutive GFOA Certificate of Achievement for fiscal year 2021 Annual Comprehensive Financial Report.
- Maintained strong investment grade credit ratings from the three national credit rating agencies.
- Stacy Werner received the Virginia AWWA Fred Angel Exceptional Service Scholarship award recognizing her persistent and personal attention to the customers she serves.
- Received FY22 Purchasing Card Rebate of \$7,928.
- Received 15th Annual Tree City USA designation from the Arbor Day Foundation.
- Received the 2021 Tree City USA Growth Award, for the 12th 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.
- The Town of Purcellville won a grant from Visit Loudoun to market the annual Purcellville Wine and Food Festival.
- The Town of Purcellville won a grant from the Virginia Commission for the Arts to support the efforts of 6 area art non-profit organizations.
- The Town of Purcellville prepared a proposal to be submitted to the Virginia Department of Forestry to establish a grant program for HOAs to plant native trees in their common areas.
- The Town of Purcellville won a grant from Keep Virginia Beautiful to establish and enhance pollinator gardens at the Chapman DeMary Trail.
- The Town of Purcellville planned and managed the first annual Celebrate Purcellville in October 2021. This was a week-long, town-wide event with a passport program to encourage people to visit local businesses and organizations and enjoy a finale featuring local performers, food, and drink. Forty-eight (48) businesses and organizations participated.
- The Town hosted its first Pedal Purcellville event in July 2021, a fun ride through town and bike decorating contest. The following year, the Parks and Recreation Division joined forces with the Purcellville Police Department, PVFC and PVRs to combine Pedal Purcellville and the Bike Safety Rodeo (both held for the first time in 2021) and Public Safety Day.
- Responded to 2,515 calls for service and engaged in 14,593 self-directed activities

- Conducted 5 Coffee with a Cop, 4 Citizen Safety Training Seminars, 2 Drug Take Backs, 1 Crime Prevention Seminar on Fraud Prevention and 1 on Human Trafficking, and resumed in-person Books & Badges.
- Managed solicitation and contract for the Police Facility renovation on 125 Hirst Road.
- 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.
- Hired two new Police Officers.
- Completed 11 traffic speed studies.
- Completed 100% of the accreditation requirements for the first year of the four-year re-accreditation cycle.
- Addressed 25 citizen-initiated community concerns.
- A patrol officer completed the Crime Prevention through Environmental Design (CPTED) certification process.
- Awarded a \$40k Small Rural and Tribal Grant (SRT) for the purchase of Body Worn Cameras
- Purcellville Police Department Awards- FY22:
 - Ofc. Burkett received 2021 MADD award for DUI enforcement.
 - Sgt. Wagner received Community Service award from the Nam Knights of America Motorcycle Club, Old Dominion Chapter.
 - Sgt. Kakol received a Life Saving award from the Loudoun Chamber of Commerce.
 - Ofc. Burkett received a Bronze Medal of Valor from the Loudoun Chamber of Commerce.
 - Ofc. Starkey received a Certificate of Valor from the Loudoun Chamber of Commerce.
 - Sgt. Camp and Ofc. Ritter shared the honor of Officer of the Year.
- Tyler/Munis ERP system – All major modules live as of Spring 2020
 - Kickoff in May 2016
 - Tax/Revenue Module- Live February 2017
 - Financials Module- Live October 2017 (2 months ahead of schedule)
 - Business License Module- Live January 2018
 - Open Finance Transparency Portal- Live November 2019
 - Meals Tax Module- Live January 2019
 - HR/Payroll- Live January 2020
 - Bank of America Purchase Card integration- March 2020
 - Utility Billing Module- Live April 2020
 - Employee Self Service- Live May 2020
 - Transition ERP to SaaS cloud-based hosting- Target Spring 2023
 - General Billing Module- Target Winter 2023
 - Citizen Self Service for Utility Accounts- Target Spring 2023
- Completed ERP Software platform upgrade (version 2019.1) – April 2022
- Received 14th consecutive Water Treatment Plant Excellence in Granular Filter Media Performance Bronze Award.
- Successfully completed Laboratory Accreditation Inspection by DCLS for VELAP certified Wastewater Labs.
- Wastewater Lab Analysts successfully completed Proficiency Testing

- Wastewater Facility received passing Whole Effluent Toxicity Testing results further demonstrating the high quality of the effluent being produced
- Hosted a Permit Confined Space Training through VRSA and VML- May 2022
- Successfully completed a Facility Technical Inspection by DEQ- January 2022
- Successfully completed the membrane replacement, cassette refurbishment and LEAP aeration projects-September 2021
- The planning consulting firm of ZoneCo. was hired by the Town to assist the Purcellville Planning Commission with rewriting the Zoning Ordinance to align with the 2030 Purcellville Comprehensive Plan. The project is anticipated to be completed in 2023.
- The Economic Development Advisory Committee (EDAC) developed and hosted a business outreach program in October 2022. The event was designed to obtain feedback from the local business community concerning how EDAC can help facilitate and promote business growth and link businesses with helpful resources in the community and in Loudoun County.
- The Board of Architectural Review processed seven applications for new building construction in the Town in 2022.
- Code enforcement has continued to process and successfully resolve numerous zoning violations throughout Town ranging from illegal signs to getting voluntary cooperation from property owners to process a zoning permit for work activities conducted without the benefit of permits.
- The Planning, Engineering and Development Department processed Loudoun County's 70-acre Fields Farm Project consisting of a 250-space computer parking lot in addition to eight recreational sports fields for the benefit of both Town and County residents during 2022.
- The Planning Department continued to successfully process numerous development applications and handle a variety public information requests to implement the Purcellville Zoning Code and Comprehensive Plan.
- The Town established a Nutrient Credit bank on the Aberdeen property (RFP process, contractor selection and negotiation, trees planted, completed bank accepted by DEQ allowing for the sale of credits). Nearly all of the nutrient credits have been sold, and has added over \$900,000 in in one-time, non-traditional revenue for the Town's Water fund.
- Twenty right-of way permits were reviewed and issued.
- The Town's Cross Connection Control program continued in 2022, 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. Courtesy letters were sent to businesses with non-testable devices that are more than 5 years old. There are nearly 150 known non-testable devices in the Town. Infrastructure planning projects completed during FY22- Pavement Management planning continues in FY22, with the paving of multiple streets with the lowest condition indices. Streets were paved in both the Fall of 2021 and Spring of 2022.
- Infrastructure projects completed during FY22- Nursery Avenue Sidewalk and Drainage Improvements, Hatcher Avenue Sidewalk Extension.

- Infrastructure projects bid and awarded during FY22:
 - Hall Avenue and O Street Watermain Replacement project was bid and awarded in March/April 2022. However, construction has been delayed due to supply chain issues. Construction is anticipated in early 2023.
 - East End Pump Station Generator Replacement. The East End Pump Station Generator Replacement Project was bid and awarded in March 2022. However, construction has been delayed due to supply chain issues. Construction has begun, but the generator will not be delivered until March 2023.
 - Completed Phase 1 of the 32nd and Main Intersection Improvements projects, which consisted of the installation of pole mounted display (speed) signs, and a shift of the 25 MPH speed zone to further west.
 - Adam's Bike Park – As a public private partnership, the Town was successful in siting and completing one of the first bike parks within our Town and Western Loudoun. Of the \$175,000 project, approximately \$100,000 was funded through private donations and non-profits, which was led by Michelle Caudill in an honor of her late son Adam. The Town participated in this project through the donation of one acre of property situated on Maple Avenue connecting the bike park to the Washington & Old Dominion (W&OD) Trail. The bike park, which opened in October 2022, is now complete with the W&OD connection slated for early spring. This facility will provide benefit to our local youth and the annual two million users of the W&OD Trail.
- Infrastructure projects under design in FY22- Hirst Reservoir Intake, 12th Street Drainage and Road Improvements, 32nd and Main Street Intersection Improvements, Valve Replacement and Dredging, Phase 2 Main Street and Maple Avenue Intersection Improvements, West End Pump Station Improvements, Bush Tabernacle

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, 2021 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,



David A. Mekarski, AICP
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, 2021

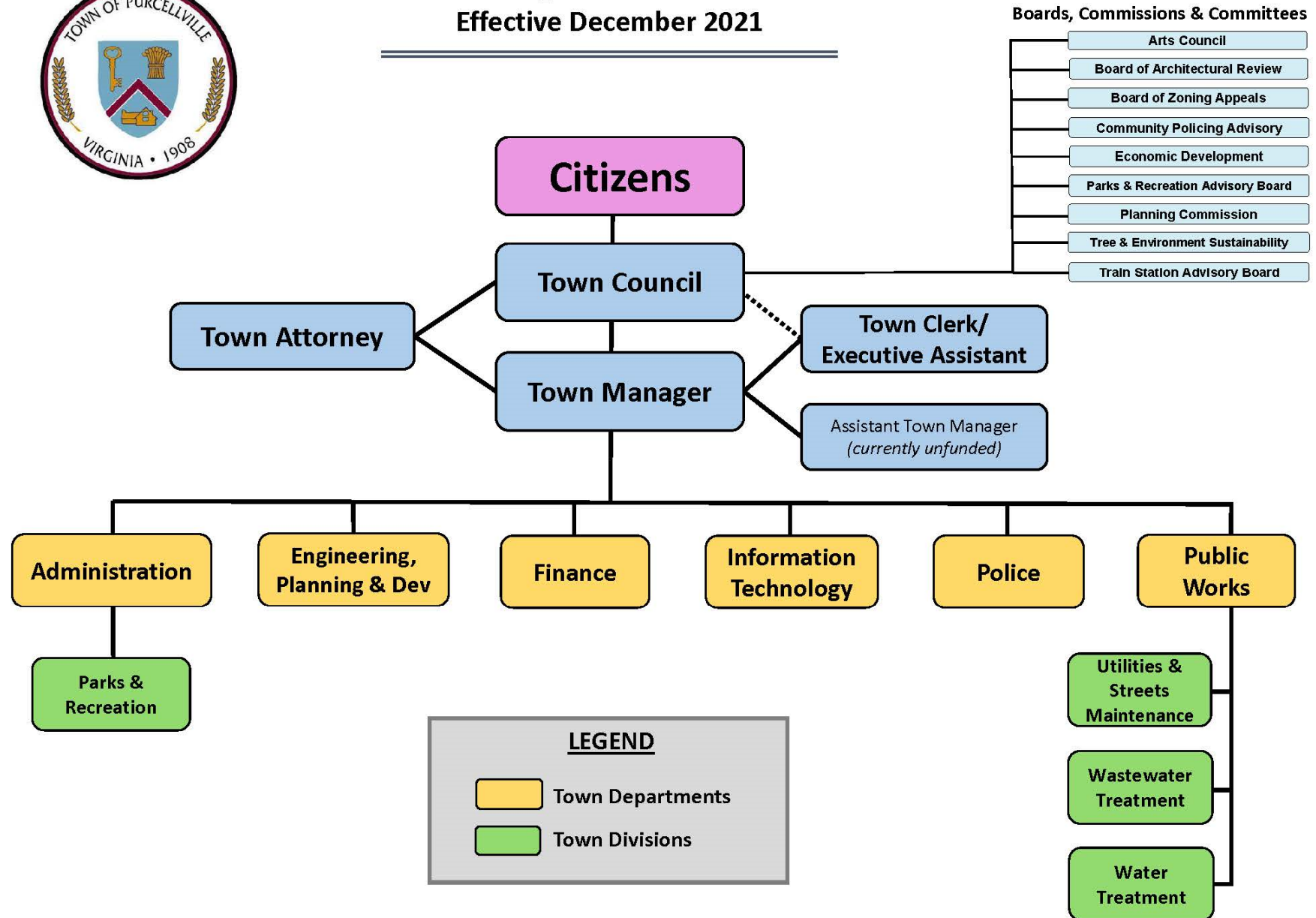
Christopher P. Morill

Executive Director/CEO



Town Organization Chart

Effective December 2021



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, 2022, 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, 2022, 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 5 to the financial statements, in 2022, the Town adopted new accounting guidance, *GASB Statement No. 87, Leases*. 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.

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, other required supplementary information, and budgetary comparison information 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 other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 5, 2022 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 5, 2022

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, 2022. 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 \$85,327,064 (*net position*). Of this amount, \$16,649,574 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$3,406,232 of which the governmental activities accounted for \$2,467,358 of the increase and business-type activities accounted for \$938,874 of the increase.
- The ending fund balance of the Town's general fund was \$9,541,179, an increase of \$1,267,345 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,863,651, or 83% of the general fund expenditures.
- The Town's total long-term obligations decreased by \$3,925,168 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 \$85,327,064 at the close of the most recent fiscal year. A large portion of the Town's net position (\$65,009,584 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	
	2022	2021	2022	2021	2022	2021
Capital assets, net	\$ 56,568,384	\$ 56,172,516	\$ 58,819,444	\$ 59,377,088	\$115,387,828	\$115,549,604
Other assets	22,448,761	19,768,962	16,421,556	13,935,761	38,870,317	33,704,723
Total assets	\$ 79,017,145	\$ 75,941,478	\$ 75,241,000	\$ 73,312,849	\$154,258,145	\$149,254,327
Deferred outflows of resources	\$ 1,872,352	\$ 1,953,907	\$ 2,927,771	\$ 3,168,082	\$ 4,800,123	\$ 5,121,989
Long-term liabilities, net	\$ 17,233,450	\$ 19,593,453	\$ 41,589,971	\$ 42,425,076	\$ 58,823,421	\$ 62,018,529
Other liabilities	5,823,786	6,843,048	1,466,477	1,401,094	7,290,263	8,244,142
Total liabilities	\$ 23,057,236	\$ 26,436,501	\$ 43,056,448	\$ 43,826,170	\$ 66,113,684	\$ 70,262,671
Deferred inflows of resources	\$ 6,031,883	\$ 2,125,864	\$ 1,585,637	\$ 66,949	\$ 7,617,520	\$ 2,192,813
Net position:						
Net investment in capital assets	\$ 44,203,955	\$ 43,165,963	\$ 20,805,629	\$ 21,367,837	\$ 65,009,584	\$ 64,533,800
Restricted	3,342,323	1,519,909	325,583	-	3,667,906	1,519,909
Unrestricted	4,254,100	4,647,148	12,395,474	11,219,975	16,649,574	15,867,123
Total net position	\$ 51,800,378	\$ 49,333,020	\$ 33,526,686	\$ 32,587,812	\$ 85,327,064	\$ 81,920,832

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 \$3,406,232 during the current fiscal year. Of this total net position, the governmental activities reported an increase of \$2,467,358 and the business-type activities reported an increase of \$938,874 both areas benefited from operating revenue increases and expenditure savings.

**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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 448,142	\$ 330,571	\$ 6,004,334	\$ 5,471,261	\$ 6,452,476	\$ 5,801,832
Operating grants and contributions	1,584,918	1,208,177	923,829	-	2,508,747	1,208,177
Capital grants and contributions	1,389,360	3,869,206	894,604	5,028,229	2,283,964	8,897,435
General revenues:						
Property taxes	4,466,317	4,545,865	-	-	4,466,317	4,545,865
Other taxes	6,139,186	5,516,628	-	-	6,139,186	5,516,628
Coronavirus Aid, Relief and Security Act Funding	-	1,704,154	-	-	-	1,704,154
Unrestricted revenues from the use of money and property	80,514	27,000	268,145	247,833	348,659	274,833
Unrestricted investment income	41,640	8,127	-	14,574	41,640	22,701
Investment loss	(189,424)	-	(257,962)	-	(447,386)	-
Miscellaneous	161,209	55,950	-	-	161,209	52,950
Gain (loss) on sale of capital asset	-	-	-	27,180	-	27,180
Total revenues	\$ 14,121,882	\$ 17,265,678	\$ 7,832,950	\$ 10,789,077	\$ 21,954,832	\$ 28,054,755
Expenses						
General government administration	\$ 3,988,687	\$ 5,409,541	\$ -	\$ -	\$ 3,988,687	\$ 5,409,541
Public safety	2,767,984	2,098,663	-	-	2,767,984	2,098,663
Public works	1,834,413	2,224,500	-	-	1,834,413	2,224,500
Parks, recreation and culture	345,846	373,998	-	-	345,846	373,998
Community development	2,405,598	2,143,612	-	-	2,405,598	2,143,612
Interest and other fiscal charges	307,996	309,239	-	-	307,996	309,239
Water	-	-	2,946,777	3,314,617	2,946,777	3,314,617
Sewer	-	-	3,947,299	4,429,197	3,947,299	4,429,197
Total expenses	\$ 11,654,524	\$ 12,559,553	6,894,076	7,743,814	18,548,600	20,303,367
Increase (decrease) in net position	\$ 2,467,358	\$ 4,706,125	\$ 938,874	\$ 3,045,263	\$ 3,406,232	\$ 7,751,388
Beginning net position	49,333,020	44,626,895	32,587,812	29,542,549	81,920,832	74,169,444
Ending net position	\$ 51,800,378	\$ 49,333,020	\$ 33,526,686	\$ 32,587,812	\$ 85,327,064	\$ 81,920,832

The Town reported an increase in net position of governmental activities by \$2,467,358 in 2022 as revenues and contributions exceeded expenditures. Governmental revenues decreased by \$3.143 million over 2021 largely due to timing of federal stimulus programs developed in response to the Coronavirus pandemic. The grants categories saw no developer contributions in 2022 and the American Rescue Plan Act (ARPA) funds recorded in 2022 were lower than the Coronavirus Aid Relief and Security Act (CARES) funds recorded in 2021. This revenue reduction was partially offset by revenue increases in charges for services (\$0.118 million) and other local taxes (\$0.623 million). Governmental expenses decreased by \$0.905 million over 2021 primarily due to a reduction in grant expenditures offset by modest operational cost increases for Public Safety and Community Development.

Town of Purcellville, Virginia Management's Discussion and Analysis

Business-type activities increased the Town's net position by \$938,874 as revenues exceeded expenses. As a public utility function comprises the Town's business-type activities, there is more of a direct correlation to the revenues generated relative to expenses incurred because of service demands. Business-type revenues decreased by \$2.956 million over 2021 as development slowed leading to fewer developer contributions and availabilities (capital grants and contributions). This decrease was offset by charges for services and \$923,829 of one-time revenue associated with the Nutrient Credit bank developed on the Water Fund's Aberdeen property. Business-type expenses decreased by \$0.849 million over 2021 as no bond issuance costs were incurred and interest expense and personnel costs decreased. However, increased costs were seen in well operations and depreciation.

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 \$12,258,071, a \$669,702 decrease over 2021. The largest driver of the change, a decrease of \$1,364,370, was associated with timing of federal stimulus programs. In 2021, the Town spent \$1.7 million in CARES funds whereas only \$374 thousand in ARPA funds were spent in 2022. Offsetting the decrease in federal programs was an increase of \$622,558 in other local taxes largely due to a strong acceleration in meals and sales tax revenue. Property tax revenue decreased slightly by \$83,832 due to timing implications associated with changing the personal property tax annual due date on June 5th to a semiannual due date on May 5th and October 5th as the Town transferred property tax billing and collection activities to Loudoun County in January 2022. General fund expenditures, excluding principal payments, totaled \$9,482,562, a \$1,010,037 decrease over 2021. This decrease was associated with a reduction in spending for federal stimulus programs and aligns with the largest revenue driver detailed above.

Special parks and recreation fund revenues totaled \$571,841, an increase of \$106,917 over 2021, with the reintroduction of community events and resumption of Bush Tabernacle rent collections. Expenditures, excluding principal payments, totaled \$360,453, \$27,053 less than 2021 as a result of reductions in consulting and facility maintenance costs.

Capital projects fund revenues totaled \$1,508,274, a decrease of \$318,905 over 2021 due to decreased intergovernmental grants. Expenditures totaled \$1,489,613, \$233,006 less than 2021 due to project timing as most projects are still in the preconstruction stage and only one project was under construction in 2022.

The town's total governmental fund balance was \$12,450,373 at the end of 2021, an increase of \$1,480,002 over 2021 as revenues exceeded expenditures. Of this amount, \$8,863,651 was unassigned and available for future spending, an increase of \$920,311 over 2021.

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.

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

Water fund operating revenues totaled \$2,446,556, an increase of \$55,407 over 2021, primarily due to increased user fee revenue (3% rate increase), resumption of penalties for late payments and ARPA funding for Water Capital Improvements. Offsetting these revenue increases were year over year declines in cellular leases as 2021 included one-time charges to carriers for water tower upgrades. Operating expenses totaled \$2,645,329, a decrease of \$163,352 over 2021. This decrease was driven by personnel savings associated with accrual-based pension adjustments as well as decreased costs for repairs, consulting, purchased water and financial advisor services.

Non-operating revenues less expenses increased by \$997,245 primarily due to receipt of \$923,829 in one-time Nutrient Credit revenue and reduced interest expense and bond issuance costs as no new debt was issued in the current year. These factors were partially offset by unrealized losses in the Town's investment portfolio as the Federal Reserve quickly increased interest rates in an effort to control inflation. Capital Contributions totaled \$445,828, a decrease of \$1,757,502 over 2021 due to fewer new utility connections and developer contributions. The water fund's ending net position for 2022 was \$16,335,047 of which \$6,705,989 was unrestricted. The 2022 increase in unrestricted net position of \$950,088 is due to increases in cash, receivables and investments and decreases to Accounts payable and net pension and OPEB liabilities.

Wastewater Fund operating revenues totaled \$3,557,778, an increase of \$477,666 over 2021, primarily due to increased user fee revenue (5% rate increase) and an insurance reimbursement of \$200 thousand for an electrical fire at the plant. Operating expenses totaled \$3,000,899, a decrease of \$97,616 over 2021, largely due personnel savings associated with accrual-based pension adjustments offset by an increase in depreciation expense. Non-operating revenues less expenses increased in 2022 by \$235,951 due to reduced interest expense and bond issuance costs as no new debt was issued the current year offset by unrealized losses in the Town's investment portfolio as the Federal Reserve quickly increased interest rates in an effort to control inflation. Capital Contributions totaled \$448,776, a decrease of \$2,376,123 over 2021, due to fewer new utility connections and developer contributions. The sewer fund's ending net position for 2022 was \$17,191,639, of which \$5,689,485 was unrestricted. The 2022 increase in unrestricted net position of \$225,411 is a result of increases in cash and receivables and a reduction in pension and OPEB liabilities.

The town's total net position at the end of 2022 for the two proprietary funds was \$33,526,686, of which \$12,395,474 was unrestricted.

General Fund Budgetary Highlights

Although the national and local economy continued to recover from the impacts of the Coronavirus pandemic throughout fiscal year 2022, concern shifted to inflation as consumer prices increased by 9.1% in the 12-month period ending June 30, 2022, the largest increase in 40 years. Despite these challenges, the Town's General Fund saw a budgetary surplus of \$1,267,345, a strong ending position bolstered by federal stimulus programs, robust revenue trends and effective managerial control of expenditures.

General fund revenues fell below budget projections by \$3,879,578 in 2022, a variance that was largely driven by timing factors associated with federal ARPA funds. The first tranche of ARPA totaling \$5,279,922 was budgeted for a variety of projects, however, only \$374,839 was spent during the fiscal year. Other local taxes exceeded budget by \$915,771 as meals, sales and business license tax exceeded forecasts due to continuing economic improvement post pandemic and expansion in business gross receipts due to inflation. Real Estate tax exceeded budget by \$166,972 as assessed values continued to rise, though Town Council reduced the 2022 tax rate by a penny. Personal property tax was under budget by \$218,434 as the Town transitioned from an annual tax due date on June 5th to Loudoun County's semiannual collection dates on May 5th and Oct 5th.

The 2022 expenditures were under budget by \$5,725,881. A large portion of this variance is timing as the first tranche of the ARPA funds was budgeted in 2022, however, project expenditures will be incurred through December 2026 in accordance with the legislation. Operational savings were also seen in all departments with the largest portion of savings seen in Public Safety, Public Works and Community Development.

Town of Purcellville, Virginia
Management's Discussion and Analysis

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, 2022, totaled \$115,387,828 (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,310,764	\$ 4,310,764	\$ 3,039,509	\$ 3,039,509	\$ 7,350,273	\$ 7,350,273
Building	8,694,931	8,992,767	-	-	8,694,931	8,992,767
Improvements other than buildings	2,340,551	2,569,430	-	-	2,340,551	2,569,430
Machinery and equipment	300,659	315,920	605,735	664,486	906,394	980,406
Vehicles	357,165	495,377	93,999	123,621	451,164	618,998
Infrastructure	38,121,150	36,169,598	-	-	38,121,150	36,169,598
Utility plant in service	-	-	54,372,680	54,121,243	54,372,680	54,121,243
Right of use leases	560,100	-	7,685	-	567,785	-
Construction in progress	1,883,064	3,318,660	699,836	1,428,229	2,582,900	4,746,889
Total	\$ 56,568,384	\$ 56,172,516	\$ 58,819,444	\$ 59,377,088	\$ 115,387,828	\$ 115,549,604

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

Long-term obligations: At the end of the current fiscal year, the Town had total outstanding obligations of \$58,823,421 and details are summarized in the following table:

Town of Purcellville, Virginia
Outstanding Obligations
For the Year Ended June 30, 2022

	Governmental Activities		Business-type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
General obligation bonds	\$ 11,387,925	\$ 12,481,066	\$ 40,534,368	\$ 40,623,257	\$ 51,922,293	\$ 53,104,323
Notes payable	425,000	510,000	-	-	425,000	510,000
Financing payables	325,070	416,429	30,616	91,810	355,686	508,239
Leases	570,805	718,579	7,676	11,481	578,481	730,060
Net pension liability	-	1,018,882	-	309,787	-	1,328,669
Net OPEB liabilities	4,000,641	4,615,917	930,228	1,319,652	4,930,869	5,935,569
Compensated absences	524,009	551,159	87,083	80,570	611,092	631,729
	<u>\$ 17,233,450</u>	<u>\$ 20,312,032</u>	<u>\$ 41,589,971</u>	<u>\$ 42,436,557</u>	<u>\$ 58,823,421</u>	<u>\$ 62,748,589</u>

Obligations associated with governmental activities decreased by \$3,078,582 in 2022 due to decreases in liabilities including pension, OPEB and compensated absence and debt reduction due to principal payments totaling \$1,097,000. The accounting standard for leases was implemented in 2022 and 2021 was restated in accordance with GASB 87.

Town of Purcellville, Virginia Management's Discussion and Analysis

Obligations associated with business-type activities decreased by \$846,586 in 2022 due to decreases in pension and OPEB liabilities and debt reduction due to principal payments totaling \$88,000. The accounting standard for leases was implemented in 2022 and 2021 was restated in accordance with GASB 87.

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, 2022.

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 9,088, 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, which has been converted to a 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.

Purcellville's real property assessments increased by 11.72% in 2022, made up of a 11.5% increase in existing property values and a 0.22% increase in new construction and growth. Given the strong real estate market in early 2022, the town expects continued growth in residential assessments in 2023, although the pace did slow in the last half of the year. 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 1 cent to \$0.21 per \$100 of assessed value in 2022. 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 2022, the Town's economy continued to rebound following the Coronavirus pandemic as evidenced by a strong increase in business gross receipts taxes. Meals, sales and business license tax increased 13% over the prior year or \$614,848. The town's General Fund continues to benefit from a diversified revenue stream. The largest categories are property tax (33%), meals tax (22%), sales tax (13%), revenue from the Commonwealth (10%), and business license (8%).

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 FY23, Council approved a 3% increase to water rates and a 5% increase to sewer rates. In order to moderate user rate increases, the Town Council is exploring innovative revenue opportunities such as sale of nutrient credits that netted \$923,829 in FY22, expanded cellular lease opportunities and forestry revenue.

Over the next two years, the Town will benefit from its allocation of ARPA State and Local Fiscal Recovery Funds (SLFRF) totaling \$10.6 million. Town Council has allocated these funds to capital infrastructure projects, with over \$8 million budgeted for utility projects, and security upgrades.

Town of Purcellville, Virginia
Management's Discussion and Analysis

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

BASIC FINANCIAL STATEMENTS

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	\$ 4,527,902	\$ 6,475,361	\$ 11,003,263
Cash and cash equivalents, restricted (Note 2)	7,331,429	-	7,331,429
Investments (Note 2)	4,802,946	7,600,207	12,403,153
Receivables, net			
Taxes receivable	2,607,877	-	2,607,877
Accounts receivable	275,795	1,033,857	1,309,652
Lease receivable (Note 3)	318,496	824,753	1,143,249
Due from other governmental units (Note 4)	1,071,855	5,416	1,077,271
Inventories	102,343	127,032	229,375
Prepaid expenses	105,252	29,347	134,599
Net pension asset (Note 8)	1,304,866	325,583	1,630,449
Capital assets, net (Note 5)			
Land	4,310,764	3,039,509	7,350,273
Buildings and system	8,694,931	-	8,694,931
Improvements other than buildings	2,340,551	-	2,340,551
Machinery and equipment	300,659	605,735	906,394
Vehicles	357,165	93,999	451,164
Infrastructure	38,121,150	-	38,121,150
Utility plant in service	-	54,372,680	54,372,680
Lease assets	560,100	7,685	567,785
Construction in progress	1,883,064	699,836	2,582,900
Total assets	<u>79,017,145</u>	<u>75,241,000</u>	<u>154,258,145</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	344,371	2,558,845	2,903,216
Deferred outflows related to pensions (Note 8)	760,032	189,639	949,671
Deferred outflows related to other postemployment benefits (Notes 9, 10 and 11)	767,949	179,287	947,236
Total deferred outflows of resources	<u>1,872,352</u>	<u>2,927,771</u>	<u>4,800,123</u>
LIABILITIES			
Accounts payable	473,919	381,688	855,607
Accrued liabilities	255,371	61,217	316,588
Customer deposits	138,043	584,935	722,978
Unearned revenue	4,840,550	-	4,840,550
Accrued interest payable	115,903	438,637	554,540
Noncurrent liabilities due within one year:			
Due within one year (Note 6)	1,505,885	297,996	1,803,881
Noncurrent liabilities due in more than one year:			
Net other postemployment benefit liabilities (Notes 9, 10 and 11)	4,000,641	930,228	4,930,869
Other non current liabilities (Note 6)	11,726,924	40,361,747	52,088,671
Total liabilities	<u>23,057,236</u>	<u>43,056,448</u>	<u>66,113,684</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes (Note 7)	2,506,457	-	2,506,457
Deferred lease revenue (Note 3)	315,553	805,924	1,121,477
Deferred inflows related to pensions (Note 8)	1,937,888	483,531	2,421,419
Deferred inflows related to other postemployment benefits (Notes 9, 10 and 11)	1,271,985	296,182	1,568,167
Total deferred inflows of resources	<u>6,031,883</u>	<u>1,585,637</u>	<u>7,617,520</u>
NET POSITION			
Net investment in capital assets	44,203,955	20,805,629	65,009,584
Restricted:			
State highway maintenance	265,872	-	265,872
Hirst Pond	74,795	-	74,795
Proffers	825,944	-	825,944
Loudoun County transportation funded projects	870,846	-	870,846
Pension	1,304,866	325,583	1,630,449
Unrestricted	4,254,100	12,395,474	16,649,574
Total net position	<u>\$ 51,800,378</u>	<u>\$ 33,526,686</u>	<u>\$ 85,327,064</u>

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

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Business-	Total
		Services	Grants and Contributions	Grants and Contributions		Type Activities	
Primary Government:							
Governmental activities							
General government administration	\$ 3,988,687	\$ 195,693	\$ 699,892	\$ -	\$ (3,093,102)		\$ (3,093,102)
Public safety	2,767,984	102,158	155,614	-	(2,510,212)		(2,510,212)
Public works	1,838,414	-	725,912	-	(1,112,502)		(1,112,502)
Parks, recreation, and cultural	345,846	1,200	3,500	376,747	35,601		35,601
Community development	2,405,597	149,091	-	1,012,613	(1,243,893)		(1,243,893)
Interest and other fiscal charges	307,996	-	-	-	(307,996)		(307,996)
Total governmental activities	11,654,524	448,142	1,584,918	1,389,360	(8,232,104)		(8,232,104)
Business-type activities							
Water	2,946,777	2,446,556	923,829	445,828		869,436	869,436
Sewer	3,947,299	3,557,778	-	448,776		59,255	59,255
Total business-type activities	6,894,076	6,004,334	923,829	894,604		928,691	928,691
Total primary government	\$ 18,548,600	\$ 6,452,476	\$ 2,508,747	\$ 2,283,964	(8,232,104)	928,691	(7,303,413)
General revenues:							
Taxes:							
					4,466,337	-	4,466,337
					1,615,994	-	1,615,994
					949,542	-	949,542
					216,334	-	216,334
					2,751,798	-	2,751,798
					200,274	-	200,274
					394,553	-	394,553
					10,691	-	10,691
					80,514	268,145	348,659
					41,640	-	41,640
					(189,424)	(257,962)	(447,386)
					161,209	-	161,209
Total general revenues					10,699,462	10,183	10,709,645
Change in net position					2,467,358	938,874	3,406,232
NET POSITION AT JULY 1,					49,333,020	32,587,812	81,920,832
NET POSITION AT JUNE 30					\$ 51,800,378	\$ 33,526,686	\$ 85,327,064

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

TOWN OF PURCELLVILLE, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Revenue (Parks & Recreation)	Capital Fund	Total
ASSETS				
Cash and cash equivalents (Note 2)	\$ 3,465,010	\$ 448,484	\$ 614,408	\$ 4,527,902
Cash and cash equivalents, restricted (Note 2)	5,559,844	-	1,771,585	7,331,429
Investments (Note 2)	4,802,946	-	-	4,802,946
Receivables, net				
Taxes receivable	2,342,386	265,491	-	2,607,877
Accounts receivable	275,795	-	-	275,795
Lease receivable (Note 3)	318,496	-	-	318,496
Due from other governmental units (Note 4)	824,088	67,739	180,028	1,071,855
Inventories	102,343	-	-	102,343
Prepays	100,516	4,736	-	105,252
Total assets	<u>\$ 17,791,424</u>	<u>\$ 786,450</u>	<u>\$ 2,566,021</u>	<u>\$ 21,143,895</u>
LIABILITIES				
Accounts payable	\$ 309,742	\$ 9,081	\$ 155,096	\$ 473,919
Accrued liabilities	248,384	6,987	-	255,371
Customer deposits	138,043	-	-	138,043
Unearned revenue	4,840,550	-	-	4,840,550
Total liabilities	<u>5,536,719</u>	<u>16,068</u>	<u>155,096</u>	<u>5,707,883</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases (Note 3)	315,553	-	-	315,553
Deferred property taxes (Note 7)	2,397,973	272,113	-	2,670,086
Total deferred inflows of resources	<u>2,713,526</u>	<u>272,113</u>	<u>-</u>	<u>2,985,639</u>
FUND BALANCES				
Nonspendable:				
Inventories	102,343	-	-	102,343
Prepays	100,516	4,736	-	105,252
Total nonspendable balance	<u>202,859</u>	<u>4,736</u>	<u>-</u>	<u>207,595</u>
Restricted for:				
State highway maintenance	265,872	-	-	265,872
Hirst pond	-	-	74,795	74,795
Proffers	-	-	825,944	825,944
Loudoun County funded projects	-	-	870,846	870,846
Total restricted fund balance	<u>265,872</u>	<u>-</u>	<u>1,771,585</u>	<u>2,037,457</u>
Committed for:				
Future capital outlay	107,448	8,303	15,013	130,764
Capital asset replacement	101,349	-	-	101,349
Parks & recreation	-	485,230	-	485,230
Total committed fund balance	<u>208,797</u>	<u>493,533</u>	<u>15,013</u>	<u>717,343</u>
Assigned:				
Capital projects	-	-	624,327	624,327
Unassigned	8,863,651	-	-	8,863,651
Total fund balances	<u>9,541,179</u>	<u>498,269</u>	<u>2,410,925</u>	<u>12,450,373</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,791,424</u>	<u>\$ 786,450</u>	<u>\$ 2,566,021</u>	<u>\$ 21,143,895</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, 2022**

Ending fund balance – governmental fund	\$ 12,450,373
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.	56,568,384
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	163,629
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Pension related deferred outflows	760,032
Pension related deferred inflows	(1,937,888)
Net pension asset	1,304,866
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	767,949
Other postemployment benefit related deferred inflows	(1,271,985)
Net other postemployment benefit liabilities	(4,000,641)
Deferred refunding costs are not financial resources and, therefore, are not reported in the funds.	344,371
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	\$ (13,232,809)
Accrued interest payable	(115,903)
	<u>(13,348,712)</u>
Total net position – governmental activities	<u><u>\$ 51,800,378</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, 2022**

	General Fund	Special Revenue (Parks & Recreation)	Capital Fund	Total
REVENUES				
General property taxes	\$ 3,999,552	\$ 493,665	\$ -	\$ 4,493,217
Other local taxes	6,139,186	-	-	6,139,186
Permits, privilege fees, and regulatory licenses	344,784	1,200	-	345,984
Fines and forfeitures	102,158	-	-	102,158
Revenue from use of property	27,569	52,945	-	80,514
Investment income	37,726	-	3,914	41,640
Miscellaneous	22,178	24,031	115,000	161,209
Intergovernmental				
Local government	-	-	581,225	581,225
Commonwealth	1,207,204	-	584,140	1,791,344
Federal	377,714	-	223,995	601,709
Total revenues	<u>12,258,071</u>	<u>571,841</u>	<u>1,508,274</u>	<u>14,338,186</u>
EXPENDITURES				
Current				
General government administration	3,749,614	-	-	3,749,614
Public safety	2,521,745	-	-	2,521,745
Public works	1,603,313	-	-	1,603,313
Parks, recreation, and cultural	-	338,553	-	338,553
Community development	1,275,561	-	-	1,275,561
Capital outlay	5,594	-	1,489,613	1,495,207
Debt service				
Principal retirement	1,248,540	87,592	-	1,336,132
Interest and other fiscal charges	326,735	21,900	-	348,635
Total expenditures	<u>10,731,102</u>	<u>448,045</u>	<u>1,489,613</u>	<u>12,668,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,526,969</u>	<u>123,796</u>	<u>18,661</u>	<u>1,669,426</u>
OTHER FINANCING SOURCES (USES)				
Investment loss	(189,424)	-	-	(189,424)
Transfers (Note 1)	-	-	95,200	95,200
Transfers out (Note 1)	(70,200)	(25,000)	-	(95,200)
Total other financing sources (uses)	<u>(259,624)</u>	<u>(25,000)</u>	<u>95,200</u>	<u>(189,424)</u>
Net change in fund balance	1,267,345	98,796	113,861	1,480,002
FUND BALANCE AT JULY 1	<u>8,273,834</u>	<u>399,473</u>	<u>2,297,064</u>	<u>10,970,371</u>
FUND BALANCE AT JUNE 30	<u><u>\$ 9,541,179</u></u>	<u><u>\$ 498,269</u></u>	<u><u>\$ 2,410,925</u></u>	<u><u>\$ 12,450,373</u></u>

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, 2022**

Net change in fund balance – total governmental fund \$ 1,480,002

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	\$ 1,528,414	
Depreciation and amortization expense	(1,851,124)	
		(322,710)

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

(26,880)

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	363,662	
Pension expense	(90,886)	
		272,776

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	25,767	
Other postemployment benefit expense	(365,518)	
		(339,751)

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 general obligation bonds, notes payable, and capital leases	1,336,133	
Amortization of deferred charge on refunding	(56,571)	
Amortization of premiums	81,141	
		1,360,703

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	27,150	
Change in accrued interest payable	16,068	
		43,218

Change in net position of governmental activities \$ 2,467,358

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, 2022**

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	\$ 3,645,690	\$ 2,829,671	\$ 6,475,361
Investments (Note 2)	4,227,733	3,372,474	7,600,207
Accounts receivable, net	285,238	748,619	1,033,857
Lease receivable (Note 3)	824,753	-	824,753
Due from other governmental units (Note 4)	5,416	-	5,416
Inventories	70,011	57,021	127,032
Prepaid items	13,700	15,647	29,347
Total current assets	9,072,541	7,023,432	16,095,973
Noncurrent assets			
Net pension asset (Note 8)	174,062	151,521	325,583
Capital assets (Note 5)			
Land	2,672,409	367,100	3,039,509
Utility plant in service	19,930,097	49,176,745	69,106,842
Improvements other than buildings	445,000	-	445,000
Vehicles	170,381	195,206	365,587
Machinery and equipment	646,193	1,069,809	1,716,002
Leased assets	4,635	6,846	11,481
Construction in progress	355,558	344,278	699,836
Accumulated depreciation & amortization	(6,526,119)	(10,038,694)	(16,564,813)
Total capital assets	17,698,154	41,121,290	58,819,444
Total noncurrent assets	17,872,216	41,272,811	59,145,027
Total assets	26,944,757	48,296,243	75,241,000
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	649,702	1,909,143	2,558,845
Deferred outflows related to pensions (Note 8)	101,383	88,256	189,639
Deferred outflows related to other postemployment benefits (Notes 9, 10, and 11)	84,056	95,231	179,287
Total deferred outflows of resources	835,141	2,092,630	2,927,771
LIABILITIES			
Current liabilities			
Accounts payable	154,400	227,288	381,688
Accrued liabilities	32,299	28,918	61,217
Customer deposits	584,935	-	584,935
Accrued interest payable	104,244	334,393	438,637
Bonds - current portion (Note 6)	250,000	27,898	277,898
Financing payable - current portion (Note 6)	3,654	3,910	7,564
Lease liability - current portion (Note 6)	1,545	2,281	3,826
Compensated absences - current portion (Note 6)	4,135	4,573	8,708
Total current liabilities	1,135,212	629,261	1,764,473
Noncurrent liabilities			
Bonds - net of current portion (Note 6)	8,627,000	31,629,470	40,256,470
Financing payable - net of current portion (Note 6)	9,107	13,945	23,052
Lease liability - net of current portion (Note 6)	1,554	2,296	3,850
Compensated absences - net of current portion (Note 6)	37,225	41,150	78,375
Net other postemployment benefit liability (Notes 9, 10, and 11)	432,263	497,965	930,228
Total noncurrent liabilities	9,107,149	32,184,826	41,291,975
Total liabilities	10,242,361	32,814,087	43,056,448
DEFERRED INFLOWS OF RESOURCES			
Deferred lease revenue (Note 3)	805,924	-	805,924
Deferred inflows related to pension (Note 8)	258,503	225,028	483,531
Deferred inflows related to other postemployment benefits (Note 9, 10 and 11)	138,063	158,119	296,182
Total deferred inflows of resources	1,202,490	383,147	1,585,637
NET POSITION			
Net investment in capital assets	9,454,996	11,350,633	20,805,629
Restricted for pension	174,062	151,521	325,583
Unrestricted	6,705,989	5,689,485	12,395,474
Total net position	\$ 16,335,047	\$ 17,191,639	\$ 33,526,686

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, 2022**

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for services and connection fees	\$ 2,316,059	\$ 3,307,005	\$ 5,623,064
Other revenue	22,652	26,645	49,297
Intergovernmental	91,858	11,033	102,891
Miscellaneous	15,987	213,095	229,082
Total operating revenues	<u>2,446,556</u>	<u>3,557,778</u>	<u>6,004,334</u>
OPERATING EXPENSES			
Personnel	1,339,784	1,224,804	2,564,588
Plant operations and meter reading	510,557	812,719	1,323,276
Well operations	271,690	-	271,690
Pump station operations	-	39,303	39,303
Depreciation and amortization	468,738	872,038	1,340,776
Capital outlay-non-capitalizable expenses	24,751	26,252	51,003
Other operating expenses	29,809	25,783	55,592
Total operating expenses	<u>2,645,329</u>	<u>3,000,899</u>	<u>5,646,228</u>
Operating income (loss)	<u>(198,773)</u>	<u>556,879</u>	<u>358,106</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment loss	(143,686)	(114,276)	(257,962)
Cellular lease income	261,639	-	261,639
Lease interest income	6,506	-	6,506
Nutrient credit revenue	923,829	-	923,829
Interest expense	(301,448)	(946,400)	(1,247,848)
Net non-operating revenues (expenses)	<u>746,840</u>	<u>(1,060,676)</u>	<u>(313,836)</u>
Income (loss) before contributions	<u>548,067</u>	<u>(503,797)</u>	<u>44,270</u>
CAPITAL CONTRIBUTIONS			
Development donations	136,780	189,576	326,356
Availability fees	309,048	259,200	568,248
Total capital contributions	<u>445,828</u>	<u>448,776</u>	<u>894,604</u>
Change in net position	993,895	(55,021)	938,874
NET POSITION AT JULY 1,	<u>15,341,152</u>	<u>17,246,660</u>	<u>32,587,812</u>
NET POSITION AT JUNE 30	<u><u>\$ 16,335,047</u></u>	<u><u>\$ 17,191,639</u></u>	<u><u>\$ 33,526,686</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, 2022

	Water Fund	Sewer Fund	Total
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,482,860	\$ 3,332,003	\$ 5,814,863
Payments to suppliers	(995,200)	(851,455)	(1,846,655)
Payments to and on behalf of employees	(1,444,526)	(1,317,759)	(2,762,285)
Other operating receipts	360,003	11,033	371,036
Net cash provided by operating activities	403,137	1,173,822	1,576,959
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	(308,611)	(432,859)	(741,470)
Developer contributions	136,780	189,576	326,356
Availability fees	309,048	259,200	568,248
Retirements of long-term indebtedness	(61,271)	(92,617)	(153,888)
Interest expense	(246,009)	(835,618)	(1,081,627)
Net cash used in capital and related financing activities	(170,063)	(912,318)	(1,082,381)
INVESTING ACTIVITIES			
Investment income	22,524	17,958	40,482
Proceeds from sale of nutrient credits	923,829	-	923,829
Purchase of investments	(819,181)	(15,355)	(834,536)
Net cash provided by investing activities	127,172	2,603	129,775
Net increase in cash and cash equivalents	360,246	264,107	624,353
CASH AND CASH EQUIVALENTS			
Beginning at July 1	3,285,444	2,565,564	5,851,008
Ending at June 30	\$ 3,645,690	\$ 2,829,671	\$ 6,475,361
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (198,773)	\$ 556,879	\$ 358,106
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	468,738	872,038	1,340,776
Pension expense net of employer contribution	(40,220)	(35,791)	(76,011)
Other postemployment benefit expense net of employer contribution	(75,776)	(66,903)	(142,679)
Other nonoperating revenues included in operating activities	268,145	-	268,145
(Increase) decrease in:			
Accounts receivable	97,626	(214,742)	(117,116)
Lease receivable	(824,753)	-	(824,753)
Inventories	(34,953)	(18,341)	(53,294)
Prepaid items	(2,297)	(2,307)	(4,604)
Increase (decrease) in:			
Accounts payable	(121,143)	73,250	(47,893)
Accrued liabilities	9,006	5,474	14,480
Customer deposits	49,365	-	49,365
Unearned revenue	805,924	-	805,924
Compensated absences	2,248	4,265	6,513
Net cash provided by operating activities	\$ 403,137	\$ 1,173,822	\$ 1,576,959
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital assets acquired through accounts payable	\$ 18,179	\$ 11,113	\$ 29,292
Decrease in fair value of investments	\$ (166,210)	\$ (132,234)	\$ (298,444)

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

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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 users 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, 2022

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 nonoperating 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 nonoperating 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 \$19,617 at June 30, 2022 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, 2022

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.

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.

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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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.
- 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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows and Inflows of Resources (Continued)

- 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.

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, 2022, consisted of net pension and net post-employment assets.

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:

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

- **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).

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, 2022.

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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

R. Interfund Transfers

The composition of interfund transfers is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 70,200
Parks & Recreation	-	25,000
Capital fund	95,200	-
	<u>\$ 95,200</u>	<u>\$ 95,200</u>

S. Upcoming Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

S. Upcoming Pronouncements (Continued):

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.

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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

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

Type	Fair Value	Credit Rating	Weighted Average Maturity*
Demand Deposits	\$ 8,567,807	N/A	N/A
LGIP	1,087,383	AAAm	0.07
Virginia Investment Pool – NAV Liquidity Pool	8,678,902	AAAm	0.07
Virginia Investment Pool – 1-3 Year High Quality Bond Fund	12,403,153	AA+f/S1	1.80
Cash on Hand	600	N/A	N/A
	<u>\$ 30,737,845</u>		

*Average maturity in years

Reconciliation of deposits and investments to Exhibit 1:

Cash and cash equivalents	\$ 11,003,263
Cash and cash equivalents, restricted	7,331,429
Investments	12,403,153
Total deposits and investments	<u>\$ 30,737,845</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.

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.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

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.

Note 4. Due from Other Governmental Units

Amounts due from other governmental units are as follows:

Commonwealth of Virginia:	
VDOT	\$ 147,831
Communications tax	18,409
Recreational Trails Grant	10,052
Fluoride Grant (Water Fund)	5,416
Northern Virginia Transportation Authority-NVTA	22,145
County of Loudoun, Virginia	873,418
	<hr/>
	\$ 1,077,271
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(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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	3,318,660	1,489,613	2,925,209	1,883,064
Total capital assets, not being depreciated	7,629,424	1,489,613	2,925,209	6,193,828
Capital assets, depreciated:				
Buildings and system	11,913,487	-	-	11,913,487
Improvements other than buildings	4,754,025	-	-	4,754,025
Machinery and equipment	2,346,447	26,071	40,170	2,332,348
Vehicles	1,271,594	-	-	1,271,594
Infrastructure	68,531,433	2,925,209	-	71,456,642
Total capital assets being depreciated	88,816,986	2,951,280	40,170	91,728,096
Less accumulated depreciation for:				
Buildings and system	2,920,720	297,836	-	3,218,556
Improvements other than buildings	2,184,595	228,879	-	2,413,474
Machinery and equipment	2,017,796	54,063	40,170	2,031,689
Vehicles	776,218	138,211	-	914,429
Infrastructure	32,361,835	973,657	-	33,335,492
Total accumulated depreciation	40,261,164	1,692,646	40,170	41,913,640
Total capital assets being depreciated, net	48,555,822	1,258,634	-	49,814,456
Lease assets:				
Equipment	718,578	-	-	718,578
Less accumulated amortization		158,478	-	158,478
Total lease assets, net	718,578	158,478	-	560,100
Governmental activities capital assets, net	<u>\$ 56,903,824</u>	<u>\$ 2,589,769</u>	<u>\$ 2,925,209</u>	<u>\$ 56,568,384</u>

*Amounts have been restated, to include items related to the implementation of GASB Statement 87, *Leases*. Additional vehicles, machinery and equipment, and accumulated depreciation were updated to correct prior year disposals.

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

Business-Type Activities	Beginning Balance, as restated*	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 3,039,509	\$ -	\$ -	\$ 3,039,509
Construction in progress	1,428,229	371,165	1,099,558	699,836
Total capital assets, not depreciated	4,467,738	371,165	1,099,558	3,739,345
Utility plant in service	67,680,928	1,425,914	-	69,106,842
Improvements other than buildings	445,000	-	-	445,000
Vehicles	365,587	-	-	365,587
Machinery and equipment	1,647,332	74,130	5,460	1,716,002
Total capital assets, depreciated	70,138,847	1,500,044	5,460	71,633,431
Less accumulated depreciation for:				
Utility plant in service	13,559,685	1,174,477	-	14,734,162
Improvements other than buildings	445,000	-	-	445,000
Vehicles	241,966	29,622	-	271,588
Machinery and equipment	982,846	132,881	5,460	1,110,267
Total accumulated depreciation	15,229,497	1,336,980	5,460	16,561,017
Total capital assets, depreciated, net	54,909,350	163,064	-	55,072,414
Lease assets:				
Equipment	11,481	-	-	11,481
Less accumulated amortization	-	3,796	-	3,796
Total lease assets, net	11,481	3,796	-	7,685
Business-type activities capital assets, net	<u>\$ 59,388,569</u>	<u>\$ 530,433</u>	<u>\$ 1,099,558</u>	<u>\$ 58,819,444</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Capital Assets (Continued)

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

Governmental activities		
General government administration	\$	304,326
Public safety		219,227
Public works		208,015
Parks & recreation		1,605
Community development		1,117,951
Total depreciation and amortization expense – governmental activities	\$	<u>1,851,124</u>
Business-type activities		
Water	\$	468,738
Sewer		872,038
Total depreciation and amortization expense – business-type activities	\$	<u>1,340,776</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	\$ 12,265,000	\$ -	\$ 1,012,000	\$ 11,253,000	\$ 1,054,000
Notes payable	510,000	-	85,000	425,000	85,000
Issuance premiums	216,066	-	81,141	134,925	62,874
Financed purchases	416,429	-	91,359	325,070	97,999
Leases	718,579	-	147,774	570,805	153,611
Compensated absences	551,159	499,027	526,177	524,009	52,401
	<u>\$ 14,677,233</u>	<u>\$ 499,027</u>	<u>\$ 1,943,451</u>	<u>\$ 13,232,809</u>	<u>\$ 1,505,885</u>
Business-type activities:					
General obligation bond	\$ 40,606,630	\$ -	\$ 88,000	\$ 40,518,630	\$ 277,000
Premium on bonds	16,627	-	889	15,738	898
Financed purchases	91,810	-	61,194	30,616	7,564
Leases	11,481	-	3,805	7,676	3,826
Compensated absences	80,570	100,460	93,947	87,083	8,708
	<u>\$ 40,807,118</u>	<u>\$ 100,460</u>	<u>\$ 247,835</u>	<u>\$ 40,659,743</u>	<u>\$ 297,996</u>

*Amounts have been restated, to include items related to the implementation of GASB Statement 87, *Leases*.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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
2023	\$ 1,054,000	\$ 278,166	\$ 97,999	\$ 19,685	\$ 85,000
2024	1,116,000	216,810	125,957	12,094	85,000
2025	1,127,000	174,136	101,114	2,984	85,000
2026	1,164,000	133,539	-	-	85,000
2027	1,181,000	115,511	-	-	85,000
2028-2032	4,419,000	311,651	-	-	-
2033-2037	1,192,000	53,404	-	-	-
	<u>\$ 11,253,000</u>	<u>\$ 1,283,217</u>	<u>\$ 325,070</u>	<u>\$ 34,763</u>	<u>\$ 425,000</u>

Governmental Activities		
Fiscal Year	Leases	
	Principal	Interest
2023	\$ 153,611	\$ 4,762
2024	160,268	3,326
2025	137,471	1,905
2026	119,455	537
	<u>\$ 570,805</u>	<u>\$ 10,530</u>

Business-Type Activities				
Fiscal Year	General Obligation Bond		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 277,000	\$ 1,097,200	\$ 7,564	\$ 2,141
2024	334,000	1,065,235	13,328	1,403
2025	1,735,352	1,048,971	9,724	388
2026	2,197,509	1,003,233	-	-
2027	2,267,556	949,972	-	-
2028-2032	12,287,213	3,899,970	-	-
2033-2037	13,781,000	2,350,997	-	-
2038-2040	7,639,000	339,489	-	-
	<u>\$ 40,518,630</u>	<u>\$ 11,755,067</u>	<u>\$ 30,616</u>	<u>\$ 3,932</u>

Business-Type Activities		
Fiscal Year	Leases	
	Principal	Interest
2023	\$ 3,826	\$ 38
2024	3,850	14
	<u>\$ 7,676</u>	<u>\$ 52</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Long-Term Liabilities (Continued)

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

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>	
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General obligation bonds:					
Series 2013A & 2013B	2.00-5.00%	2/1/2034	\$ 33,690,000	\$ 2,160,000	\$ -
Series 2017B	3.35%	2/1/2038	16,370,000	700,000	15,245,000
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	3,217,000	669,000
Series 2020B GO	2.00%	2/8/2023	11,801,000	5,176,000	6,405,000
Series 2021 GO	2.69%	8/1/2031	12,265,000	-	9,336,000
				<u>\$ 11,253,000</u>	<u>\$ 40,518,630</u>
Financed purchases:					
Pickup truck	8.28%	2/1/2024	\$ 25,431	\$ 13,764	\$ -
Police interceptor	8.19%	3/1/2024	37,552	19,119	-
Sports utility vehicle	8.09%	3/1/2024	23,093	12,761	-
Sports utility vehicle	8.09%	3/1/2024	23,093	-	12,760
Pickup truck	7.55%	5/1/2024	55,349	26,754	-
Pickup truck	7.03%	7/1/2024	55,349	28,294	-
Sports utility vehicle	6.87%	9/1/2024	49,922	26,917	-
Sports utility vehicle	6.91%	10/1/2024	25,130	16,020	-
Sports utility vehicle	7.04%	11/1/2024	29,900	19,308	-
Police interceptor	7.39%	1/1/2025	35,643	21,406	-
Police interceptor	7.39%	1/1/2025	35,643	21,406	-
Pickup truck	7.68%	1/1/2025	27,747	18,596	-
Pickup truck	6.36%	3/1/2025	58,653	36,701	-
Police interceptor	6.06%	3/1/2025	51,102	32,012	-
Police interceptor	6.06%	3/1/2025	51,102	32,012	-
Pickup truck	7.73%	1/1/2025	26,622	-	17,856
				<u>\$ 325,070</u>	<u>\$ 30,616</u>
Leases:					
Building	4.98%	4/30/2026	\$ 630,889	\$ 512,120	\$ -
Office equipment	.648%	6/30/2024	91,173	53,280	7,676
Shared Parking	3.06%	3/31/2025	7,998	5,405	-
				<u>\$ 570,805</u>	<u>\$ 7,676</u>
Notes Payable					
Fireman's Field	0.00%	8/1/2026	\$ 1,700,000	\$ 425,000	\$ -

Assets acquired through financed purchases have a carrying value of \$259,525 and \$102,391 for governmental and business-type activities, respectively, as of June 30, 2022. Depreciation expense for assets under financing payables was \$111,662 for governmental activities and \$45,394 for business-type activities.

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 6. Long-Term Liabilities (Continued)

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, 2022, the following bonds are considered defeased:

	Beginning Balance		Increases		Decreases		Ending Balance
VRA GO Bond, Series 2008	\$ 3,956,707	\$	-	\$	1,286,015	\$	2,670,692
GO Public Bond, Series 2013A	20,090,000		-		1,155,000		18,935,000
GO Public Bond, Series 2013B	6,535,000		-		-		6,535,000
GO Public Bond, Series 2017	4,714,000		-		225,000		4,489,000
	<u>\$ 35,295,707</u>	\$	<u>-</u>	\$	<u>2,666,015</u>	\$	<u>32,629,692</u>

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 which were not collected within the availability period.

	Governmental Activities	Governmental Funds
Uncollected property tax billings that are unavailable for the funding of current expenditures	\$ -	\$ 163,629
Uncollected property tax billings for 2nd half assessment	2,410,087	2,410,087
Property tax billings collected in advance for 2nd half assessment	96,370	96,370
	<u>\$ 2,506,457</u>	<u>\$ 2,670,086</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 are 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, 2022

Note 8. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	55
Inactive members:	
Vested inactive members	14
Non-vested inactive members	9
Inactive members active elsewhere in VRS	37
	<hr/>
Total inactive members	60
Active members	76
	<hr/>
Total covered employees	191
	<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.

Contributions (Continued)

The political subdivision's contractually required contribution rate for the year ended June 30, 2022 was 7.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$454,401 and \$430,887 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2020, 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, 2021.

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 set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2020 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; adjusted 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, 2022

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 %	5.00 %	1.70 %
Fixed income	15.00	0.57	0.09
Credit strategies	14.00	4.49	0.63
Real assets	14.00	4.76	0.67
Private equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
	Inflation		2.50
			7.39 %

- * The above allocation provides for a one-year return of 7.39%. 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 6.94%, 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, 2022

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, 2021, 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, 2017, actuarial valuations, whichever is greater. From July 1, 2021 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, 2021	\$ 17,247,625	\$ 15,918,956	\$ 1,328,669
Changes for the year:			
Service cost	649,905	-	649,905
Interest	1,138,401	-	1,138,401
Changes in assumptions	569,905	-	569,905
Differences between expected and actual experience	(253,657)	-	(253,657)
Contributions – employer	-	430,887	(430,887)
Contributions – employee	-	261,264	(261,264)
Net investment income	-	4,381,789	(4,381,789)
Benefit payments, including refunds of employee contributions	(764,837)	(764,837)	-
Administrative expenses	-	(10,683)	10,683
Other changes	-	415	(415)
Net changes	1,339,717	4,298,835	(2,959,118)
Balances at June 30, 2022	\$ 18,587,342	\$ 20,217,791	\$ (1,630,449)

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<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)	\$ 964,617	\$ (1,630,449)	\$ (3,751,689)

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

For the year ended June 30, 2022, the political subdivision recognized pension expense of \$105,614. At June 30, 2022, 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	\$ 27,712	\$ 235,767
Change in assumptions	467,558	-
Net difference between projected and actual earnings on pension plan investments	-	2,185,652
Employer contributions subsequent to the measurement date	<u>454,401</u>	<u>-</u>
Total	<u>\$ 949,671</u>	<u>\$ 2,421,419</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Defined Benefit Pension Plan (Continued)

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

The \$454,401 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, 2023. 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 to Pension Expense
2023	\$ (350,789)
2024	(423,599)
2025	(489,750)
2026	(662,011)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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.

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, 2022

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	-
	<hr/>
Total inactive employees	20
Active plan members	<hr/>
	76
	<hr/> <hr/>
	96

Total OPEB Liability

The Town's total OPEB liability of \$4,618,379 was measured as of June 30, 2022 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	2.16%
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.

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 2020 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, 2021	\$ 5,483,815
Changes for the year:	
Service cost	306,783
Interest	123,351
Differences between expected and actual experience	308,259
Assumption or other input changes	(1,443,151)
Benefit payments	(160,678)
Net changes	(865,436)
Balance at June 30, 2022	\$ 4,618,379

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 were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	1.00% Decrease (2.54%)	Current Discount Rate (3.54%)	1.00% Increase (4.54%)
Total OPEB liability	\$ 5,453,230	\$ 4,618,379	\$ 3,953,604

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 were 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	\$ 3,837,458	\$ 4,618,379	\$ 5,647,796

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$373,285. At June 30, 2022, 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	\$ 469,193	\$ 1,439,862
Differences between expected and actual experience	368,161	-
	<u>\$ 837,354</u>	<u>\$ 1,439,862</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>
2023	\$ (56,849)
2024	(56,849)
2025	(56,849)
2026	(56,849)
2027	(56,849)
Thereafter	(318,263)

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 multi-employer 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, 2019 (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 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.</i>
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, 2022 Contribution	\$32,196
June 30, 2021 Contribution	\$29,966

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$312,490
June 30, 2021 proportion	0.02684%
June 30, 2020 proportion	0.02707%
June 30, 2022 expense	\$16,703

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, 2022, 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	\$ 35,641	\$ 2,381
Change in assumptions	17,228	42,755
Net difference between projected and actual earnings		
On OPEB plan investments	-	74,585
Changes in proportion	24,817	8,584
Employer contributions subsequent to the measurement date	32,196	-
	<hr/>	<hr/>
Total	\$ 109,882	\$ 128,305
	<hr/>	<hr/>

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, 2023. 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, 2022

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

<u>Year Ended June 30,</u>	<u>Reduction to OPEB Expense</u>
2023	\$ (11,494)
2024	(8,521)
2025	(7,275)
2026	(19,225)
2027	(4,104)
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, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,577,346
Plan fiduciary net position	2,413,074
Employers' net OPEB liability (asset)	\$ 1,164,272
Plan fiduciary net position as a percentage of total OPEB liability	67.45%

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, 2022

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 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investments Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.39 %

- * The above allocation provides for a one-year return of 7.39%. 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 7.11%, 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, 2020, 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, 2020 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, 2022

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	\$ 456,560	\$ 312,490	\$ 196,148

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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	\$ 24,817
Employer contributions subsequent to the measurement date	
VRS-Group Life Insurance	32,196
Difference between expected and actual experience	
Local Plan	368,161
VRS-Group Life Insurance	35,641
Change in assumptions	
Local Plan	469,193
VRS-Group Life Insurance	17,228
Total deferred outflow of resources – OPEB	<u>\$ 947,236</u>
Net OPEB liability	
Local Plan	\$ 4,618,379
VRS-Group Life Insurance	312,490
Total net OPEB liability	<u>\$ 4,930,869</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Deferred inflows of resources – OPEB	
Differences between expected and actual experience	
VRS-Group Life Insurance	\$ 2,381
Net difference between projected and actual earnings	
on OPEB plan investments	
VRS-Group Life Insurance	74,585
Change in assumptions	
Local Plan	1,439,862
VRS-Group Life Insurance	42,755
Changes in proportion	
VRS-Group Life Insurance	8,584
	<hr/>
Total deferred inflow of resources – OPEB	\$ 1,568,167
	<hr/>
OPEB Expense	
Local Plan	\$ 373,285
VRS-Group Life Insurance	16,703
	<hr/>
Total expense – OPEB	\$ 389,988
	<hr/>

Note 12. Service Concession Arrangement

The Town entered into a service concession arrangement with Shaun Alexander Enterprises, Inc. (SAE) on December 30, 2017 for the operation and management of the Fireman's Field Complex. During fiscal year 2019, the agreement was amended to apply only to the Bush Tabernacle portion of the complex. The agreement entitles SAE 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, SAE 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, SAE shall pay the Town a basic monthly payment equal to \$4,000. The facilities were closed starting in April 2020 due to the COVID-19 pandemic and payments during this time were waived. The current agreement is effective through June 30, 2022, and automatically renews each July 1 and thereafter, for a twelve month period unless either the Town or SAE gives written notice to the other of its intent not to renew the contract by December 30 of the preceding year.

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, 2022

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, 2022, the Town was contractually obligated for \$1,068,217 to complete various construction projects within the Town, \$562,711 in the capital projects fund, \$318,586 in the water fund, and \$186,920 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, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 4,034,418	\$ 4,034,418	\$ 3,999,552	\$ (34,866)
Other local taxes	5,223,415	5,223,415	6,139,186	915,771
Permits, privilege fees, and regulatory licenses	272,360	272,360	344,784	72,424
Fines and forfeitures	95,100	95,100	102,158	7,058
Revenue from use of property	27,000	27,000	27,569	569
Investment income	36,000	36,000	37,726	1,726
Miscellaneous	21,100	21,100	22,178	1,078
Intergovernmental				
Commonwealth	1,147,089	1,147,089	1,207,204	60,115
Federal	-	5,281,167	377,714	(4,903,453)
Total revenues	10,856,482	16,137,649	12,258,071	(3,879,578)
EXPENDITURES				
Current				
General government administration	3,589,812	8,868,633	3,749,614	5,119,019
Public safety	2,783,758	2,785,003	2,521,745	263,258
Public works	1,948,076	1,972,076	1,603,313	368,763
Community development	1,259,204	1,382,204	1,275,561	106,643
Capital outlay	142,200	142,200	5,594	136,606
Debt service				
Principal retirement	1,012,000	1,012,000	1,248,540	(236,540)
Interest and other fiscal charges	294,867	294,867	326,735	(31,868)
Total expenditures	11,029,917	16,456,983	10,731,102	5,725,881
Excess (deficiency) of revenues over (under) expenditures	(173,435)	(319,334)	1,526,969	1,846,303
OTHER FINANCING SOURCES (USES)				
Investment loss	-	-	(189,424)	(189,424)
Transfers in	243,635	389,534	-	(389,534)
Transfers out	(70,200)	(70,200)	(70,200)	-
Total other financing sources (uses)	173,435	319,334	(259,624)	(578,958)
Net change in fund balance	\$ -	\$ -	\$ 1,267,345	\$ 1,267,345

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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 461,130	\$ 461,130	\$ 493,665	\$ 32,535
Permits, privilege fees, and regulatory licenses	-	-	1,200	1,200
Revenue from use of property	4,200	4,200	52,945	48,745
Miscellaneous	1,220	1,220	24,031	22,811
Total revenues	466,550	466,550	571,841	105,291
EXPENDITURES				
Current				
Parks, recreation, and cultural	475,246	491,549	338,553	152,996
Debt service				
Principal retirement	85,000	85,000	87,592	(2,592)
Interest and other fiscal charges	21,866	21,866	21,900	(34)
Total expenditures	582,112	598,415	448,045	150,370
Excess (deficiency) of revenues over (under) expenditures	(115,562)	(131,865)	123,796	255,661
OTHER FINANCING SOURCES				
Transfers in	140,562	156,865	-	(156,865)
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	115,562	131,865	(25,000)	(156,865)
Net change in fund balance	\$ -	\$ -	\$ 98,796	\$ 98,796

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, 2022

	Plan Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 649,905	\$ 645,719	\$ 539,913	\$ 560,029	\$ 565,009	\$ 520,138	\$ 517,073	\$ 555,900
Interest on total pension liability	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	(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	(764,837)	(708,504)	(674,107)	(512,191)	(526,713)	(346,107)	(365,311)	(313,605)
Net change in total pension liability	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	<u>17,247,625</u>	<u>16,371,393</u>	<u>14,793,312</u>	<u>13,698,309</u>	<u>13,187,811</u>	<u>12,054,686</u>	<u>10,841,396</u>	<u>9,915,960</u>
Total pension liability – ending	<u>18,587,342</u>	<u>17,247,625</u>	<u>16,371,393</u>	<u>14,793,312</u>	<u>13,698,309</u>	<u>13,187,811</u>	<u>12,054,686</u>	<u>10,841,396</u>
Plan Fiduciary Net Position								
Contributions – employer	430,887	392,073	357,501	354,829	363,393	445,991	427,672	520,781
Contributions – employee	261,264	265,112	272,387	228,399	232,553	224,263	216,720	210,587
Net investment income	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	(764,837)	(708,504)	(674,107)	(512,191)	(526,713)	(346,107)	(365,311)	(313,605)
Administrative expenses	(10,683)	(10,064)	(9,518)	(8,531)	(8,346)	(6,926)	(6,523)	(7,349)
Other	415	(359)	(626)	(915)	(1,336)	(88)	(109)	76
Net change in plan fiduciary net position	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	<u>15,918,956</u>	<u>15,686,416</u>	<u>14,750,598</u>	<u>13,673,371</u>	<u>12,127,631</u>	<u>11,594,040</u>	<u>10,817,754</u>	<u>8,962,276</u>
Plan fiduciary net position – ending	<u>20,217,791</u>	<u>15,918,956</u>	<u>15,686,416</u>	<u>14,750,598</u>	<u>13,673,371</u>	<u>12,127,631</u>	<u>11,594,040</u>	<u>10,817,754</u>
Net pension liability/(asset) – ending	<u>\$ (1,630,449)</u>	<u>\$ 1,328,669</u>	<u>\$ 684,977</u>	<u>\$ 42,714</u>	<u>\$ 24,938</u>	<u>\$ 1,060,180</u>	<u>\$ 460,646</u>	<u>\$ 23,642</u>
Plan fiduciary net position as a percentage of total pension liability	<u>108.77%</u>	<u>92.30%</u>	<u>95.82%</u>	<u>99.71%</u>	<u>99.82%</u>	<u>91.96%</u>	<u>96.18%</u>	<u>99.78%</u>
Covered payroll	<u>\$ 5,717,892</u>	<u>\$ 5,155,135</u>	<u>\$ 5,167,111</u>	<u>\$ 4,673,958</u>	<u>\$ 4,707,039</u>	<u>\$ 4,524,808</u>	<u>\$ 4,309,958</u>	<u>\$ 4,785,081</u>
Net pension liability/(asset) as a percentage of covered payroll	<u>-28.51%</u>	<u>25.77%</u>	<u>13.26%</u>	<u>0.91%</u>	<u>0.53%</u>	<u>23.43%</u>	<u>10.69%</u>	<u>0.49%</u>

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, 2022

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
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, 2021

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

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					
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, 2022

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					
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, 2022

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, 2022

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

The actuarial assumptions used in the June 30, 2020, 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 year 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 year 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, 2022

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 judgement.

**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,379,418	\$ 3,379,418	\$ 3,546,390	\$ 166,972
Personal property taxes	620,000	620,000	401,566	(218,434)
Penalties and interest	35,000	35,000	51,596	16,596
Total general property taxes	4,034,418	4,034,418	3,999,552	(34,866)
Other local taxes:				
Local sales and use taxes	1,355,130	1,355,130	1,615,992	260,862
Cigarette taxes	220,780	220,780	200,274	(20,506)
Business license taxes	835,605	835,605	949,542	113,937
Utility license taxes	220,000	220,000	216,334	(3,666)
Franchise taxes	330,000	330,000	394,553	64,553
Hotel and motel room taxes	-	-	346	346
Meals tax	2,252,200	2,252,200	2,751,798	499,598
Other local taxes	9,700	9,700	10,347	647
Total other local taxes	5,223,415	5,223,415	6,139,186	915,771
Permits, privilege fees, and regulatory licenses:				
Motor vehicle license fees	180,000	180,000	195,693	15,693
Zoning fees	50,000	50,000	51,150	1,150
Right of way usage fees	42,000	42,000	97,441	55,441
Other permit fees	360	360	500	140
Total permits, privilege fees, and regulatory licenses	272,360	272,360	344,784	72,424
Fines and forfeitures:				
Police fines	95,100	95,100	102,158	7,058
Total fines and forfeitures	95,100	95,100	102,158	7,058
Revenue from use of property:	27,000	27,000	27,569	569
Investment income (loss):	36,000	36,000	(151,698)	(187,698)
Miscellaneous:				
Insurance reimbursement	-	-	111	111
Proceeds from sales of property	-	-	4,044	4,044
Donations	-	-	1,000	1,000
Community events sign	1,100	1,100	360	(740)
Public Works reimbursement from others	10,000	10,000	6,103	(3,897)
Miscellaneous	10,000	10,000	10,560	560
Total miscellaneous	21,100	21,100	22,178	1,078
Total revenue from local sources	9,709,393	9,709,393	10,483,729	774,336

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	120,000	120,000	115,084	(4,916)
Personal property tax relief funds	201,753	201,753	201,753	-
Total noncategorical aid	321,753	321,753	316,837	(4,916)
Categorical aid:				
Shared expenses:				
Aid to Police	118,608	118,608	118,619	11
Total shared expenses	118,608	118,608	118,619	11
Other categorical aid:				
Arts grant	-	-	3,500	3,500
Other categorical aid	8,000	8,000	11,061	3,061
Fire program funds	30,000	30,000	31,275	1,275
Highway maintenance funds	665,728	665,728	721,086	55,358
Litter control grant	3,000	3,000	4,826	1,826
Total other categorical aid	706,728	706,728	771,748	65,020
Total categorical aid	825,336	825,336	890,367	65,031
Total revenue from the Commonwealth	1,147,089	1,147,089	1,207,204	60,115
Revenue from the federal government:				
Categorical aid:				
Law enforcement funds	-	1,245	2,875	1,630
ARPA Funding	-	5,279,922	374,839	(4,905,083)
Total categorical aid	-	5,281,167	377,714	(4,903,453)
Total revenue from the federal government	-	5,281,167	377,714	(4,903,453)
Total intergovernmental	1,147,089	6,428,256	1,584,918	(4,843,338)
Total General Fund	\$ 10,856,482	\$ 16,137,649	\$ 12,068,647	\$ (4,069,002)
Parks and Recreation Fund:				
Revenue from local sources:				
General property taxes:				
Real property - special tax district	\$ 460,830	\$ 460,830	\$ 492,988	\$ 32,158
Penalties and interest	300	300	677	377
Total general property taxes	461,130	461,130	493,665	32,535
Permits, privilege fees, and regulatory licenses:	-	-	1,200	1,200
Revenue from use of property:	4,200	4,200	52,945	48,745

(Continued)

SCHEDULE 1

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous:				
Donations	500	500	5,600	5,100
Miscellaneous	720	720	18,431	17,711
Total miscellaneous	1,220	1,220	24,031	22,811
Total revenue from local sources	466,550	466,550	571,841	105,291
Total Parks and Recreation Fund	<u>\$ 466,550</u>	<u>\$ 466,550</u>	<u>\$ 571,841</u>	<u>\$ 105,291</u>
Capital Fund:				
Revenue from local sources:				
Investment income:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,914</u>	<u>\$ 3,914</u>
Miscellaneous:				
Proffers	157,010	552,527	65,000	(487,527)
Miscellaneous	100,000	165,000	50,000	(115,000)
Total miscellaneous	257,010	717,527	115,000	(602,527)
Total revenue from local sources	257,010	717,527	118,914	(598,613)
Intergovernmental:				
Revenue from local governments:				
Loudoun County contribution	200,000	1,174,606	300,000	(874,606)
NVTA	207,790	1,714,598	281,225	(1,433,373)
Total revenue from local governments	407,790	2,889,204	581,225	(2,307,979)
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grants	495,994	2,262,020	507,393	(1,754,627)
Other grants	-	300,000	76,747	(223,253)
Total revenue from the Commonwealth	495,994	2,562,020	584,140	(1,977,880)
Revenue from the federal government:				
Categorical aid:				
Highway planning and construction	52,856	801,246	223,995	(577,251)
Total categorical aid	52,856	801,246	223,995	(577,251)
Total revenue from the federal government	52,856	801,246	223,995	(577,251)
Total intergovernmental	956,640	6,252,470	1,389,360	(4,863,110)
Total General Capital Improvements Fund	<u>\$ 1,213,650</u>	<u>\$ 6,969,997</u>	<u>\$ 1,508,274</u>	<u>\$ (5,461,723)</u>
Total Primary Government	<u>\$ 12,536,682</u>	<u>\$ 23,574,196</u>	<u>\$ 14,148,762</u>	<u>\$ (9,425,434)</u>

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Fund				
General government administration:				
Legislative:				
Town Council	\$ 87,153	\$ 100,153	\$ 82,100	\$ 18,053
General and financial administration:				
Administration	1,596,625	6,897,536	1,946,848	4,950,688
Legal services	76,000	76,000	37,222	38,778
Financial administration	83,800	83,800	58,145	25,655
Information technology	529,615	518,525	482,599	35,926
Finance	1,108,170	1,108,170	1,075,977	32,193
Retiree benefits	66,729	66,729	66,729	-
Contingency-Operating Reserve	46,520	22,520	-	22,520
Total general and financial administration	3,507,459	8,773,280	3,667,520	5,105,760
Total general government administration*	3,594,612	8,873,433	3,749,620	5,123,813
Public safety:				
Law enforcement and traffic control:				
Police department	2,724,058	2,725,303	2,406,001	319,302
Fire and rescue services:				
Fire department	75,500	75,500	76,275	(775)
Ambulance and rescue services	45,000	45,000	45,000	-
Total fire and rescue services	120,500	120,500	121,275	(775)
Total public safety*	2,844,558	2,845,803	2,527,276	318,527
Public works:				
Highways, streets, bridges and sidewalks	736,700	736,700	460,771	275,929
Administration	228,566	228,566	233,991	(5,425)
General properties	464,810	488,810	330,545	158,265
Refuse	590,000	590,000	578,085	11,915
Total public works*	2,020,076	2,044,076	1,603,392	440,684
Community development:				
Planning and community development:				
Planning commission	13,099	13,099	12,888	211
Board of zoning and appeals	100	100	29	71
Board of architectural review	3,230	3,230	3,230	-
Engineering Planning and Development	1,211,375	1,334,375	1,242,561	91,814
Total planning and community development	1,227,804	1,350,804	1,258,708	92,096
Environmental management:	8,000	8,000	4,344	3,656
Economic development:	8,000	8,000	302	7,698
Arts:	20,000	20,000	12,185	7,815
Total community development*	1,263,804	1,386,804	1,275,539	111,265

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt service:				
Principal retirement	1,012,000	1,012,000	1,248,540	(236,540)
Interest and other fiscal charges	294,867	294,867	326,735	(31,868)
Total debt service	1,306,867	1,306,867	1,575,275	(268,408)
Total General Fund	\$ 11,029,917	\$ 16,456,983	\$ 10,731,102	\$ 5,725,881
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Management	\$ 227,016	\$ 227,016	\$ 202,093	\$ 24,923
Skating rink	50,000	50,000	15,900	34,100
Train station	39,330	44,230	19,824	24,406
Programs	81,400	81,400	47,476	33,924
Firemans Field	62,000	73,403	53,260	20,143
Tree commission	500	500	-	500
Contingency-Operating Reserve	15,000	15,000	-	15,000
Total parks, recreation, and cultural	475,246	491,549	338,553	152,996
Debt service:				
Principal retirement and interest	85,000	85,000	87,592	(2,592)
Interest and other fiscal charges	21,866	21,866	21,900	(34)
Total debt service	106,866	106,866	109,492	(2,626)
Total Parks and Recreation Fund	\$ 582,112	\$ 598,415	\$ 448,045	\$ 150,370
Capital Fund:				
Capital projects expenditures:				
Financial software upgrade	\$ 70,200	\$ 164,841	\$ 38,054	\$ 126,787
Hirst Farm pond	-	524,796	-	524,796
Main and Maple improvements	66,070	977,584	227,833	749,751
A Street trail	-	278,254	-	278,254
12th Street improvements	-	1,672,664	230,314	1,442,350
32nd and Main Street improvements	172,500	1,196,349	9,975	1,186,374
32nd Street Path	-	139,957	15,057	124,900
Hatcher Avenue improvements	675,080	1,009,136	719,205	289,931
LVHS/Sutton path	-	149	-	149
Bush Tabernacle	-	300,000	5,305	294,695
Police Facility	-	139,965	98,976	40,989
Nursery Avenue drain improvement	-	659,888	14,626	645,262
Outdoor Stage	-	44,125	300	43,825
Street Lighting - N. Maple	200,000	200,000	-	200,000
Sue Kane Nature Park Multi-use Trail	125,000	125,000	94,981	30,019
Adam's Bike Park	-	65,000	34,987	30,013
Total capital projects	1,308,850	7,497,708	1,489,613	6,008,095
Total General Capital Improvements Fund	1,308,850	7,497,708	1,489,613	6,008,095
Total Primary Government	\$ 12,920,879	\$ 24,553,106	\$ 12,668,760	\$ 11,884,346

*includes capital outlay items

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
WATER FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Water fees	\$ 2,377,317	\$ 2,377,317	\$ 2,314,688	\$ (62,629)
Water meter fees	2,101	2,101	1,371	(730)
Intergovernmental	-	39,509	91,858	52,349
Miscellaneous income	2,400	2,400	15,987	13,587
Penalties and interest	14,000	14,000	22,652	8,652
Total operating revenues	2,395,818	2,435,327	2,446,556	11,229
Operating expenses:				
Personnel:				
Water staff	631,478	631,478	667,309	(35,831)
Overtime	31,000	31,000	35,745	(4,745)
Health insurance	118,516	118,516	97,814	20,702
Retirement	53,423	53,423	(62,125)	115,548
Workers' compensation	14,390	14,390	16,000	(1,610)
Payroll taxes	48,308	48,308	55,834	(7,526)
Life insurance	8,462	8,462	8,533	(71)
Disability insurance	3,045	3,045	1,754	1,291
Deferred compensation match	3,120	3,120	3,080	40
Utility chargeback	479,238	479,238	497,900	(18,662)
Retiree Health Benefit	17,940	17,940	17,940	-
Plant operations and meter reading:				
Electricity	16,000	16,000	15,574	426
Communications	13,000	13,000	13,114	(114)
Supplies	34,950	34,950	23,357	11,593
Lab equipment	4,500	4,500	2,282	2,218
Contracts	92,000	70,130	77,284	(7,154)
Uniforms	7,100	7,100	10,117	(3,017)
Safety	7,150	7,150	2,563	4,587
Sludge disposal	15,000	3,300	6,334	(3,034)
Cross connections	2,000	2,000	-	2,000
Plant repairs	34,000	34,000	8,599	25,401
Water line repairs	30,000	27,491	3,455	24,036
Leak detection	2,000	2,000	107	1,893
Meter repairs, tools and equipment	24,000	24,000	29,010	(5,010)
New water meters	3,000	3,000	201	2,799
Hardware and computer supplies	3,000	3,000	1,444	1,556
Chemicals - plant	24,000	24,000	27,878	(3,878)
Permits	9,500	9,500	8,606	894
GIS layers	12,000	12,000	2,979	9,021
Advertisements	500	500	-	500
Water samples	17,416	17,416	17,121	295
Training	6,000	6,000	3,848	2,152
Dues and subscriptions	900	900	572	328
General expenses	1,000	1,000	972	28
Postage/mailings	4,000	4,000	524	3,476
Professional services	91,400	91,400	54,078	37,322
Watershed management	20,000	47,398	21,231	26,167
Grant Funded Expenditures	-	39,509	38,358	1,151
Software Maint Services	8,500	8,500	5,988	2,512

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL

WATER FUND

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Forestry management	2,000	2,000	11,890	(9,890)
Environmental compliance	1,500	1,500	416	1,084
Mowing	6,500	6,500	3,826	2,674
Administrative supplies	300	300	415	(115)
Water department emergency	250	250	-	250
Purchased water	50,000	66,000	32,360	33,640
New equipment and tools	30,500	30,500	37,364	(6,864)
Leased/rented equipment	3,200	3,200	1,139	2,061
Vehicle repairs and maintenance	8,695	8,695	4,147	4,548
Propane	15,000	15,000	20,173	(5,173)
Nutrient Credit Development	-	-	71	(71)
Generator maintenance	15,000	15,000	8,026	6,974
Pest control	-	-	100	(100)
Vehicle fuel	8,000	8,000	13,729	(5,729)
Public information/education	1,500	1,500	1,305	195
Well operations:				
Electricity	58,000	58,000	66,553	(8,553)
Telephone	3,500	3,500	2,109	1,391
Supplies	-	-	28	(28)
Contracts	12,250	12,250	-	12,250
Plant repairs	25,000	25,000	3,916	21,084
Spare parts	29,250	29,250	30,834	(1,584)
Repairs	29,000	29,000	46,155	(17,155)
Chemicals	24,200	24,200	11,918	12,282
Carbon change-out	25,000	25,000	25,476	(476)
Water samples	5,500	5,500	2,527	2,973
New equipment and tools	24,000	24,000	48,055	(24,055)
Well rehabilitation	26,000	26,000	34,119	(8,119)
Depreciation/amortization	-	-	468,738	(468,738)
Capital outlay	2,363,600	1,189,534	24,751	1,164,783
Other operating expenses	40,900	40,900	29,809	11,091
Total operating expenses	4,700,481	3,573,243	2,645,329	927,914
Operating income (loss)	(2,304,663)	(1,137,916)	(198,773)	939,143
Nonoperating revenues (expenses):				
Investment income (loss)	40,000	40,000	(143,686)	(183,686)
Cellular lease income	209,000	209,000	261,639	52,639
Lease interest income	-	-	6,506	6,506
Forestry management	100,000	100,000	-	(100,000)
Nutrient credit revenue	-	-	923,829	923,829
Retirement of debt	(61,000)	(61,000)	-	61,000
Bond proceeds	2,325,000	480,000	-	(480,000)
Interest expense	(244,804)	(244,804)	(301,448)	(56,644)
Total nonoperating revenues (expenses)	2,368,196	523,196	746,840	223,644
Income (loss) before operating transfers and contributions	63,533	(614,720)	548,067	1,162,787
Other financing sources (uses):				
Contributed capital - developer donations	-	-	136,780	136,780
Contributed capital - availability fees	309,048	309,048	309,048	-
Total other financing sources (uses)	309,048	309,048	445,828	136,780
Change in net position	\$ 372,581	\$ (305,672)	\$ 993,895	\$ 1,299,567

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
SEWER FUND
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues				
Sewer fees	\$ 3,421,424	\$ 3,421,424	\$ 3,305,634	\$ (115,790)
Sewer meter fees	2,101	2,101	1,371	(730)
Penalties and interest	14,000	14,000	22,645	8,645
Grant revenue	-	-	4,000	4,000
Intergovernmental - Federal	-	-	11,033	11,033
Miscellaneous income	2,800	2,800	213,095	210,295
Total operating revenues	3,440,325	3,440,325	3,557,778	117,453
Operating expenses:				
Personnel:				
Sewer staff	551,724	551,724	597,108.00	(45,384)
Overtime - Sewer	32,500	32,500	46,420.00	(13,920)
Health insurance	116,985	116,985	114,984.00	2,001
Retirement	46,676	46,676	(55,799.00)	102,475
Workers' compensation	5,642	5,642	5,446.00	196
Payroll taxes	42,207	42,207	50,705.00	(8,498)
Deferred compensation match	2,600	2,600	3,140.00	(540)
Life insurance	7,393	7,393	7,428.00	(35)
Disability insurance	2,079	2,079	1,363.00	716
Retiree Health Benefit	12,096	12,096	12,096.00	-
Utility chargeback	479,238	479,238	441,913.00	37,325
Plant operations:				
Electricity	156,000	156,000	136,282.00	19,718
Propane	-	22,000	38,810.00	(16,810)
Telephone	10,000	10,000	22,054.00	(12,054)
Plant supplies	14,500	14,500	25,276.00	(10,776)
Contracts	60,665	68,265	52,464.00	15,801
Permits	25,000	25,000	11,942.00	13,058
Uniforms	7,500	7,500	9,069.00	(1,569)
Plant repairs	12,000	268,300	120,026.00	148,274
Sewer line repairs	40,000	32,400	3,917.00	28,483
Safety	12,000	12,000	4,140.00	7,860
Lab supplies	31,462	31,462	30,756.00	706
New equipment and tools	41,175	41,175	44,612.00	(3,437)
Sludge removal	37,000	37,000	17,443.00	19,557
Chemicals	108,000	108,000	97,177.00	10,823
Lab certification	2,700	2,700	2,444.00	256
Sample analysis	8,563	8,563	6,562.00	2,001
Computer operations	5,000	5,000	1,666.00	3,334
GIS layers	12,000	12,000	3,465.00	8,535
Waste disposal	2,000	2,000	4,236.00	(2,236)
Meter repairs, tools, and equipment	24,000	24,000	29,010.00	(5,010)
New water meters	3,000	3,000	201.00	2,799
Equipment - plant	57,500	57,500	55,300.00	2,200
Vehicle repairs	2,500	2,500	3,497.00	(997)
Dues and subscriptions	2,000	2,000	1,180.00	820

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL

SEWER FUND

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leased/Rented Equipment	6,000	47,140	50,604.00	(3,464)
Advertisements	1,000	1,000	-	1,000
Training	6,000	6,000	4,591.00	1,409
Postage/mailings	-	-	979.00	(979)
Other expenses	2,500	2,500	345.00	2,155
Professional services	32,000	32,000	12,315.00	19,685
Mowing	1,000	1,000	757.00	243
Environmental compliance	4,000	4,000	8,000.00	(4,000)
Sewer department emergency	3,000	3,000	-	3,000
Administrative supplies	600	600	249.00	351
Generator maintenance	5,000	5,000	5,013.00	(13)
Long range planning	93,141	-	-	-
Pest control	-	-	100.00	(100)
Vehicle fuel	5,500	5,500	6,162.00	(662)
Cleaning	3,000	3,000	2,075.00	925
Pump station operations:				
Electricity	11,300	11,300	15,408.00	(4,108)
Telephone	2,500	2,500	1,266.00	1,234
Repairs	7,500	7,500	2,157.00	5,343
Contracts	7,500	7,500	10,038.00	(2,538)
Equipment	20,000	20,000	7,424.00	12,576
Propane	2,500	2,500	3,010.00	(510)
Depreciation/amortization	-	-	872,037.00	(872,037)
Capital outlay	249,200	1,081,825	26,252.00	1,055,573
Other operating expenses	35,900	35,900	25,784.00	10,116
Total operating expenses	2,472,846	3,531,770	3,000,899	530,871
Operating income (loss)	967,479	(91,445)	556,879	648,324
Nonoperating revenues (expenses):				
Investment income	38,000	38,000	(114,276)	(152,276)
Retirement of debt	(27,000)	(27,000)	-	27,000
Interest expense	(832,269)	(832,269)	(946,400)	(114,131)
Total nonoperating revenues (expenses)	(821,269)	(821,269)	(1,060,676)	(239,407)
Income (loss) before operating transfers and contributions	146,210	(912,714)	(503,797)	408,917
Other financing sources (uses):				
Contributed capital - developer donations	-	-	189,576	189,576
Contributed capital - availability fees	259,200	259,200	259,200	-
Total other financing sources (uses)	259,200	259,200	448,776	189,576
Change in net position	\$ 405,410	\$ (653,514)	\$ (55,021)	\$ 598,493

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 3,914	\$ 3,914
Miscellaneous	257,010	717,527	115,000	(602,527)
Intergovernmental				
Local government	407,790	2,889,204	581,225	(2,307,979)
Commonwealth	495,994	2,562,020	584,140	(1,977,880)
Federal	52,856	801,246	223,995	(577,251)
Total revenues	1,213,650	6,969,997	1,508,274	(5,461,723)
EXPENDITURES				
Capital outlay	1,308,850	7,497,708	1,489,613	6,008,095
Excess (deficiency) of revenues over (under) expenditures	(95,200)	(527,711)	18,661	546,372
OTHER FINANCING SOURCES (USES)				
Transfers in	95,200	527,711	95,200	(432,511)
Total other financing sources (uses)	95,200	527,711	95,200	(432,511)
Net change in fund balance	\$ -	\$ -	\$ 113,861	\$ 113,861

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.

TABLE 1

Town of Purcellville, Virginia

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 33,837,613	\$ 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
Restricted	2,546,527	1,992,726	989,533	548,493	723,338	1,701,564	2,608,858	1,959,705	1,519,909	3,342,323
Unrestricted	3,450,049	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
Total governmental activities net position	<u>\$ 39,834,189</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 14,345,188	\$ 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
Restricted	-	-	-	-	-	-	-	-	-	325,583
Unrestricted	3,893,882	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
Total business-type activities net position	<u>\$ 18,239,070</u>	<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>
Primary government										
Net investment in capital assets	\$ 48,182,801	\$ 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
Restricted	2,546,527	1,992,726	989,533	548,493	723,338	1,701,564	2,608,858	1,959,705	1,519,909	3,667,906
Unrestricted	7,343,931	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
Total primary government net position	<u>\$ 58,073,259</u>	<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>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 3,100,979	\$ 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
Public safety	1,916,652	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
Public works	3,478,574	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
Parks, recreation, and cultural	68,927	265,740	341,526	284,991	288,865	422,519	279,894	312,666	373,998	345,846
Community development	1,708,045	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
Interest on long-term debt	742,904	833,107	652,262	624,740	599,827	643,001	470,275	468,726	309,239	307,996
Total governmental activities expenses	11,016,081	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
Business-type activities:										
Water	4,227,361	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
Sewer	3,023,902	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
Total business-type activities expenses	7,251,263	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
Total primary government expenses	<u>\$ 18,267,344</u>	<u>\$ 16,724,386</u>	<u>\$ 16,283,052</u>	<u>\$ 16,838,214</u>	<u>\$ 16,878,987</u>	<u>\$ 17,912,849</u>	<u>\$ 17,120,418</u>	<u>\$ 18,595,861</u>	<u>\$ 20,303,367</u>	<u>\$ 18,548,600</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	149,973	153,981	145,791	146,961	154,425	167,457	181,409	176,334	178,255	195,693
Public safety	84,156	64,947	57,326	42,844	61,696	58,302	50,466	45,866	63,386	102,158
Public works	-	-	-	-	-	-	-	-	300	1,200
Community development	102,822	217,668	161,370	143,284	158,169	127,221	91,765	113,099	88,630	149,091
Operating grants and contributions	739,275	789,086	798,187	812,838	957,708	825,145	1,229,911	1,210,658	1,208,177	1,584,918
Capital grants and contributions	2,974,978	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
Total governmental activities program revenues	4,051,204	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
Business-type activities:										
Charges for services:										
Water	\$ 1,996,566	\$ 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
Sewer	2,386,434	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
Operating grants and contributions	33,237	29,368	28,287	27,041	25,902	12,164	-	-	-	923,829
Capital grants and contributions	604,954	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
Total business-type activities program revenues	5,021,191	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
Total primary government program revenues	<u>\$ 9,072,395</u>	<u>\$ 9,339,421</u>	<u>\$ 8,961,451</u>	<u>\$ 8,991,136</u>	<u>\$ 12,445,064</u>	<u>\$ 13,149,014</u>	<u>\$ 9,085,837</u>	<u>\$ 9,580,026</u>	<u>\$ 15,907,444</u>	<u>\$ 11,245,187</u>
Net (expense)/revenue										
Governmental activities	\$ (6,964,877)	\$ (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)
Business-type activities	(2,230,072)	798,743	1,401,092	1,107,523	4,447,444	3,462,950	578,590	(652,052)	2,755,676	928,691
Total primary government net expense	<u>\$ (9,194,949)</u>	<u>\$ (7,384,965)</u>	<u>\$ (7,321,601)</u>	<u>\$ (7,847,078)</u>	<u>\$ (4,433,923)</u>	<u>\$ (4,763,835)</u>	<u>\$ (8,034,581)</u>	<u>\$ (9,015,835)</u>	<u>\$ (4,395,923)</u>	<u>\$ (7,303,413)</u>

(Continued)

TABLE 2

Town of Purcellville, Virginia

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,822,718	\$ 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
Local sales and use taxes	931,067	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
Meals taxes	1,229,495	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
Utility license taxes	209,182	218,543	222,625	220,033	220,180	222,488	222,898	219,145	216,085	216,334
Business license taxes	709,692	666,178	677,503	765,285	765,041	790,617	888,515	854,839	847,344	949,542
Other local taxes	475,834	508,110	535,057	537,536	547,485	570,898	579,098	517,500	598,057	605,518
Coronavirus Aid, Relief, and Security Act Fund	-	-	-	-	-	-	-	85,331	1,704,154	-
Unrestricted grants and contributions	369,061	392,714	391,107	385,727	381,086	362,408	-	-	-	-
Unrestricted revenues from use of money and investments	44,400	41,890	40,442	39,846	49,464	75,600	44,680	68,890	27,180	80,514
Unrestricted investment income	-	-	-	-	-	21,713	149,046	139,166	8,127	41,640
Investment loss	-	-	-	-	-	-	-	-	-	(189,424)
Miscellaneous	80,487	88,120	112,530	89,326	210,938	173,981	185,791	113,338	55,950	161,209
Gain (loss) on sale of capital asset	923,762	-	(9,735)	-	-	(14,987)	-	-	-	-
Transfers	1,115,904	1,115,904	1,050,904	1,013,241	1,157,162	-	-	-	-	-
Total governmental activities	8,911,602	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
Business-type activities:										
Miscellaneous	24,377	20,026	20,995	35,130	322,784	20,000	-	-	-	-
Gain (loss) on sale of capital asset	-	-	35,000	-	-	-	-	-	27,180	-
Investment loss	-	-	-	-	-	-	-	-	-	(257,962)
Unrestricted revenues from use of money and investments	145,296	147,590	153,812	178,155	259,562	444,277	210,882	193,317	247,833	268,145
Unrestricted investment income	5,318	2,244	1,030	667	20,429	38,860	247,014	227,236	14,574	-
Transfers	(1,115,904)	(1,115,904)	(1,050,904)	(1,013,241)	(1,157,162)	-	-	-	-	-
Total business-type activities	(940,913)	(946,044)	(840,067)	(799,289)	(554,387)	503,137	457,896	420,553	289,587	10,183
Total primary government	\$ 7,970,689	\$ 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
Change in Net Position										
Governmental activities	\$ 1,946,725	\$ 219,187	\$ 248,386	\$ 388,475	\$ 1,216,075	\$ 1,048,593	\$ 1,108,811	\$ 1,212,905	\$ 4,706,305	\$ 2,467,358
Business-type activities	(3,170,985)	(147,301)	561,025	308,234	3,893,057	3,966,087	1,036,486	(231,499)	3,045,263	938,874
Total primary government	\$ (1,224,260)	\$ 71,886	\$ 809,411	\$ 696,709	\$ 5,109,132	\$ 5,014,680	\$ 2,145,297	\$ 981,406	\$ 7,751,568	\$ 3,406,232

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
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
2013	2,822,718	931,067	709,692	209,182	1,229,495	475,834	6,377,988

TABLE 4

Town of Purcellville, Virginia

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General funds:										
Nonspendable	\$ 48,661	\$ 63,487	\$ 61,630	\$ -	\$ 1,256	\$ 1,758	\$ 61,838	\$ 165,926	\$ 168,316	\$ 202,859
Restricted	2,192,101	35,051	131,454	58,377	260,205	364,998	371,240	434,922	21,836	265,872
Committed	768,892	691,135	590,155	479,261	373,852	271,475	178,523	142,780	140,342	208,797
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	4,573,689	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
Total General Fund	<u>\$ 7,583,343</u>	<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>
Governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,440	\$ -	\$ 2,203	\$ 2,182	\$ 4,736
Restricted	591,758	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
Committed	-	-	-	-	151,588	285,266	319,400	404,852	397,291	508,546
Assigned	-	21,654	-	220,199	183,142	443,537	198,018	667,721	798,991	624,327
Unassigned	(689,156)	(22,931)	(18,120)	59,281	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (97,398)</u>	<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>

TABLE 5

Town of Purcellville, Virginia

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General property taxes	\$ 2,850,968	\$ 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
Other local taxes	3,555,270	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
Permits, privilege fees, and regulatory licenses	252,795	371,649	307,161	290,245	312,594	294,678	273,174	289,433	267,185	345,984
Fines and forfeitures	84,156	64,947	57,326	42,844	61,696	58,302	50,466	45,866	63,386	102,158
Revenue from use of property	42,630	40,862	39,315	36,590	36,540	82,880	44,680	68,890	27,000	80,514
Investment income	1,770	1,028	1,127	3,256	12,924	21,713	149,046	139,166	8,127	41,640
Miscellaneous	80,487	88,119	112,530	89,327	210,938	166,701	185,791	113,338	55,950	161,209
Intergovernmental										
Local government	687,739	1,102,228	253,365	223,147	773,558	1,393,377	223,579	597,146	1,029,136	581,225
Commonwealth	3,361,171	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
Federal	34,404	111,888	68,292	837,634	415,637	22,785	80,287	370,270	1,786,613	601,709
Total revenues	10,951,390	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
Expenditures										
General government administration	2,390,979	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
Public safety	1,838,119	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
Public works	2,747,417	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
Parks, recreation, and cultural	153,330	183,440	227,434	169,803	174,316	289,565	279,696	341,714	365,640	338,553
Community development	426,093	420,836	431,276	495,504	537,634	477,634	459,406	501,453	1,123,139	1,275,561
Capital projects	4,723,932	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
Debt service										
Principal	3,440,182	8,517,384	756,531	833,543	864,121	3,154,872	742,353	4,522,053	1,054,174	1,336,132
Interest and other fiscal charges	769,333	596,339	725,508	702,279	680,691	706,928	558,819	609,393	348,367	348,635
Bond issue costs	-	165,517	-	-	-	20,312	-	47,019	-	-
Total expenditures	16,489,385	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
Excess of revenues over (under) expenditures	(5,537,995)	(9,399,232)	(1,614,091)	(761,345)	704,725	(420,519)	733,677	(4,473,414)	1,562,978	1,669,426
Other financing sources (uses)										
Investment loss	-	-	-	-	-	-	-	-	-	(189,424)
Transfers in	1,115,904	1,579,416	1,259,361	1,174,741	1,337,162	2,284,248	50,000	207,000	-	95,200
Transfers out	-	(463,512)	(208,457)	(161,500)	(180,000)	(2,284,248)	(50,000)	(207,000)	-	(95,200)
Refunding bonds issued(including bond premiums)	-	12,473,453	-	-	-	700,000	-	9,119,000	-	-
Issuance of debt	4,840,000	-	215,000	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	141,425	420,190	-	-
Proceeds from sale of property	1,259,700	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	(4,655,399)	-	-	-	(275,177)	-	(5,324,056)	-	-
Total other financing sources (uses)	7,215,604	8,933,958	1,265,904	1,013,241	1,157,162	424,823	141,425	4,215,134	-	(189,424)
Net change in fund balances	\$ 1,677,609	\$ (465,274)	\$ (348,187)	\$ 251,896	\$ 1,861,887	\$ 4,304	\$ 875,102	\$ (258,280)	\$ 1,562,978	\$ 1,480,002
Debt service as a percentage of noncapital expenditures	33.99%	51.92%	15.94%	15.09%	15.50%	31.97%	13.05%	35.16%	11.91%	15.12%

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
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
2013	2,850,968	931,067	709,692	209,182	1,229,495	475,834	6,406,238

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
2022	\$ 1,679,019,663	\$ 49,862,129 ^	\$ 21,793,092	\$ 1,750,746,884	\$ 1,750,746,884	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%
2013	1,010,965,950	63,685,657	20,575,695	1,095,227,302	1,095,227,302	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. 2022 Personal Property tax billed over two cycles (May 2022-FY22 & October 2022-FY23), 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.
FY22 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
2022	.22/.21	.03/.03	1.05	0.01	0.55	N/A	0.89	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
2013	.225/.225	NA/.035	1.05	0.01	0.55	N/A	1.205	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	2022		2013	
		Total Assessed Value	Percentage of Total Assessed Value	Total Assessed Value	Percentage of Total Assessed Value
Echo Purcellville LLC	Shopping Ctr (105 Purcellville Gateway)	16,829,320	0.94 %	16,100,210	1.55 %
Main St. Station LLC	Shopping Center (1000 E Main St)	20,448,430	1.14	13,348,090	1.29
S R B Enterprises LLC	Shopping Center (711 E Main St)	11,607,190	0.65	11,749,140	1.13
Purcellville Shopping Center LLC	Shopping Center (609 E Main St)	9,348,060	0.52	10,553,480	1.02
Valley Medical Center LLC	Medical Center (205 Hirst Road)	8,873,660	0.50	8,952,860	0.86
Purcellville Development LLC	Shopping Center (1231 Wolf Rock Rd)	8,828,620	0.49	1,200,000	0.12
Maple Avenue Apartments LP	Apartments (610-650 Dominion TE)	6,797,970	0.38	4,924,920	0.48
Main Street Associates LP	Apartments (123 16th St)	5,869,160	0.33	4,145,370	0.40
LRG-125 Hirst Road LLC	Office Building (125 Hirst Road)	4,643,710	0.26	2,306,310	0.22
Castle Storage LLC	Storage Facility (113 N Bailey)	4,492,810	0.25	2,280,590	0.22
		<u>\$ 97,738,930</u>	<u>5.47 %</u>	<u>\$ 75,560,970</u>	<u>7.30 %</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
2022	\$ 4,072,874 *	\$ 402,893	\$ 4,475,767	\$ 4,367,936	97.59 %	N/A	\$ 4,367,936	97.59 %
2021	3,887,315	733,461	4,620,776	4,388,330	94.97	184,258	4,572,588	98.96
2020	3,670,993	656,460	4,327,453	4,097,076	94.68	212,803	4,097,076	94.68
2019	3,444,525	617,998	4,062,523	3,854,265	94.87	180,824	4,035,089	99.32
2018	3,309,611	579,342	3,888,953	3,689,674	94.88	192,851	3,882,525	99.83
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
2013	2,448,170	422,435	2,870,605	2,746,752	95.69	119,962	2,866,714	99.86

Source: Town Finance Department and Loudoun County Commissioner of Revenue

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

2022 Personal Property tax billed over two cycles (May 2022-FY22 & October 2022-FY23), 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	General Obligation Bonds	Financing Sources	Leases			
2022	\$ 11,387,925	\$ 325,070	\$ 425,000	\$ 570,805	\$ 40,534,368	\$ 30,616	\$ 7,676	\$ 53,281,460	6.44 %	\$ 5,863
2021	12,481,066	416,429	510,000	-	40,623,257	91,810	-	54,122,562	6.77	5,987
2020	13,459,980	501,603	595,000	-	40,663,000	150,748	-	55,370,331	7.35	6,201
2019	13,900,005	135,983	680,000	-	40,605,881	179,596	-	55,501,465	7.80	6,285
2018	14,657,946	-	765,000	-	40,921,224	206,671	-	56,550,841	8.32	6,596
2017	17,374,221	-	850,000	-	42,595,476	254,291	-	61,073,988	9.59	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	11.07	7,918
2014	19,642,757	-	1,105,000	-	44,173,657	-	-	64,921,414	11.78	8,141
2013	19,929,554	-	1,190,000	-	43,194,735	-	-	64,314,289	12.00	8,139

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 102,790,304	\$ 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
Total net debt applicable to limit	64,314,289	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
Legal debt margin	<u>\$ 38,476,015</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	62.57%	59.80%	55.04%	51.07%	47.93%	41.97%	38.92%	36.72%	34.42%	31.33%

Legal debt margin calculation for fiscal year 2021

Assessed value	\$ 1,700,812,755
Debt limit (10% of total assessed value)	\$ 170,081,276
Net debt applicable to limit	<u>53,281,460</u>
Legal debt margin	<u>\$ 116,799,816</u>

TABLE 13

Town of Purcellville, Virginia

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2022

<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	\$ 2,023,920,122	1.46 %	\$ 29,549,234
Subtotal, overlapping debt			
Town of Purcellville, direct debt (2)			<u>12,708,800</u>
Total direct and overlapping debt			<u><u>\$ 42,258,034</u></u>

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 to 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
2022	\$ 51,922,293	\$ -	\$ 51,922,293	2.97 %	\$ 5,713
2021	53,104,323	-	53,104,323	3.19	5,874
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
2013	63,124,289	-	63,124,289	5.76	7,988

(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)
2022	9,088	91,008	35.5	2,553	2.5 %
2021	9,040	88,402	35.5	2,550	3.6
2020	8,929	84,374	35.5	2,874	8.4
2019	8,831	80,535	35.2	2,913	2.3
2018	8,573	79,280	35.5	2,838	2.6
2017	8,356	76,219	34.4	2,842	3.1
2016	8,149	74,411	33.8	2,608	3.3
2015	8,075	71,494	32.8	2,563	3.7
2014	7,975	69,089	33.6	2,603	4.3
2013	7,902	67,820	33.6	2,488	4.6

Sources:

(1) 2013-2020 US Census Bureau; 2020-2021 US Census Bureau Town Population Estimates; 2022 Loudoun County Department of Finance and Budget estimate.

(2) 2013-2020: Bureau of Economic Analysis, US Department of Commerce
2021-2022: Loudoun County Department of Finance and Budget estimates.

(3) US Census Bureau American Community Survey 5-year estimates, Table S0101.
2021 and 2022 updates not yet available (2020 value is shown for 2021 and 2022).

(4) 2013-2021: Weldon Cooper Center for Public Service School-Age Population Estimates for July 1 of the year indicated. 2022 is a Loudoun County Department of Finance and Budget estimate.

(5) Local Area Unemployment Statistics, Virginia Employment Commission, Month of June each year.
Value for 2020 was 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 2022		Fiscal Year 2013	
	Employees	Rank	Employees	Rank
Loudoun County Schools	630	1	607	1
Harris Teeter	165	2	125	3
Giant	158	3	85	7
Chick-fil-A (Payne Leadership Dev. Group)	147	4	n/a	n/a
Home School Legal Defense Association	120	5	112	4
Blue Ridge Veterinary Assoc., Inc.	106	6	125	2
Magnolia's at the Mill	87	7	81	8
Town of Purcellville	83	8	73	9
Loudoun Stairs	68	9	n/a	n/a
Patrick Henry College	61	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									
	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
Administration	8.50	8.50	9.00	10.00	9.50	10.20	11.20	11.20	11.20	10.25
Finance Administration	7.50	7.50	7.50	8.00	8.60	8.60	9.30	9.90	9.90	9.60
Public safety/Police	15.00	16.00	17.00	16.00	17.00	18.00	19.60	18.00	17.00	19.00
Public works	8.00	8.00	7.00	6.75	6.00	9.00	8.00	7.00	2.00	2.00
General maintenance	9.00	9.00	9.00	9.60	10.60	10.60	9.60	11.00	10.00	10.00
Planning & Zoning	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	-	-
Engineering Planning & Development	-	-	-	-	-	-	-	-	9.00	10.00
Parks & Recreation	1.00	1.00	1.00	1.00	1.20	1.20	1.20	2.00	2.00	2.00
Water Treatment	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00
Wastewater Treatment	9.00	9.00	9.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00
	<u>70.00</u>	<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>

*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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Administration</u>										
Special Events	20	22	27	27	20	19	10	9	7	11
FOIA Requests Processed	115	105	137	135	85	116	85	79	51	42
<u>Finance</u>										
Utility Bills Processed	15,913	15,590	15,787	15,949	16,303	16,941	17,484	17,779	17,983	18,106
Tax Bills Processed	12,881	12,823	12,923	12,220	12,812	14,971	14,349	15,122	15,522	14,394
Accounts Payable Transactions	6,175	6,652	6,291	6,449	6,815	8,361	8,474	8,500	6,293	6,377
<u>Public safety</u>										
Parking violations	229	358	270	79	142	221	136	197	57	18
Traffic violations	1,457	1,152	834	624	1,038	915	1,072	851	926	1,065
Incident reports	933	865	756	632	755	814	823	754	680	703
Warning Tickets*	-	-	-	524	588	1,258	911	1,102	346	742
<u>Public works</u>										
<u>Maintenance Dept</u>										
Work Orders, number of	1,356	1,583	1,753	1,395	2,154	1,979	1,961	2,343	2,251	1,990
New Meters Installed	25	25	24	38	93	99	77	14	29	2
Miss Utility's' processed	1,014	1,014	988	1,372	1,523	1,475	1,659	1,236	1,459	1,176
<u>Water Dept</u>										
Total Gallons Treated (millions)	194	192	201	200	198	210	202.5	203.0	215.0	212.0
Samples in compliance, % of	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Wastewater Dept</u>										
Daily average of gallons treated	638,400	614,200	549,400	661,400	589,800	576,000	684,200	664,892	656,800	596,017
Complaints, number of	1	1	1	1	-	2	-	-	-	-
Sample Analysis Passing Quality Assurance, % of								98.9%	98.8%	99.4%
<u>Planning and Zoning</u>										
Occupancy permits issued	84	70	93	81	129	192	117	60	82	69
Zoning permits issued	140	214	202	259	306	386	268	270	281	262
Development Plans Processed	7	8	11	7	10	19	14	15	14	32

*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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	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	11	12	12	12	13	12	13	15	15	15
<u>Planning and Zoning</u>										
Vehicles	1	1	1	1	1	1	1	1	-	-
<u>Engineering Planning and Development</u>										
Vehicles	-	-	-	-	-	-	-	-	5	5
<u>Public works</u>										
<u>Maintenance Dept</u>										
Heavy Equipment (Backhoes,etc.)	13	13	12	12	12	12	12	12	12	12
Maintenance Facility	2	2	2	2	1	1	1	1	1	1
Message Boards	3	3	3	3	3	3	2	2	4	3
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Vehicles	20	20	20	20	20	18	20	23	19	19
<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	6	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	5	4	4
Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
Source: Town depreciation schedule.										
	107	107	106	106	106	103	106	111	111	110

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 workAuditor 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, 2022, 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 5, 2022.

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses, as items 2022-001, 2022-002 and 2022-003.**

Town's Response to Findings

Government Auditing Standards requires 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 5, 2022

**TOWN OF PURCELLVILLE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2022**

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

**TOWN OF PURCELLVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2022**

A. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-001: Weldon Cooper Report

Condition:

The Town's Weldon Cooper survey prepared and submitted by Public Works in April 2022 showed incorrect amounts for the total value of bonds outstanding.

Criteria:

Debt reported in the Weldon Cooper report should only include general obligation debt.

Cause:

Staff included the note payable with the general obligation debt.

Effect:

The Weldon Cooper report submitted shows inaccurate information.

Recommendation:

Staff should remove note payable from outstanding debt. Finance staff will continue to review the Weldon Cooper survey prior to submission by Public Works.

Views of Responsible Officials and Planned Corrective Action:

The Town agrees and the Accounting Manager will refine outstanding debt number included in Weldon Cooper report.

2022-002: Highway Equipment Costs

Condition:

The Town utilizes software for tracking highway maintenance costs, including equipment. We noted when the equipment costs were updated in July 2022 it affected FY21 equipment rates.

Criteria:

Current equipment rates were applied to prior year work orders.

Cause:

Impacts of system changes were not understood or tested.

Effect:

Work orders for FY21 were updated with inaccurate equipment rates.

Recommendation:

We recommend the Town implement additional procedures to ensure that when making changes in the software, only affect intended periods. Public Works staff should review work orders on occasion to ensure costs are correct.

**TOWN OF PURCELLVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2022**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-002: Highway Equipment Costs (Continued)

Views of Responsible Officials and Planned Corrective Action:

The Town agrees and will implement training and oversight to ensure all equipment costs are appropriately reflected on the Weldon Cooper report.

2022-003: Highway Maintenance Materials

Condition:

The Town utilizes software for tracking highway maintenance costs, including materials. The software does not update material costs prospectively, resulting in errors. During testing, neither of the two invoices tested were accurately reflected in the software.

Criteria:

Material costs were not updated prospectively.

Cause:

The person entering the work order needs to update the prices in the software for tracking highway maintenance costs.

Effect:

Material costs are incorrectly reported.

Recommendation:

We recommend that the Town implement additional procedures to ensure material costs are updated in the software for tracking highway maintenance costs at the time the item is ordered and price is confirmed when received.

Views of Responsible Officials and Planned Corrective Action:

The Town agrees and will evaluate the process for updating material costs in the software.

TOWN OF PURCELLVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

A. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Weldon Cooper Report

Condition:

The Town's Weldon Cooper report submitted in February 2021 did not reflect an audit adjustment, reporting inaccurate information.

Recommendation:

We recommend an additional review of the Weldon Cooper report by the finance department prior to submission.

Current Status:

Resolved.

2021-002: Highway Maintenance Labor Rates

Condition:

The Town utilizes software for tracking highway maintenance costs, including labor. We noted when the labor rate was updated in July 2020 it affected FY20 labor rates

Recommendation:

We recommend the Town implement additional procedures to ensure that when making changes in the software, only affect intended periods. Public Works staff should review work orders on occasion to ensure costs are correct.

Current Status:

Due to management's implementation of additional procedures, we did not detect this specific finding in the current year.

2021-003: Highway Maintenance Materials

Condition:

The Town utilizes software for tracking highway maintenance costs, including materials. The software does not update material costs prospectively, resulting in errors. During testing, we noted for both invoices tested that were not accurately reflected in the software.

Recommendation:

We recommend that the Town continue to assign specific materials invoices to work orders where possible. We also recommend the Town work with the software provider to improve the process of updating costs that will impact multiple work orders.

Current Status:

Finding repeated in current year at 2022-003.