



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2020**

Prepared by:  
The Finance Department of the  
Town of Warrenton, Virginia





**TOWN OF WARRENTON, VIRGINIA  
TABLE OF CONTENTS**

Page

**INTRODUCTORY SECTION**

|                                       |     |
|---------------------------------------|-----|
| Directory of Principal Officials..... | i   |
| Letter of Transmittal.....            | ii  |
| GFOA Certificate of Achievement.....  | xi  |
| Organizational Chart .....            | xii |

**FINANCIAL SECTION**

|  |    |
|--|----|
| Independent Auditor’s Report.....  | 1  |
| Management’s Discussion and Analysis .....   | 4a |
| Basic Financial Statements   |    |
| Government-Wide Financial Statements   |    |
| Exhibit 1    Statement of Net Position .....   | 5  |
| Exhibit 2    Statement of Activities.....  | 6  |
| Fund Financial Statements  |    |
| Exhibit 3    Balance Sheet – Governmental Funds.....   | 7  |
| Exhibit 4    Reconciliation of the Balance Sheet of Governmental Funds to<br>the Statement of Net Position.....  | 8  |
| Exhibit 5    Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Governmental Funds .....   | 9  |
| Exhibit 6    Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances of Governmental Funds to the<br>Statement of Activities..... | 10 |
| Exhibit 7    Statement of Revenues, Expenditures, and Changes in Fund<br>Balance – Budget and Actual – General Fund .....  | 11 |
| Exhibit 8    Statement of Net Position – Proprietary Fund .....  | 12 |
| Exhibit 9    Statement of Revenues, Expenses, and Changes in Fund Net Position<br>– Proprietary Fund.....  | 13 |
| Exhibit 10   Statement of Cash Flows – Proprietary Fund.....   | 14 |
| Exhibit 11   Statement of Fiduciary Net Position – Fiduciary Funds.....  | 16 |
| Notes to Financial Statements .....  | 17 |

**TOWN OF WARRENTON, VIRGINIA  
TABLE OF CONTENTS  
(Continued)**

Page

**FINANCIAL SECTION  
(Continued)**

Required Supplementary Information

|  |  |    |
|--|--|----|
| Exhibit 12                                       | Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government ..... | 48 |
| Exhibit 13                                       | Schedule of Employer Pension Contributions .....   | 49 |
| Exhibit 14                                       | Schedule of Employer’s Share of Net OPEB Liability – VRS GLI.....                          | 50 |
| Exhibit 15                                       | Schedule of Employer OPEB Contributions – VRS GLI.....                                     | 51 |
| Notes to Required Supplementary Information..... |  | 52 |

Other Supplementary Information

|            |  |    |
|------------|--|----|
| Exhibit 16 | Combining Statement of Fiduciary Net Position – Fiduciary Funds .....                      | 54 |
| Exhibit 17 | Combining Statement of Changes in Fiduciary Assets and Liabilities – Fiduciary Funds ..... | 55 |
| Exhibit 18 | Schedule of Revenues – Budget and Actual – General Fund.....                               | 56 |
| Exhibit 19 | Schedule of Expenditures – Budget and Actual – General Fund .....                          | 58 |

**STATISTICAL SECTION**

|          |  |    |
|----------|--|----|
| Table 1  | Net Position by Component.....                                     | 60 |
| Table 2  | Changes in Net Position .....                                      | 61 |
| Table 3  | Fund Balances of Governmental Funds .....                          | 63 |
| Table 4  | Changes in Fund Balances of Governmental Funds.....                | 64 |
| Table 5  | Assessed Value and Estimated Actual Value of Taxable Property..... | 65 |
| Table 6  | Property Tax Rates.....  | 66 |
| Table 7  | General Government Tax Revenues by Source.....                     | 67 |
| Table 8  | Meals Tax Revenues.....  | 68 |
| Table 9  | Principal Property Taxpayers .....                                 | 69 |
| Table 10 | Property Tax Levies and Collections .....                          | 70 |
| Table 11 | Meals Tax Rates.....   | 71 |

**TOWN OF WARRENTON, VIRGINIA  
TABLE OF CONTENTS  
(Continued)**

Page

**STATISTICAL SECTION  
(Continued)**

|          |  |    |
|----------|--|----|
| Table 12 | Principal Meals Taxpayers .....  | 72 |
| Table 13 | Ratios of Outstanding Debt by Type .....   | 73 |
| Table 14 | Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita..... | 74 |
| Table 15 | Direct and Overlapping Governmental Activities Debt .....                              | 75 |
| Table 16 | Legal Debt Margin Information .....  | 76 |
| Table 17 | Demographic and Economic Statistics.....   | 77 |
| Table 18 | Principal Employers.....   | 78 |
| Table 19 | Full-time Equivalent Town Government Employees by Function .....                       | 79 |
| Table 20 | Operating Indicators by Function.....  | 80 |
| Table 21 | Capital Asset Statistics by Function.....  | 81 |

**COMPLIANCE SECTION**

|   |    |
|---|----|
| Independent Auditor's Report on Internal Control over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... | 82 |
| Summary of Compliance Matters.....  | 84 |

---

---

**THIS PAGE INTENTIONALLY BLANK**

# INTRODUCTORY SECTION

---

**TOWN OF WARRENTON, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**

**June 30, 2020**

**TOWN COUNCIL**

Carter Nevill, Mayor  
Robert Kravetz, Vice Mayor

Jerry Wood  
Alec Burnett  
Renard Carlos  
Brett Hamby  
Sean Polster  
Kevin Carter

**APPOINTED OFFICIALS**

Brandie Schaeffer..... Town Manager  
Whitson W. Robinson..... Town Attorney  
Elizabeth Gillie ..... Town Recorder  
Stephanie Miller..... Finance/Personnel Director  
Vacant ..... Parks & Recreation Director  
Rob Walton ..... Interim Community Development Director  
Frank Cassidy..... Interim Public Works/Utilities Director  
Michael Kochis ..... Chief of Police





**Brandie Schaeffer**  
TOWN MANAGER  
T(540) 347-1101  
bschaeffer@warrentonva.gov

**TOWN COUNCIL**  
H.E. Carter Nevill, Mayor  
Renard J. Carlos  
Sean M. Polster  
Heather D. Sutphin  
William T. Semple II  
Brett A. Hamby  
James N. Hartman III  
Kevin T. Carter

December 1, 2020

**To The Honorable Mayor, Members of Town Council and The Citizens of the Town of Warrenton:**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Warrenton for the fiscal year ended June 30, 2020. The *Code of Virginia* requires that localities have their accounts and records audited annually as of June 30 by an independent certified public accountant, and that a detailed written report be presented to the local governing body within six months of the close of the fiscal year.

This report has been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). It consists of management's representations concerning the finances of the Town. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the data presented are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the Town. Disclosures have been included to enable the reader to gain the maximum understanding of the Town's financial affairs.

The Town's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse. It is further responsible to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

The Town's financial statements have been audited by Brown, Edwards and Company, LLP, a firm of licensed certified public accountants. The audit was conducted in accordance with generally accepted auditing standards. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by Town management; and evaluating the overall financial statement presentation. The independent auditors' report expresses an unmodified opinion on the fair presentation of the financial statements and is presented as the first part of the Financial Section of this report.

All of the financial activities of the reporting entity are included within this report. The reporting entity is comprised solely of the primary government. Under GASB pronouncements, component units are legally separate entities for which the primary government is financially accountable. The Town of Warrenton does not have any component units.

## PROFILE OF THE TOWN

The Town of Warrenton, the County Seat and the largest town in Fauquier County, is located in the Upper Piedmont region of Virginia at the foot of the Blue Ridge mountains about 45 miles southwest of Washington, DC. The Town encompasses 4.25 square miles and has a population of 10,065. Settled in the late seventeenth century, the Town of Warrenton, then known as Courthouse Village, was formally incorporated in 1810. Since 1992, Warrenton has been considered part of the Washington-Baltimore Metropolitan Statistical Area. Warrenton is easily accessible via four U.S. primary routes – 17, 15, 29 and 211. These routes provide access to Interstates 66, 64, 95 and 81 which link Warrenton to major trade routes across the Nation.

The Town is organized under the Council-Manager form of government with an elected mayor and a seven-member Council. Five members are elected by ward and two are elected at large, with staggered four-year terms. The Council appoints a Town Manager who serves as the chief executive officer of the Town and is responsible to the Council for the proper administration of the Town government. The Town Manager performs the daily tasks required by the Town Council in accordance with the Town's Charter and oversees the activities of all Town departments and personnel.

The Town provides a wide range of municipal services including public safety, sanitation and recycling services, community development and planning, the construction and maintenance of highways, streets, and public works infrastructure, parks and recreation programs, and the provision of water and wastewater services. In addition, the Town contributes to cultural events, recreational activities and supports various health and welfare programs.

An annual budget is prepared for all funds, except the fiduciary funds, to include revenues, expenditures, transfers and debt service. The Code of Virginia requires the Town Manager to submit a balanced budget to the Town Council no later than the first day of April each year. Each department prepares its own budget request for review and amendment by the Town Manager prior to inclusion in the Town's budget. After duly advertised public hearings are held, the Town adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended.

When necessary, the Town Council approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. The Town Manager may transfer appropriations at the department appropriation level without approval from Town Council. Budgetary compliance is monitored and reported at the department level on a monthly basis.

## ECONOMIC CONDITION AND OUTLOOK

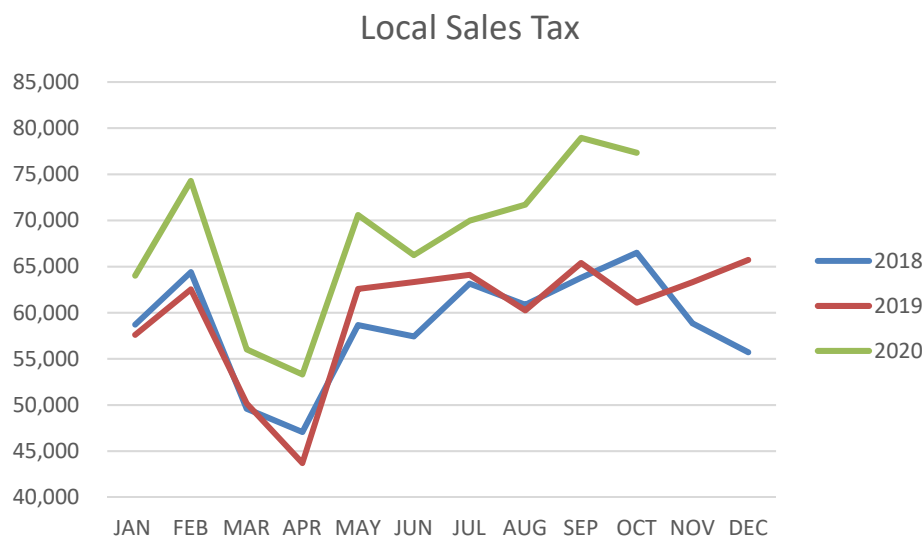
### *The Local Economy*

Every four years, the County of Fauquier conducts a general real estate reassessment in accordance with Section 58.1-3252 of the Code of Virginia. The current assessments went into effect on January 1, 2018. The increase in taxable assessed value for properties located in the town was 9.8%, which was a promising indicator of the area's slow but steady emergence from the housing market crisis.

Recently, the local real estate market has seen a flurry of activity as a result of the COVID-19 pandemic. Those who reside in more urban areas are interested in relocating to obtain a larger house and yard as they continue to work from home. This has had a favorable impact on small towns such as Warrenton. According to the Greater Piedmont Realtors Association, the following statistics from October 2020 compare favorably to October 2019:

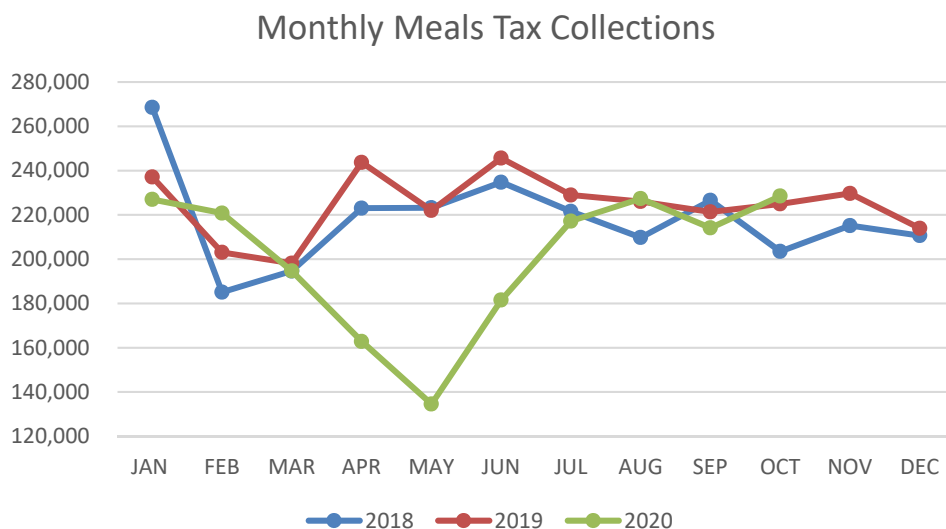
- sales activity is up 45%;
- the median sales price has grown by 18%; and
- the average number of days on the market has dropped from 50 days to 36 days.

The Town and Fauquier County have a large out-commuting population. This population mostly works in Federal government and related sectors in Northern Virginia, Maryland and the District of Columbia. The shift to working from home for these employees may have had a positive impact on our local economy. For example, more money was spent at local grocery stores and local restaurants that offered curbside, drive-through or delivery services while this group has worked from home. The necessity of working from home is anticipated to continue through much of 2021. The Town's sales tax receipts have exceeded prior years throughout calendar year 2020.

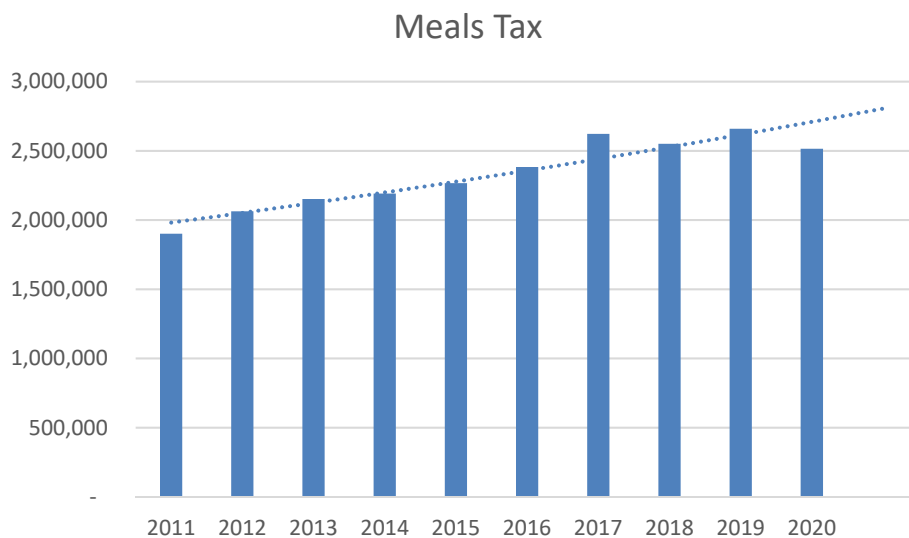


Primary local revenue sources for the Town continue to be meals tax, which accounts for 16.9%, and business license tax, representing 14.2%, of general fund revenue for fiscal year 2020. The COVID-19 pandemic and resulting Executive Orders issued by the Governor to reduce capacity for many businesses have impacted the local economy in ways that may linger long after the distribution of an effective vaccine. Federal stimulus packages have perhaps reduced the severity of the impact but fall short of providing complete relief.

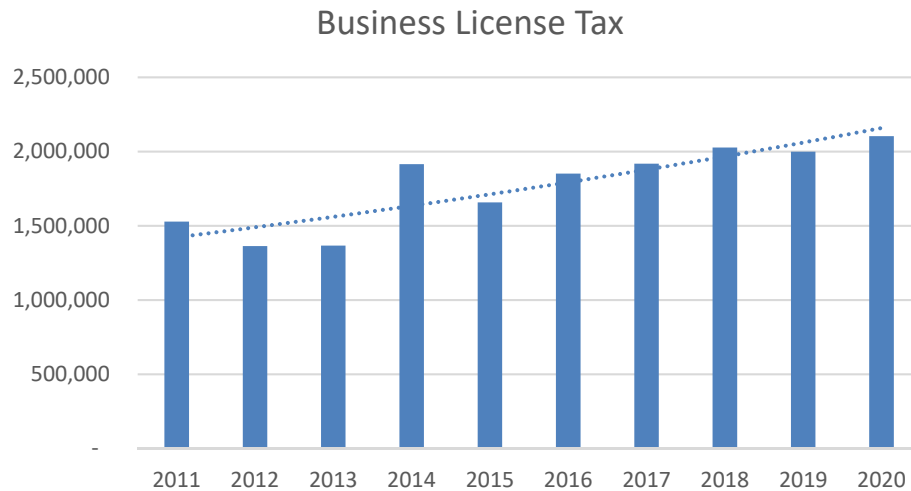
To assist local businesses, the Town has temporarily relaxed some of its zoning ordinances to allow for outdoor dining and continues to work on plans to assist those businesses during the colder winter months. Meals Tax collections have rebounded since the Commonwealth allowed for the partial reopening of dining establishments and have been on track with prior year receipts since July 2020. The following chart shows monthly meals tax receipts for the current and two prior calendar years.



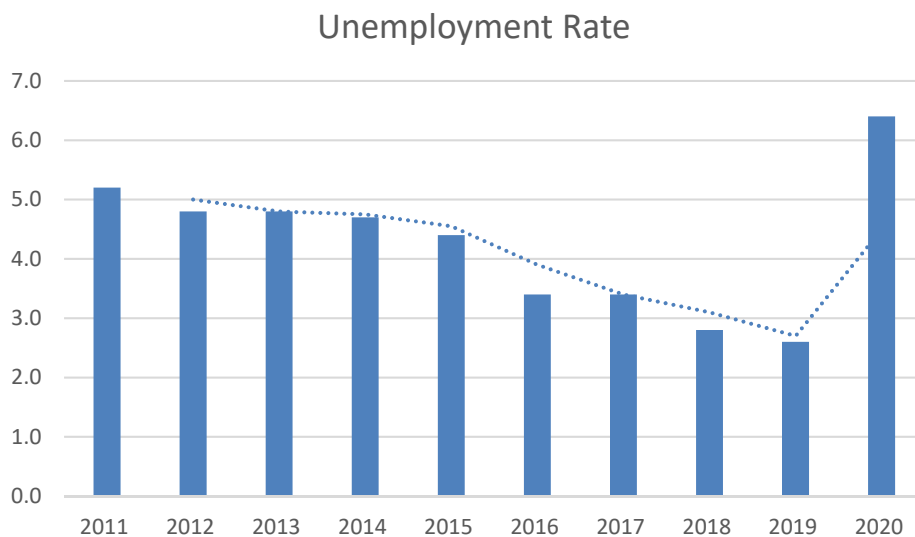
Over the past ten years, Meals Tax has risen by 32.3% and has been the most consistent other local tax source for the town. The average annual increase is 3.3%.



Business license tax is based on prior calendar year gross receipts. This means that the amount collected for fiscal year 2020 reflects the performance of local businesses in calendar year 2019. The Town will have little insight into how businesses have fared in calendar year 2020 until they begin filing business license renewal applications in March of 2021. Collection of the business license tax was accelerated during the pandemic compared to in prior years. We feel that this was due to businesses applying for PPP loans and having to show proof of a valid license. Over the past ten years, business license tax revenue has grown by 37.7 percent.



Unemployment rates are not available for the Town. The rate for Fauquier County as of June 2020 had climbed compared to the June 2019 by 3.8 percent. However, the June 2020 unemployment rate of 6.4 percent unemployment is more favorable than the 8.5 percent reported for Virginia and 11.2 percent reported nationally. As can be seen from the chart below, the unemployment rate for Fauquier County had been trending down for the past several years.



### *Long-term Financial Planning*

Town staff develops a five (5) year Capital Improvement Program (CIP) annually in conjunction with the budget cycle. The proposed projects are coordinated with available funding in the budget approval process. Projects are assembled based on staging and prospective implementation to maximize the effectiveness and coordination of the program.

The CIP is reviewed by the Planning Commission to determine that projects are consistent with the Town's long-range Comprehensive Plan. The Comprehensive Plan is a powerful tool to optimize the whole planning process. Its role in the CIP allows jurisdictions to be strategic in their programming, budgeting, and resource allocation. All CIP projects should be tied to a goal or implementation strategy in the Comprehensive Plan. This enables the Town to prioritize projects in view of the needs of the community, while remaining mindful of fiscal constraints related to debt service expenditures and available cash funding.

The Town is currently updating the Comprehensive Plan, with an anticipated completion date in 2021. The updated plan will ensure funding allocation is relevant to present goals and will also contemplate the life cycle costs of projects. It is financially prudent to ensure decision makers are aware of the financial commitment beyond the capital project. Life Cycle costs include items like the estimated useful life of vehicles, buildings, equipment, etc. The Comprehensive Plan will include scenarios of growth for the Town so that elected officials can understand budgetary impacts in light of projected capital projects.

During the preparation of the Fiscal Year 2021 budget, the Town established asset replacement funds for both the General Fund and the Water and Sewer Fund. This will serve to set aside those items that are currently used in Town operations so that they do not compete for funding with larger projects. This will enable staff to plan for the normal replacement of assets used to provide services to citizens. By tracking usage and maintenance costs, the Town is better able to program funds to provide for replacements in an effort to achieve the most prudent use of taxpayer dollars.

### *Relevant Financial Policies*

The Town follows a formal Investment Policy that provides for the safeguarding of the Town's financial assets. The policy requires that all investments be in accordance with those authorized by the Code of Virginia. The Town updated the Investment Policy in 2016 to authorize additional investment options in an effort to attain higher earnings while preserving capital.

The Town maintains strict adherence to its Purchasing Policy, which is based on the Virginia Public Procurement Act, and relevant Federal purchasing guidelines. The most restrictive of these policies is applied when there is a conflict between the two. The Town also complies with formal policies regarding the capitalization and disposal of assets.

The Town follows an adopted Fund Balance Policy for the General Fund that sets a reserve requirement at 50% of the currently adopted budget expenditures. This serves to guide the Town Council whenever there is a request to appropriate additional funds. The Water and Sewer Operating Fund maintains a cash balance equivalent to 200 days of operating expenses.

Town staff has consolidated the approved financial policies listed above along with other draft policies in one document. Staff will work with the Town Council, the Town's financial advisors and the Town's external auditors to finalize the document in Fiscal Year 2021.

### *Major Initiatives*

The Council, Town Manager, and Town Department Heads conduct annual retreats to evaluate strategic goals for the Town in the coming year. The most recent retreat was held in September 2019, and resulted in the following updated strategic priorities:

- Review potential boundary adjustments on the northern and eastern edges of the Town;
- Implement branding for the Town, which was completed in fiscal year 2020;
- Provide quality of life and recreational activities for residents;
- Improve the Town's website, signage, and gateways to attract visitors to the Town and assist them in navigating around points of interest; and
- Develop an inventory of affordable housing options.

As evidenced by this list, community development projects are a central focus of the Town Council. The updated comprehensive plan combined with continued strategic planning will help guide the Town through the implementation of the Council's goals and projects.

An important part of community planning is economic development. The consideration of the northern boundary adjustment is largely driven by a desire for economic expansion for the Town but must be weighed against the additional service requirements that come with expanding the Town limits. To that end, the Town has developed a fiscal impact model that will quantify the costs and benefits of any proposed expansion or development within existing boundaries. Attracting visitors to Town and ensuring easy access once here continues to be a Council priority. Investments in the website and signage will promote existing businesses and make the Town more attractive for potential businesses to locate. The proposed boundary adjustment on the eastern side of town may serve for relocation of Town facilities that has reached capacity.

Improving pedestrian safety and relieving traffic congestion continue to be top priorities for the Town, especially in light of development in neighboring Counties. The Town continues to work with the Virginia Department of Transportation and community stakeholders (particularly Broadview Avenue business owners and nearby residents) to redesign Broadview Avenue, the Town's main commercial corridor. We believe that Town investment in this redesign will catalyze private reinvestment in the business properties along this important commercial corridor. In addition to ensuring that Town roads and streets are properly maintained, the impact of proposed developments on traffic is thoroughly analyzed prior to approval. Sidewalk and street lighting projects in Old Town have enabled more business growth on streets adjacent to Main Street by providing pedestrian-friendly access.

The Town issued \$5.2 million in General Obligation Bonds during 2016 to fund multiple capital projects related to the Town's water and wastewater systems. In 2018, the Town issued another \$7.1 million in support of these projects. A multi-year project undertaken by the Public Utilities Department continues to reclaim sewer capacity by identifying deteriorated pipes and relining the Town's aging underground system. Multiple projects are at or near completion, including a new Water Treatment Plant chemical building and a Moving Bed Biological Reactor at the Wastewater Treatment Plant to upgrade the treatment process. The fiscal year 2021 budget includes funding for the Town to conduct a rate study, which will include a review of availability fees.

Public Safety is always a major focus of the Town government. The Police Department is fully accredited by the Virginia Law Enforcement Professional Standard Commission. It received its initial accreditation in October 2007 and received its fourth award in October 2020. The Town has twenty-eight sworn police officers and has two full-time career firefighters stationed at the Warrenton Volunteer Fire Company (WVFC). The Town provides annual contributions to the WVFC in support of their capital asset purchases.

The Parks and Recreation Department maintains the Warrenton Aquatic and Recreation Facility (WARF), a 59,738 square foot aquatic and fitness facility. The facility was closed on March 13, 2020 for the pandemic and reopened in July 2020. Until the pandemic is over, the focus will be on providing fitness activities in the safest manner possible. The department maintains six parks throughout Town. In fiscal year 2021, the Town will award a contract for the construction of the first phase of the Timber Fence Trail. This project has received 80% federal funding awarded by the Commonwealth Transportation Board. This trail will connect the Gold Cup subdivision to the WARF along property owned by the Fauquier County School Board. The County has agreed to contribute 10% of the project costs.

The Town issued a general obligation bond in 2019 to acquire and renovate a building located on Main Street in Warrenton to serve as Town Hall. The new building has helped to alleviate space needs and consolidated operations for several departments. Staff continues to review vacant properties owned by the Town for potential other uses or disposition.

## IMPLEMENTATION OF NEW ACCOUNTING REQUIREMENTS

In response to the COVID-19 pandemic, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This allows delayed implementation of previously issued Statements. Note 14 provides details regarding new accounting standards, which the Town will review during the coming year to determine applicability.



## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Warrenton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

We would like to express our sincere appreciation to each member of the Finance Department for their efforts in making this report possible on a timely basis. We would also like to thank the Town Council for their leadership and support in planning and conducting the financial operation of the Town in a responsible and progressive manner. Finally, we commend the efforts of all Town departments and staff to make Warrenton a better place to live and work.

Respectfully submitted,



Brandie M. Schaeffer  
Town Manager



Stephanie E. Miller  
Director of Finance and Human Resources



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Warrenton  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

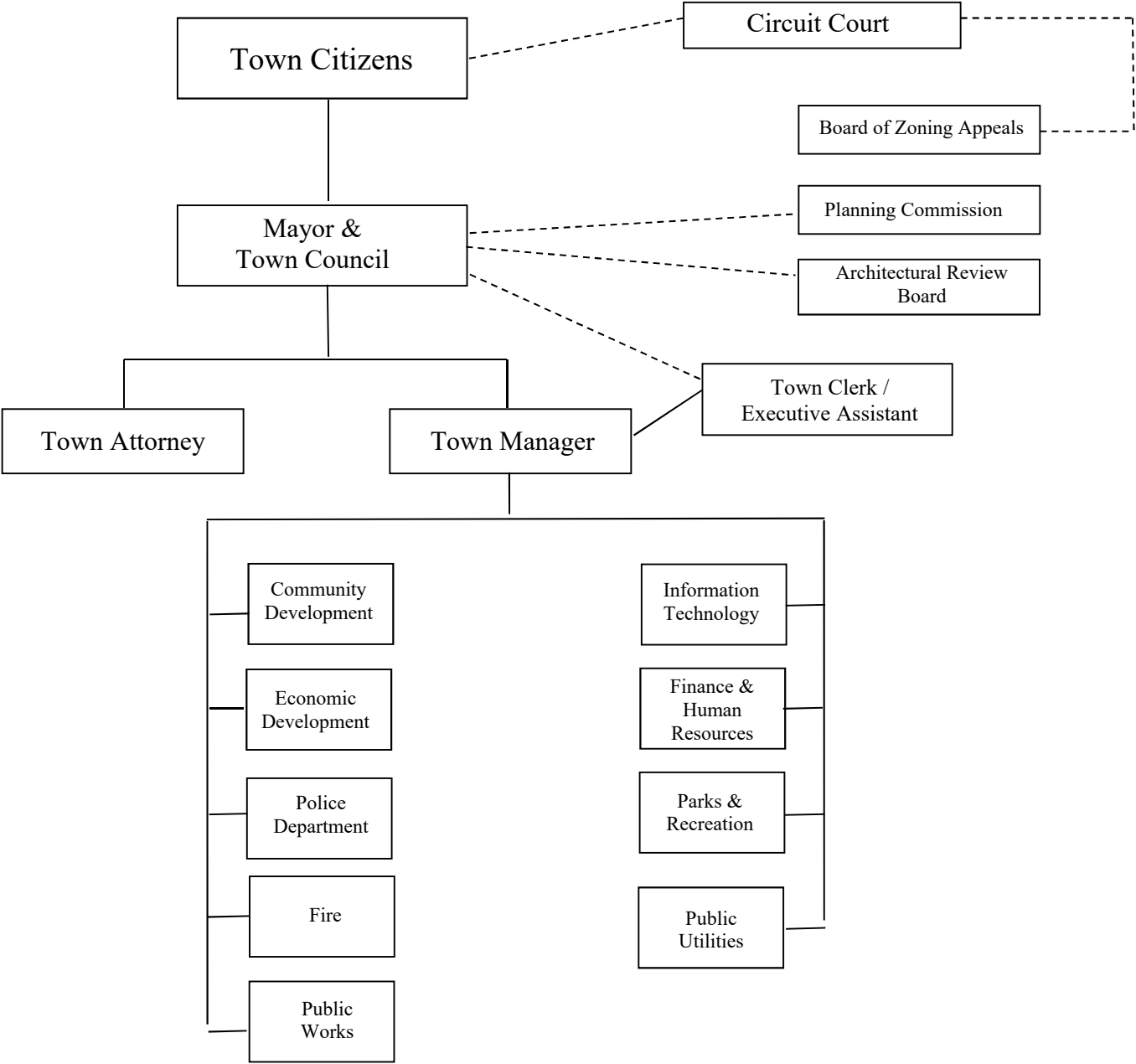
June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO

# ORGANIZATIONAL CHART

---



---

---

**THIS PAGE INTENTIONALLY BLANK**

## **FINANCIAL SECTION**

---

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia (the "Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Report on the Financial Statements (Continued)**

### ***Opinions***

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, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary 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. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 1, 2020



## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

---

The management of the Town of Warrenton, Virginia presents the following discussion and analysis of the Town’s financial activities for the fiscal year ended June 30, 2020. This analysis is intended to be read in conjunction with the Letter of Transmittal in the Introductory Section of this report and the Financial Statements, Notes, and other required supplementary information, which follow this discussion and analysis.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Comprehensive Annual Financial Report (CAFR) consists of four sections: Introductory, Financial, Statistical, and Compliance.

- The Introductory Section includes a listing of Principal Town Officials, the Letter of Transmittal, a copy of the Fiscal Year 2019 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, and the Town’s organizational chart.
- The Financial Section includes the Independent Auditors’ Report, Management’s Discussion and Analysis, the basic financial statements, required supplementary information, other supplementary information, and supporting schedules.
- The Statistical Section provides selected financial and demographic data related to the Town presented on a multi-year basis.
- The Compliance Section includes the auditors’ report on compliance and internal controls.

### **Financial Section Overview**

Management’s Discussion and Analysis serves as an introduction to the Financial Section of the CAFR. It is followed by four additional sections – the basic financial statements, required supplementary information, other supplementary information, and supporting schedules.

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements and the fund financial statements present different views of the Town’s financial activities. These differences are explained in more detail in the following sections.

Required supplementary information consists of this discussion and analysis and the Schedules of Changes in the Net Pension Liability and Related Ratios, Employer Pension Contributions, Employer’s Share of Net OPEB Liability – VRS GLI, and Employer OPEB Contributions – VRS GLI.

Other supplementary information consists of combining schedules for Fiduciary and Agency Funds and the Schedule of Revenues, Expenditures – Budget and Actual – General Fund.

The supporting schedules provide detailed schedules of revenues and expenditures for governmental and proprietary funds.

## Government-wide Financial Statements

The government-wide financial statements (Exhibits 1 and 2) provide financial statement users with a general overview of Town finances. These statements report the Town's net position and how the net position has changed during the fiscal year using accounting methods similar to those used in the private sector. The two financial statements that present this information are the statement of net position and the statement of activities.

The Statement of Net Position (Exhibit 1) presents all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Town is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial condition of the Town, such as changes in the Town's property tax base and the condition of Town facilities.

The Statement of Activities (Exhibit 2) utilizes the accrual basis of accounting to present information detailing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services.

Both government-wide financial statements are separated into governmental activities and business-type activities. Governmental activities are principally supported by taxes and intergovernmental revenues and include general government administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The business-type activity of the Town is the Water and Sewer Fund.

## Fund Financial Statements

The fund financial statements focus on individual parts of the Town government. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories:

- ***Governmental Funds*** - Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. 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 government'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. There are two governmental funds for the Town: the General Fund and the Perpetual Care Fund, which is a permanent fund established for the maintenance of the Warrenton Cemetery. The Town of Warrenton 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.

## Fund Financial Statements (Continued)

- **Proprietary Funds** - There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town of Warrenton has one proprietary fund, the Water and Sewer Fund. The Water and Sewer Fund accounts for all revenues and expenses related to water production, billing, and sewage treatment.
- **Fiduciary Funds** - Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statements because the funds are not available to support the Town's own activities.

## FISCAL YEAR 2020 FINANCIAL HIGHLIGHTS

The Town reported a positive net position at the close of the last two fiscal years. The unrestricted portion of this figure may be used to meet the Town's ongoing obligations to creditors and citizens.

|              | June 30, 2020 | June 30, 2019 |
|--------------|---------------|---------------|
| Net Position | \$ 73,359,654 | \$ 73,552,314 |
| Unrestricted | 17,168,705    | 16,065,710    |

The Town's total net position decreased \$192,660 in fiscal year 2020. The positive net change in business-type activities is offset by a decrease resulting from governmental activities, mostly due to the impact of depreciation. The unrestricted portion of net position increased by \$1,102,995, due to an increase in the unrestricted net position for business-type activities of \$1,084,800.

The Town's governmental funds reported an increase of \$2,000,763 in combined ending fund balances for the fiscal year, an increase of \$1,732,113 compared to the prior year. Revenues decreased by \$503,643 and expenditures increased by \$1,864,244, resulting in a net deficiency of \$2,367,887. This was offset by the issuance of debt in the amount of \$4,100,000 for the purchase and renovation of a new Town Hall. Unassigned fund balance decreased by \$1,433,167 and represents 64.8% of total fund balance. This decline is mostly due to the categorization of the remaining bond funds for the new Town Hall project. Note 11 provides more details regarding the classification of fund balance.

|                                     | June 30, 2020 | June 30, 2019 |
|-------------------------------------|---------------|---------------|
| Fund balance, ending                | \$ 15,714,371 | \$ 13,713,608 |
| Increase (decrease) from prior year | 2,000,763     | 268,650       |
| Unassigned fund balance             | \$ 10,178,740 | \$ 11,611,907 |
| Percentage unassigned               | 64.8%         | 84.7%         |

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As previously noted, net position may serve as a useful indicator of a government's financial condition. For the Town of Warrenton, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$73,359,654 at June 30, 2020.

**Table 1**

| <b>Town of Warrenton</b><br><b>Summary of Net Position</b>           |                                |                          |                                 |                          |                          |                          |
|--|--------------------------------|--------------------------|---------------------------------|--------------------------|--------------------------|--------------------------|
|  | <b>Governmental activities</b> |                          | <b>Business-type activities</b> |                          | <b>Total</b>             |                          |
|  | <b>June 30,<br/>2020</b>       | <b>June 30,<br/>2019</b> | <b>June 30,<br/>2020</b>        | <b>June 30,<br/>2019</b> | <b>June 30,<br/>2020</b> | <b>June 30,<br/>2019</b> |
| <b>Assets:</b>   |                                |                          |                                 |                          |                          |                          |
| Current and other assets   | \$ 16,869,210                  | \$ 14,515,783            | \$ 9,932,075                    | \$ 17,782,418            | \$ 26,801,285            | \$ 32,298,201            |
| Capital assets   | 46,242,706                     | 44,916,892               | 29,049,784                      | 21,578,562               | 75,292,490               | 66,495,454               |
| Total assets   | \$ 63,111,916                  | \$ 59,432,675            | \$ 38,981,859                   | \$ 39,360,980            | \$ 102,093,775           | \$ 98,793,655            |
| <b>Deferred outflows of resources:</b>                               |                                |                          |                                 |                          |                          |                          |
| Deferred charge on refunding   | \$ 450,512                     | \$ 525,093               | \$ -                            | \$ -                     | \$ 450,512               | \$ 525,093               |
| Pension-related deferred outflows                                    | 891,747                        | 431,649                  | 295,487                         | 148,589                  | 1,187,234                | 580,238                  |
| OPEB-related deferred outflows                                       | 85,843                         | 57,954                   | 27,909                          | 20,046                   | 113,752                  | 78,000                   |
| Total deferred outflows of resources                                 | \$ 1,428,102                   | \$ 1,014,696             | \$ 323,396                      | \$ 168,635               | \$ 1,751,498             | \$ 1,183,331             |
| Total assets and deferred outflows of resources                      | \$ 65,540,018                  | \$ 60,447,371            | \$ 39,305,255                   | \$ 39,529,615            | \$ 103,845,273           | \$ 99,976,986            |
| <b>Liabilities:</b>  |                                |                          |                                 |                          |                          |                          |
| Long-term liabilities  | \$ 14,381,286                  | \$ 10,254,350            | \$ 12,854,317                   | \$ 13,062,103            | \$ 27,235,603            | \$ 23,316,453            |
| Other liabilities  | 1,261,142                      | 865,345                  | 1,492,783                       | 1,700,764                | 2,753,925                | 2,566,109                |
| Total liabilities  | \$ 15,642,428                  | \$ 11,119,695            | \$ 14,347,100                   | \$ 14,762,867            | \$ 29,989,528            | \$ 25,882,562            |
| <b>Deferred inflows of resources:</b>                                |                                |                          |                                 |                          |                          |                          |
| Property taxes   | \$ 670                         | \$ 670                   | \$ -                            | \$ -                     | \$ 670                   | \$ 670                   |
| Pension-related deferred inflows                                     | 334,504                        | 370,054                  | 110,840                         | 127,386                  | 445,344                  | 497,440                  |
| OPEB-related deferred inflows  | 37,791                         | 32,692                   | 12,286                          | 11,308                   | 50,077                   | 44,000                   |
| Total deferred inflows of resources                                  | \$ 372,965                     | \$ 403,416               | \$ 123,126                      | \$ 138,694               | \$ 496,091               | \$ 542,110               |
| <b>Net position:</b>   |                                |                          |                                 |                          |                          |                          |
| Net investment in capital assets                                     | \$ 37,683,553                  | \$ 38,111,853            | \$ 17,364,417                   | \$ 18,259,451            | \$ 55,047,970            | \$ 56,371,304            |
| Restricted   | 920,523                        | 910,053                  | 222,456                         | 205,247                  | 1,142,979                | 1,115,300                |
| Unrestricted   | 9,920,549                      | 9,902,354                | 7,248,156                       | 6,163,356                | 17,168,705               | 16,065,710               |
| Total net position   | \$ 48,524,625                  | \$ 48,924,260            | \$ 24,835,029                   | \$ 24,628,054            | \$ 73,359,654            | \$ 73,552,314            |
| Total liabilities and deferred inflows of resources and net position | \$ 65,540,018                  | \$ 60,447,371            | \$ 39,305,255                   | \$ 39,529,615            | \$ 103,845,273           | \$ 99,976,986            |

The Town's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. At the end of the fiscal year, the Town reports positive balances in all three categories of net position.

**Net Investment in Capital Assets:** The net investment in capital assets represents the Town's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets. Although the investment in 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. The Town uses capital assets to provide services to citizens. For the Town, the net investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure) as of June 30, 2020 is \$55,047,970 and represents 75.0 percent of total net position.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

***Restricted Net Position:*** Restricted net position represents resources that are subject to external restrictions on how they may be used. The restricted net position includes amounts reserved for perpetual care of the Warrenton Cemetery, which the Town maintains. The Town's restricted net position is \$1,142,979, or 1.6 percent of total net position.

***Unrestricted Net Position:*** The remaining balance of unrestricted net position at June 30, 2020 is \$17,168,705, or 23.4 percent of total net position, and may be used to meet the government's ongoing obligations to citizens and creditors. During Fiscal Year 2020, the net position of the government decreased by \$192,660 primarily due to depreciation expense and weaker governmental revenues due to the COVID-19 pandemic.

### **CHANGE IN NET POSITION**

Table 2 outlines the key elements of the change in net position for the reporting entity for the year ended June 30, 2020.

| Town of Warrenton<br>Changes in Net Position                 |                         |                  |                          |                  |                  |                  | Table 2 |
|--|-------------------------|------------------|--------------------------|------------------|------------------|------------------|---------|
|  | Governmental activities |                  | Business-type activities |                  | Total            |                  |         |
|  | June 30,<br>2020        | June 30,<br>2019 | June 30,<br>2020         | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2019 |         |
| <b>Revenues:</b>   |                         |                  |                          |                  |                  |                  |         |
| Program revenues:  |                         |                  |                          |                  |                  |                  |         |
| Charges for services   | \$ 1,253,346            | \$ 1,650,449     | \$ 5,887,602             | \$ 5,785,979     | \$ 7,140,948     | \$ 7,436,428     |         |
| Operating grants & contributions                             | 2,024,402               | 1,738,537        | -                        | -                | 2,024,402        | 1,738,537        |         |
| Capital grants & contributions                               | 42,637                  | 469,948          | -                        | -                | 42,637           | 469,948          |         |
| General revenues:  |                         |                  |                          |                  |                  |                  |         |
| General property taxes                                       | 1,340,665               | 1,302,786        | -                        | -                | 1,340,665        | 1,302,786        |         |
| Other local taxes  | 7,421,820               | 7,490,756        | -                        | -                | 7,421,820        | 7,490,756        |         |
| Intergovernmental revenue, unrestricted                      | 602,073                 | -                | -                        | -                | 602,073          |                  |         |
| Use of money and property                                    | 329,960                 | 348,274          | 347,105                  | 492,443          | 677,605          | 840,717          |         |
| Gain on sale of asset  | -                       | 105,508          | -                        | -                | -                | 105,508          |         |
| Miscellaneous  | 574,273                 | 635,866          | -                        | -                | 574,273          | 635,866          |         |
| Grants and contributions not restricted to specific programs | 1,277,736               | 1,301,520        | -                        | -                | 1,277,736        | 1,301,520        |         |
| Total revenues   | \$ 14,866,912           | \$ 15,043,644    | \$ 6,234,707             | \$ 6,278,422     | \$ 21,101,619    | \$ 21,322,066    |         |
| <b>Expenses:</b>   |                         |                  |                          |                  |                  |                  |         |
| General government   | \$ 1,597,253            | \$ 1,373,604     | \$ -                     | \$ -             | \$ 1,597,253     | \$ 1,373,604     |         |
| Public safety  | 4,116,850               | 3,754,801        | -                        | -                | 4,116,850        | 3,754,801        |         |
| Public works   | 5,351,067               | 5,925,684        | -                        | -                | 5,351,067        | 5,925,684        |         |
| Health and welfare   | 177,910                 | 161,934          | -                        | -                | 177,910          | 161,934          |         |
| Parks, recreation and cultural                               | 2,569,659               | 2,782,463        | -                        | -                | 2,569,659        | 2,782,463        |         |
| Community development  | 1,062,002               | 995,959          | -                        | -                | 1,062,002        | 995,959          |         |
| Water and Sewer  | -                       | -                | 5,634,644                | 5,426,353        | 5,634,644        | 5,426,353        |         |
| Interest on long-term debt                                   | 391,806                 | 264,935          | 393,088                  | 400,073          | 784,894          | 665,008          |         |
| Total expenses   | \$ 15,266,547           | \$ 15,259,380    | \$ 6,027,732             | \$ 5,826,426     | \$ 21,294,279    | \$ 21,085,806    |         |
| Change in net position                                       | \$ (399,635)            | \$ (215,736)     | \$ 206,975               | \$ 451,996       | \$ (192,660)     | \$ 236,260       |         |
| Net position, beginning of year                              | 48,924,260              | 49,139,996       | 24,628,054               | 24,176,058       | 73,552,314       | 73,316,054       |         |
| Net position, end of year                                    | \$ 48,524,625           | \$ 48,924,260    | \$ 24,835,029            | \$ 24,628,054    | \$ 73,359,654    | \$ 73,552,314    |         |

## **CHANGE IN NET POSITION (Continued)**

***Governmental Activities:*** For the year ended June 30, 2020, Governmental activities decreased net position by \$399,635. Total revenues declined by \$176,732 compared to the prior year, with decreases reflected in all but three categories. Of those categories that realized a decrease, the largest were in charges for services and capital grants and contributions. Charges for services experienced a steep decline following the closure of the Warrenton Aquatic and Recreation Facility on March 13, 2020 due to the COVID-19 pandemic. The capital grants and contributions category typically reflects paving projects in the public works function. The only revenue categories that saw an increase over the prior year were operating grants and contributions, general property taxes and intergovernmental revenue, unrestricted. The intergovernmental revenue amount is the Coronavirus Relief funds distributed to the Town by Fauquier County.

Total expenses increased by only \$7,167 due to a spending freeze instituted in response to the pandemic's impact on revenues. The area of greatest increase for expenses was the public safety functional area with an increase of \$362,049. In fiscal year 2019, the police department had numerous vacancies that have since been filled. Decreases were recorded for public works and the parks, recreation and cultural function. This is reflective of the spending freeze for unnecessary expenses.

***Business-type Activities:*** Business-type activities increased net position by \$206,975. On the revenue side, charges for services increased by \$101,623 due to service rate increases. This increase was offset by a decrease for the use of money and property in the amount of \$145,338, due to the general declines in interest rates. Water and Sewer expenses increased by \$208,291 compared to the prior year, while interest on long-term debt decreased by \$6,985.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As mentioned earlier, the Town uses fund accounting to ensure compliance with finance-related legal requirements and to demonstrate accountability. The following highlights of the Town's funds are provided.

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$15,714,371, an increase of \$2,000,763 compared to the prior year. Approximately 64.8 percent, or \$10,178,740, of total fund balance is unassigned, which is available for spending at the government's discretion. The remainder of fund balance is classified as nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

***Proprietary Fund:*** The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in greater detail. As mentioned previously, the Town reports one proprietary fund - the Water and Sewer Fund.

For the Water and Sewer Fund, total net position as of June 30, 2020 is \$24,835,029, an increase of \$206,975 compared to June 30, 2019. The net investment in capital assets is \$17,364,417, which reflects a decrease of \$895,034. Unrestricted net position of the Water and Sewer Fund at the end of the year was \$7,248,156, or 29.2 percent, of the fund's net position. This reflects an increase in unrestricted net position from fiscal year 2019 of \$1,084,800.

The greatest impact year after year for the proprietary fund is depreciation expense. Depreciation expense for the fiscal year ended June 30, 2020 was \$1,130,554 for the Water and Sewer Fund. The activity of this fund is capital intensive, requiring extensive ongoing annual maintenance expenses and a proactive capital improvement program. Two large, bond-funded capital projects are nearing completion in fiscal year 2021. Further information on the projects is provided in the capital assets section of this analysis.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the original budgeted appropriation and the final amended budgeted appropriation for the general fund was \$6,170,581, or 36.3 percent, of the total original budget. The bulk of this difference is the new Town Hall project for a total of \$4,100,000. Final actual expenditures were \$6,200,518, or 26.8 percent, less than final amended appropriations. The two functional areas that realized the greatest variation with the budget were capital outlay and public works. For capital outlay, there were delays related to capital asset acquisitions and multi-year projects that were carried over into the next fiscal year. For public works, multiple projects were delayed due to the spending freeze.

Final actual revenue was \$928,472 lower than final amended budget amounts. The largest variances were in the Federal Intergovernmental and Charges for services categories. Federal revenue fell short of meeting the budgeted appropriation by \$630,126, due to delays in starting the Timber Fence trail project and the balance of Coronavirus Relief Funds (CRF) at the end of the year. The budget for Timber Fence was carried over to fiscal year 2021 and is close to being put out to bid for construction. The CRF balance will be used to cover qualifying expenditures in fiscal year 2021. The charges for services category represents Warrenton Aquatic and Recreation Facility (WARF) charges. The WARF was closed on March 13, 2020 due to the COVID-19 pandemic and did not reopen until July 2020.

## **CAPITAL ASSETS AND LONG-TERM OBLIGATIONS**

### **Capital assets**

The Town's capital asset classes include land, utility plant in service, buildings, infrastructure, machinery and equipment, and construction in progress. The total value of capital assets reported for the entity increased by \$8,797,036 during the fiscal year. It should be noted that the totals reported in this section are net of accumulated depreciation but not of related debt, and as a result vary from the net investment in capital assets reported earlier in this discussion and analysis.

Capital assets for the Town's governmental activities as of June 30, 2020 total \$46,242,706 (net of accumulated depreciation). As noted in Table 3, the largest class of assets for governmental activities is buildings and improvements. This asset class includes the Warrenton Aquatic and Recreation Facility (WARF), Town Hall, the Public Safety Facility, and the Public Works Facility. The total net increase in governmental activities capital assets for the current fiscal year was \$1,325,814. Depreciation expense charged for governmental activities for the period ended June 30, 2020 was \$2,716,527.

Capital asset additions during fiscal year 2020 for governmental activities totaled \$4,129,315. The following are some of the major additions in this category:

- Purchase of new Town Hall building - \$2,208,073
- Solar conversion of public safety facility - \$191,936
- Public works equipment replacements - \$445,549
- Police department vehicle replacements - \$247,277
- Public works sidewalk, curb and gutter projects - \$145,162

## Capital assets (Continued)

The Town's business-type activity capital assets total \$29,049,784 (net of accumulated depreciation) which reflects a net increase of \$7,471,222 from the prior year. The largest class of assets for business-type activities is Utility plant in service, which includes the Water Treatment Plant, the Wastewater Treatment Plant, and the transmission and distribution lines for the system. Depreciation expense for business-type activities for the period ended June 30, 2020 was \$1,130,554.

For business-type activities, capital asset additions totaled \$8,606,723, including the following major items:

- Vehicle and equipment replacements - \$157,433
- Net increase in construction in progress for various bond-funded projects totaling \$8,449,290, including:
  - Moving Bed Biological Reactor construction at the Wastewater Treatment Plant - \$4,952,522
  - Chemical Building construction at the Water Treatment Plant - \$2,310,234
  - Inflow and Infiltration project - \$743,020
  - Rady Park Pump Station project - \$363,013

**Table 3**

| Town of Warrenton                    |                         |                      |                          |                      |                      |                      |
|--------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| Capital Assets (net of depreciation) |                         |                      |                          |                      |                      |                      |
|                                      | Governmental activities |                      | Business-type activities |                      | Total                |                      |
|                                      | June 30,<br>2020        | June 30,<br>2019     | June 30,<br>2020         | June 30,<br>2019     | June 30,<br>2020     | June 30,<br>2019     |
| Land                                 | \$ 4,460,673            | \$ 4,521,873         | \$ 665,660               | \$ 665,660           | \$ 5,306,333         | \$ 5,187,533         |
| Construction in progress             | 856,878                 | 174,135              | 12,906,750               | 4,462,407            | 13,763,628           | 4,636,542            |
| Utility plant in service             | -                       | -                    | 14,523,025               | 15,491,354           | 14,523,025           | 15,491,354           |
| Buildings and improvements           | 22,024,871              | 20,707,192           | -                        | -                    | 22,024,871           | 20,707,192           |
| Infrastructure                       | 14,908,639              | 16,008,888           | -                        | -                    | 14,908,639           | 16,008,888           |
| Furniture, equipment, and vehicles   | 3,811,645               | 3,504,804            | 954,349                  | 959,141              | 4,765,994            | 4,463,945            |
| Total                                | \$ <u>46,242,706</u>    | \$ <u>44,916,892</u> | \$ <u>29,049,784</u>     | \$ <u>21,578,562</u> | \$ <u>75,292,490</u> | \$ <u>66,495,454</u> |

Additional information on the Town's capital assets may be found in Note 5 to the financial statements.



## Long-term Obligations

At the end of the fiscal year, the Town had \$27.2 million in outstanding obligations. This represents an increase of \$3.9 million from the prior year. Table 4 summarizes the outstanding obligations of the Town:

Table 4

| Town of Warrenton        |                         |                      |                          |                      |                      |                      |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| Long-term Obligations    |                         |                      |                          |                      |                      |                      |
|                          | Governmental activities |                      | Business-type activities |                      | Total                |                      |
|                          | June 30,<br>2020        | June 30,<br>2019     | June 30,<br>2020         | June 30,<br>2019     | June 30,<br>2020     | June 30,<br>2019     |
| General obligation bonds | \$ 10,723,000           | \$ 7,099,000         | \$ 11,686,000            | \$ 12,007,000        | \$ 22,409,000        | \$ 19,106,000        |
| Capital lease            | 165,782                 | 231,132              | -                        | -                    | 165,782              | 231,132              |
| Net pension liability    | 2,519,823               | 1,999,626            | 834,963                  | 688,343              | 3,354,786            | 2,687,969            |
| Net OPEB liability       | 369,019                 | 355,154              | 119,975                  | 122,846              | 488,994              | 478,000              |
| Compensated absences     | 603,662                 | 569,438              | 213,379                  | 243,914              | 817,041              | 813,352              |
| Total                    | \$ <u>14,381,286</u>    | \$ <u>10,254,350</u> | \$ <u>12,854,317</u>     | \$ <u>13,062,103</u> | \$ <u>27,235,603</u> | \$ <u>23,316,453</u> |

The Town issued a \$4.1M General Obligation bond in 2019 to finance the purchase and renovation of a new Town Hall. Additional information on the Town's long-term debt can be found in Note 6 to the financial statements. Details regarding the Town's net pension liability can be found in Note 7 and information on the net other postemployment benefits liability can be found in Note 8.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

### Economic Factors

The following economic factors were considered in the preparation of the budget for Fiscal Year 2021:

- The ongoing COVID-19 pandemic has created instability in certain sectors, especially service and tourism. The Town monitored monthly receipts in the areas of Meals Tax, Lodging Tax, Utility Charges for Services and Sales Tax to gauge the initial impact on our local economy. This information, coupled with an awareness of the likelihood of a resurgence of the virus in the winter months, was used to project revenue declines for the fiscal year 2021 budget. For fiscal year 2020, the following variances in revenue collected compared to fiscal year 2019 were recorded:
  - Meals tax – revenue decreased by \$144,236, or -5.42%
  - Lodging tax – revenue decreased by \$38,388, or -17.37%
  - Utility charges for services – revenue decreased by \$4,879, or 0.09%
  - Sales tax – revenue increased by \$72,476, or 10.22%
- Warrenton Chase development is under construction in town, with 82 homes priced in the upper \$400,000 range. This will enlarge the residential tax base and likely increase the Town's apportionment of sales tax revenue, which is based on the number of school-aged children that reside in the Town.

## **Economic Factors (Continued)**

- The residential real estate market has continued to see gains, likely due to the pandemic. It has been impacted favorably as city-dwellers have looked to the country for larger homes and yards due to the continuance of working from home and virtual schooling. According to the Greater Piedmont Realtors Association, the following statistics from October 2020 compare favorably to October 2019:
  - sales activity is up 45%;
  - the median sales price has grown by 18%; and
  - the average number of days on the market has dropped from 50 days to 36 days.
- The COVID-19 pandemic continues to affect the unemployment rate, especially for lower wage, less educated, and minority members of the workforce. The unemployment rate for Fauquier County has risen by 3.8% from 2.6% in June 2019 to 6.4% in June 2020. This compares favorably to the Virginia rate of 8.5% and the national average of 11.2%.

## **Fiscal Year 2021 Budget and Rates**

- The Fiscal Year 2021 Adopted Budget did not include any tax rate increases. The total appropriation for all funds is \$23,084,688, which is a decrease of \$1,883,357, or -7.54%, from the Fiscal Year 2020 Adopted Budget. The Town Council sequestered a total of \$442,696 in general fund expenditures pending a revenue review in January 2021.
- The Town Council adopted a Stormwater Management Fee but chose to delay implementation until fiscal year 2022. The fee will be added to real estate bills, which are due twice a year in June and December. The fee will be shown on the fiscal year 2021 bills so that taxpayers will be prepared for the fee implementation. The fees will be abated from the bill and are not due in fiscal year 2021.
- Due to uncertainty about how the COVID-19 pandemic might continue to impact the economy, revenue estimates were further adjusted. Local tax categories were adjusted down by 7 to 35 percent, depending on the source. WARF charges for services were reduced by approximately 40 percent prior to adoption.
- The adopted General Fund budget for fiscal year 2021 is \$15,823,641, an increase of only \$5,879, or 0.04 percent, from the adopted budget for fiscal year 2020. The budget added a net of 3.18 full-time positions, one of which is sequestered pending release by Council based on a revenue review in January 2021.
- General capital projects are budgeted in a separate fund, and total \$1,038,206 for fiscal year 2021. This is supported by a transfer from the general fund of \$631,938 which represents a use of fund balance.
- The Town established asset replacement funds for both general and water and sewer funds as part of the budget process. For fiscal year 2021, the general asset replacement fund totals \$550,219, with \$400,219 sequestered pending a review of revenue in January 2021.
- The largest revenue categories for the general fund are the other local taxes category at 43.1 percent, which includes the Town's two largest revenue sources - business license taxes and meals taxes; State revenue at 18.2 percent, which consists primarily of funding for the maintenance of Town streets and roads; and general property taxes at 8.3 percent. Charges for services account for 7.6 percent of general fund revenue and represent user fees for the Warrenton Aquatic and Recreation Facility (WARF).
- The largest functional expenditure areas for the general fund are public works at 25.3 percent and public safety at 24.8 percent.

## **Fiscal Year 2021 Budget and Rates (Continued)**

- The fiscal year 2021 adopted budget for the general fund plans for the use of \$2,570,927 of fund balance. Fund balance is utilized to support capital expenditures, debt service for capital expenditures, and to cover a small operating deficit due to extreme revenue reductions in response to COVID-19.
- The fiscal year 2021 adopted budget includes water and sewer rate increases effective July 1, 2020 consistent with a rate study conducted by Municipal Financial Services Group in 2015. The Water and sewer operating fund budget increased by \$166,045, or 2.9 percent, compared to the prior year.
- The Water and sewer capital program totals \$1,105,821. Capital projects consists of \$63,440 to fund hydrants along Broadview Avenue. Water and sewer asset replacement funding totals \$774,692. The balance will be transferred to surplus to provide a mix of cash funding for future projects.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide readers with a general overview of the Town of Warrenton's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Warrenton, Finance Department, P.O. Box 341, Warrenton, Virginia 20188.

---

---

**THIS PAGE INTENTIONALLY BLANK**

# **BASIC FINANCIAL STATEMENTS**

---

## TOWN OF WARRENTON, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2020

|  | Primary Government         |                             |               |
|--|----------------------------|-----------------------------|---------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total         |
| <b>ASSETS</b>  |                            |                             |               |
| Cash and cash equivalents (Note 2)                                     | \$ 8,861,929               | \$ 8,473,309                | \$ 17,335,238 |
| Cash and cash equivalent, restricted (Note 2)                          | 2,168,746                  | 325,348                     | 2,494,094     |
| Investments (Note 2)   | 3,795,945                  | -                           | 3,795,945     |
| Receivables, net (Note 3)  | 566,059                    | 891,560                     | 1,457,619     |
| Due from other governmental units (Note 4)                             | 1,225,401                  | -                           | 1,225,401     |
| Inventories  | 173,507                    | 241,522                     | 415,029       |
| Prepays  | 77,623                     | 336                         | 77,959        |
| Capital assets: (Note 5)   |                            |                             |               |
| Nondepreciable   | 5,497,551                  | 13,572,410                  | 19,069,961    |
| Depreciable, net   | 40,745,155                 | 15,477,374                  | 56,222,529    |
| Total assets   | 63,111,916                 | 38,981,859                  | 102,093,775   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                  |                            |                             |               |
| Deferred charge on refunding   | 450,512                    | -                           | 450,512       |
| Deferred outflows related to pensions (Note 7)                         | 891,747                    | 295,487                     | 1,187,234     |
| Deferred outflows related to other postemployment<br>benefits (Note 8) | 85,843                     | 27,909                      | 113,752       |
| Total deferred outflows of resources                                   | 1,428,102                  | 323,396                     | 1,751,498     |
| <b>LIABILITIES</b>   |                            |                             |               |
| Accounts payable   | 725,023                    | 954,462                     | 1,679,485     |
| Accrued payroll and related liabilities                                | 419,639                    | 161,304                     | 580,943       |
| Customer deposits  | -                          | 97,082                      | 97,082        |
| Accrued interest payable   | 116,480                    | 177,676                     | 294,156       |
| Unearned revenue   | -                          | 102,259                     | 102,259       |
| Long-term liabilities:   |                            |                             |               |
| Due within one year (Note 6)   | 753,052                    | 354,338                     | 1,107,390     |
| Due in more than one year (Note 6)                                     | 10,739,392                 | 11,545,041                  | 22,284,433    |
| Net pension liability (Note 7)   | 2,519,823                  | 834,963                     | 3,354,786     |
| Net other postemployment benefit liability (Note 8)                    | 369,019                    | 119,975                     | 488,994       |
| Total liabilities  | 15,642,428                 | 14,347,100                  | 29,989,528    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                            |                             |               |
| Property taxes   | 670                        | -                           | 670           |
| Deferred inflows related to pensions (Note 7)                          | 334,504                    | 110,840                     | 445,344       |
| Deferred inflows related to other postemployment<br>benefits (Note 8)  | 37,791                     | 12,286                      | 50,077        |
| Total deferred inflows of resources                                    | 372,965                    | 123,126                     | 496,091       |
| <b>NET POSITION</b>  |                            |                             |               |
| Net investment in capital assets                                       | 37,683,553                 | 17,364,417                  | 55,047,970    |
| Restricted:  |                            |                             |               |
| Unspent maintenance funds  | -                          | 222,456                     | 222,456       |
| Capital outlay   | 289,629                    | -                           | 289,629       |
| Perpetual Care – nonexpendable   | 630,894                    | -                           | 630,894       |
| Unrestricted   | 9,920,549                  | 7,248,156                   | 17,168,705    |
| Total net position   | \$ 48,524,625              | \$ 24,835,029               | \$ 73,359,654 |

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

**EXHIBIT 2**
**TOWN OF WARRENTON, VIRGINIA**
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2020**

|                                   |               | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                |
|-----------------------------------|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| Functions/Programs                | Expenses      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                |
|                                   |               |                      |                                    |                                  | Governmental Activities                           | Business-Type Activities | Total          |
| Primary Government:               |               |                      |                                    |                                  |   |                          |                |
| Governmental activities           |               |                      |                                    |                                  |   |                          |                |
| General government administration | \$ 1,597,253  | \$ 226,685           | \$ -                               | \$ -                             | \$ (1,370,568)                                    |                          | \$ (1,370,568) |
| Public safety                     | 4,116,850     | 155,478              | 262,354                            | -                                | (3,699,018)                                       |                          | (3,699,018)    |
| Public works                      | 5,351,067     | -                    | 1,762,048                          | 14,240                           | (3,574,779)                                       |                          | (3,574,779)    |
| Health and welfare                | 177,910       | -                    | -                                  | -                                | (177,910)   |                          | (177,910)      |
| Parks, recreation, and cultural   | 2,569,659     | 871,183              | -                                  | 28,397                           | (1,670,079)                                       |                          | (1,670,079)    |
| Community development             | 1,062,002     | -                    | -                                  | -                                | (1,062,002)                                       |                          | (1,062,002)    |
| Interest on long-term debt        | 391,806       | -                    | -                                  | -                                | (391,806)   |                          | (391,806)      |
| Total governmental activities     | 15,266,547    | 1,253,346            | 2,024,402                          | 42,637                           | (11,946,162)                                      |                          | (11,946,162)   |
| Business-type activities          |               |                      |                                    |                                  |   |                          |                |
| Water and sewer                   | 6,027,732     | 5,887,602            | -                                  | -                                |   | (140,130)                | (140,130)      |
| Total business-type activities    | 6,027,732     | 5,887,602            | -                                  | -                                |   | (140,130)                | (140,130)      |
| Total primary government          | \$ 21,294,279 | \$ 7,140,948         | \$ 2,024,402                       | \$ 42,637                        | (11,946,162)                                      | (140,130)                | (12,086,292)   |
| General revenues:                 |               |                      |                                    |                                  |   |                          |                |
|                                   |               |                      |                                    |                                  | 1,340,665   | -                        | 1,340,665      |
|                                   |               |                      |                                    |                                  | 781,649   | -                        | 781,649        |
|                                   |               |                      |                                    |                                  | 501,059   | -                        | 501,059        |
|                                   |               |                      |                                    |                                  | 2,103,568   | -                        | 2,103,568      |
|                                   |               |                      |                                    |                                  | 2,515,018   | -                        | 2,515,018      |
|                                   |               |                      |                                    |                                  | 830,298   | -                        | 830,298        |
|                                   |               |                      |                                    |                                  | 690,228   | -                        | 690,228        |
|                                   |               |                      |                                    |                                  | 602,073   |                          | 602,073        |
|                                   |               |                      |                                    |                                  | 329,960   | 347,105                  | 677,065        |
|                                   |               |                      |                                    |                                  | 574,273   | -                        | 574,273        |
|                                   |               |                      |                                    |                                  | 1,277,736   | -                        | 1,277,736      |
|                                   |               |                      |                                    |                                  | 11,546,527  | 347,105                  | 11,893,632     |
|                                   |               |                      |                                    |                                  | (399,635)   | 206,975                  | (192,660)      |
| NET POSITION AT JULY 1            |               |                      |                                    |                                  | 48,924,260  | 24,628,054               | 73,552,314     |
| NET POSITION AT JUNE 30           |               |                      |                                    |                                  | \$ 48,524,625                                     | \$ 24,835,029            | \$ 73,359,654  |

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

## TOWN OF WARRENTON, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

|  | <b>General<br/>Fund</b> | <b>Permanent<br/>Perpetual<br/>Care Fund</b> | <b>Total</b>  |
|--|-------------------------|--|---------------|
| <b>ASSETS</b>  |                         |  |               |
| Cash and cash equivalents (Note 2)                                       | \$ 8,231,035            | \$ 630,894                                   | \$ 8,861,929  |
| Cash and cash equivalents, restricted (Note 2)                           | 2,168,746               | -  | 2,168,746     |
| Investments (Note 2)   | 3,795,945               | -  | 3,795,945     |
| Receivables, net (Note 3)  | 566,059                 | -  | 566,059       |
| Due from other governmental units (Note 4)                               | 1,225,401               | -  | 1,225,401     |
| Inventories  | 173,507                 | -  | 173,507       |
| Prepays  | 77,623                  | -  | 77,623        |
|  | <hr/>                   | <hr/>  | <hr/>         |
| Total assets   | \$ 16,238,316           | \$ 630,894                                   | \$ 16,869,210 |
|  | <hr/>                   | <hr/>  | <hr/>         |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                         |  |               |
| <b>LIABILITIES</b>   |                         |  |               |
| Accounts payable   | \$ 725,023              | \$ -   | \$ 725,023    |
| Accrued payroll and related liabilities                                  | 419,639                 | -  | 419,639       |
|  | <hr/>                   | <hr/>  | <hr/>         |
| Total liabilities  | 1,144,662               | -  | 1,144,662     |
|  | <hr/>                   | <hr/>  | <hr/>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                         |  |               |
| Unavailable revenue  | 10,177                  | -  | 10,177        |
|  | <hr/>                   | <hr/>  | <hr/>         |
| <b>FUND BALANCES (Note 11)</b>   |                         |  |               |
| Nonspendable   | 251,130                 | 630,894                                      | 882,024       |
| Restricted   | 2,168,746               | -  | 2,168,746     |
| Committed  | 93,287                  | -  | 93,287        |
| Assigned   | 2,391,574               | -  | 2,391,574     |
| Unassigned   | 10,178,740              | -  | 10,178,740    |
|  | <hr/>                   | <hr/>  | <hr/>         |
| Total fund balances  | 15,083,477              | 630,894                                      | 15,714,371    |
|  | <hr/>                   | <hr/>  | <hr/>         |
| Total liabilities, deferred inflows of<br>resources, and fund balances   | \$ 16,238,316           | \$ 630,894                                   | \$ 16,869,210 |
|  | <hr/>                   | <hr/>  | <hr/>         |

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



## TOWN OF WARRENTON, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2020**

**Ending fund balance – governmental fund** **\$ 15,714,371**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

|                                |                     |            |
|--------------------------------|---------------------|------------|
| Governmental capital assets    | \$ 89,169,337       |            |
| Less: accumulated depreciation | <u>(42,926,631)</u> |            |
|                                |                     | 46,242,706 |

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.

9,507

Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of related to:

|                               |         |  |
|-------------------------------|---------|--|
| Pensions                      | 891,747 |  |
| Other postemployment benefits | 85,843  |  |

Deferred inflows related to:

|                               |           |  |
|-------------------------------|-----------|--|
| Pensions                      | (334,504) |  |
| Other postemployment benefits | (37,791)  |  |

|                       |             |  |
|-----------------------|-------------|--|
| Net pension liability | (2,519,823) |  |
|-----------------------|-------------|--|

|  |                  |             |
|--|------------------|-------------|
| Net other postemployment benefit liability | <u>(369,019)</u> | (2,283,547) |
|--|------------------|-------------|

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

|  |                  |  |
|--|------------------|--|
| General obligation bonds, including unamortized deferred amounts | (10,723,000)     |  |
| Capital leases   | (165,782)        |  |
| Deferred charge on refunding                                     | 450,512          |  |
| Accrued interest payable   | (116,480)        |  |
| Compensated absences   | <u>(603,662)</u> |  |

(11,158,412)

**Total net position – governmental activities** **\$ 48,524,625**

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2020**

|  | <u>General<br/>Fund</u>     | <u>Permanent<br/>Perpetual<br/>Care Fund</u> | <u>Total</u>                |
|--|-----------------------------|--|-----------------------------|
| <b>REVENUES</b>  |                             |  |                             |
| General property taxes                                       | \$ 1,342,789                | \$ -   | \$ 1,342,789                |
| Other local taxes  | 7,421,820                   | -  | 7,421,820                   |
| Permits, privilege fees, and regulatory licenses             | 226,685                     | -  | 226,685                     |
| Fines and forfeitures  | 155,478                     | -  | 155,478                     |
| Revenue from use of money and property                       | 320,393                     | 9,567  | 329,960                     |
| Charges for services   | 871,183                     | -  | 871,183                     |
| Miscellaneous  | 574,273                     | -  | 574,273                     |
| Intergovernmental  |                             |  |                             |
| Commonwealth   | 3,318,485                   | -  | 3,318,485                   |
| Federal  | 628,363                     | -  | 628,363                     |
|  | <u>14,859,469</u>           | <u>9,567</u>                                 | <u>14,869,036</u>           |
| Total revenues   |                             |  |                             |
| <b>EXPENDITURES</b>  |                             |  |                             |
| Current  |                             |  |                             |
| General government administration                            | 1,346,561                   | -  | 1,346,561                   |
| Public safety  | 3,731,363                   | -  | 3,731,363                   |
| Public works   | 3,443,271                   | -  | 3,443,271                   |
| Health and welfare   | 177,910                     | -  | 177,910                     |
| Parks, recreation, and cultural                              | 1,855,164                   | -  | 1,855,164                   |
| Community development  | 956,701                     | -  | 956,701                     |
| Capital outlay   | 4,639,737                   | -  | 4,639,737                   |
| Debt service   |                             |  |                             |
| Principal retirement   | 541,350                     | -  | 541,350                     |
| Interest and other fiscal charges                            | 198,125                     | -  | 198,125                     |
| Bond issuance costs  | 78,091                      | -  | 78,091                      |
|  | <u>16,968,273</u>           | <u>-</u>                                     | <u>16,968,273</u>           |
| Total expenditures   |                             |  |                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(2,108,804)</u>          | <u>9,567</u>                                 | <u>(2,099,237)</u>          |
| <b>OTHER FINANCING SOURCES</b>                               |                             |  |                             |
| Proceeds from issuance of debt                               | <u>4,100,000</u>            | <u>-</u>                                     | <u>4,100,000</u>            |
| Net change in fund balance                                   | 1,991,196                   | 9,567  | 2,000,763                   |
| <b>FUND BALANCE AT JULY 1</b>                                | <u>13,092,281</u>           | <u>621,327</u>                               | <u>13,713,608</u>           |
| <b>FUND BALANCE AT JUNE 30</b>                               | <u><u>\$ 15,083,477</u></u> | <u><u>\$ 630,894</u></u>                     | <u><u>\$ 15,714,371</u></u> |

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

## TOWN OF WARRENTON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020**

**Net change in fund balance – total governmental fund** \$ 2,000,763

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  | \$ 4,042,341 |           |
| Depreciation expense   | (2,716,527)  |           |
|  |              | 1,325,814 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. |              | (2,124)   |

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                | 480,353   |          |
| Pension expense net of employer contributions | (504,902) |          |
|   |           | (24,549) |

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 life insurance contributions | 23,113   |       |
| Life insurance expense                | (14,188) |       |
|                                       |          | 8,925 |

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:

|   |             |             |
|---|-------------|-------------|
| Issuance of refunding bonds                   | (4,100,000) |             |
| Amortization of deferred amounts              | (74,581)    |             |
| Principal retired on general obligation bonds | 476,000     |             |
| Principal retired on capital leases           | 65,350      |             |
|   |             | (3,633,231) |

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. This adjustment combines the net changes of the following:

|                                    |          |          |
|------------------------------------|----------|----------|
| Change in compensated absences     | (34,224) |          |
| Change in accrued interest payable | (41,009) |          |
|                                    |          | (75,233) |

**Change in net position of governmental activities**

**\$ (399,635)**

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

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
Year Ended June 30, 2020**

|  | <b>Budgeted Amounts</b> |                |               | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|----------------|---------------|---|
|  | <b>Original</b>         | <b>Final</b>   | <b>Actual</b> |   |
| <b>REVENUES</b>                                      |                         |                |               |   |
| General property taxes                               | \$ 1,350,064            | \$ 1,350,064   | \$ 1,342,789  | \$ (7,275)  |
| Other local taxes                                    | 7,462,000               | 7,462,000      | 7,421,820     | (40,180)  |
| Permits, privilege fees, and regulatory<br>licenses  | 181,750                 | 181,750        | 226,685       | 44,935  |
| Fines and forfeitures                                | 190,000                 | 192,140        | 155,478       | (36,662)  |
| Revenue from use of money and<br>property            | 258,000                 | 258,000        | 320,393       | 62,393  |
| Charges for services                                 | 1,397,833               | 1,397,833      | 871,183       | (526,650)   |
| Miscellaneous  | 301,406                 | 323,733        | 574,273       | 250,540   |
| Intergovernmental                                    |                         |                |               |   |
| Commonwealth   | 3,033,099               | 3,363,932      | 3,318,485     | (45,447)  |
| Federal  | 367,627                 | 1,258,489      | 628,363       | (630,126)   |
| Total revenues                                       | 14,541,779              | 15,787,941     | 14,859,469    | (928,472)   |
| <b>EXPENDITURES</b>                                  |                         |                |               |   |
| Current  |                         |                |               |   |
| General government administration                    | 2,262,449               | 2,407,907      | 2,117,649     | 290,258   |
| Public safety  | 4,157,745               | 4,156,237      | 3,428,543     | 727,694   |
| Public works   | 3,497,066               | 4,385,253      | 3,107,132     | 1,278,121   |
| Health and welfare                                   | 173,770                 | 177,910        | 177,910       | -   |
| Parks, recreation, and cultural                      | 2,392,561               | 2,416,101      | 1,772,312     | 643,789   |
| Community development                                | 988,300                 | 1,080,401      | 907,424       | 172,977   |
| Capital outlay                                       | 2,734,000               | 7,674,572      | 4,639,737     | 3,034,835   |
| Debt service   |                         |                |               |   |
| Principal retirement                                 | 611,350                 | 611,350        | 541,350       | 70,000  |
| Interest and other fiscal charges                    | 180,969                 | 180,969        | 198,125       | (17,156)  |
| Bond issuance costs                                  | -                       | 78,091         | 78,091        | -   |
| Total expenditures                                   | 16,998,210              | 23,168,791     | 16,968,273    | 6,200,518   |
| Excess (deficiency) of revenues<br>over expenditures | (2,456,431)             | (7,380,850)    | (2,108,804)   | 5,272,046   |
| <b>OTHER FINANCING SOURCES</b>                       |                         |                |               |   |
| Proceeds from issuance of debt                       | 774,180                 | 4,874,180      | 4,100,000     | (774,180)   |
| Net change in fund balance                           | \$ (1,682,251)          | \$ (2,506,670) | \$ 1,991,196  | \$ 4,497,866  |

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

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF NET POSITION –  
PROPRIETARY FUND  
June 30, 2020**

|   | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/>Water and Sewer</b> |
|---|---|
| <b>ASSETS</b>   |   |
| <b>CURRENT ASSETS</b>   |   |
| Cash and cash equivalents (Note 2)                                  | \$ 8,473,309  |
| Cash and cash equivalents, restricted (Note 2)                      | 325,348   |
| Receivable, net (Note 3)  | 891,560   |
| Inventories   | 241,522   |
| Prepaid items   | 336   |
| Total current assets  | <u>9,932,075</u>  |
| <b>NONCURRENT ASSETS</b>  |   |
| Capital assets (Note 5)   |   |
| Non-depreciable   | 13,572,410  |
| Depreciable, net  | <u>15,477,374</u>   |
| Total noncurrent assets   | <u>29,049,784</u>   |
| Total assets  | <u>38,981,859</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |   |
| Deferred outflows related to pensions (Note 7)                      | 295,487   |
| Deferred outflows related to other postemployment benefits (Note 8) | <u>27,909</u>   |
| Total deferred inflows of resources                                 | <u>323,396</u>  |
| <b>LIABILITIES</b>  |   |
| <b>CURRENT LIABILITIES</b>  |   |
| Accounts payable  | 954,462   |
| Accrued payroll and related liabilities                             | 161,304   |
| Customer deposits   | 97,082  |
| Accrued interest payable  | 177,676   |
| Current portion of unearned revenue                                 | 11,612  |
| Long-term liabilities – due within one year (Note 6)                | <u>354,338</u>  |
| Total current liabilities   | <u>1,756,474</u>  |
| <b>NONCURRENT LIABILITIES</b>                                       |   |
| Unearned revenue – net of current portion                           | 90,647  |
| Net pension liability (Note 7)                                      | 834,963   |
| Net other postemployment benefit liability (Note 8)                 | 119,975   |
| Long-term liabilities – due in more than one year (Note 6)          | <u>11,545,041</u>   |
| Total noncurrent liabilities  | <u>12,590,626</u>   |
| Total liabilities   | <u>14,347,100</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |   |
| Deferred inflows related to pensions (Note 7)                       | 110,840   |
| Deferred outflows related to other postemployment benefits (Note 8) | <u>12,286</u>   |
| Total deferred inflows of resources                                 | <u>123,126</u>  |
| <b>NET POSITION</b>   |   |
| Net investment in capital assets                                    | 17,364,417  |
| Restricted for maintenance  | 222,456   |
| Unrestricted  | <u>7,248,156</u>  |
| Total net position  | <u>\$ 24,835,029</u>  |

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

## TOWN OF WARRENTON, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION – PROPRIETARY FUND

Year Ended June 30, 2020

|  | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/>Water and Sewer</b> |
|--|---|
| <b>OPERATING REVENUES</b>                |   |
| Charges for services:                    |   |
| Sale of water                            | \$ 2,023,159  |
| Sewer service charges                    | 3,234,461   |
| Connection fees                          | 526,725   |
| Other fees                               | 103,257   |
|  | <hr/>   |
| Total operating revenues                 | 5,887,602   |
|  | <hr/>   |
| <b>OPERATING EXPENSES</b>                |   |
| Source of supply                         | 1,148,008   |
| Transmission and distribution            | 668,838   |
| Meter reading                            | 155,097   |
| Wastewater treatment operation           | 1,781,800   |
| Public utilities administration          | 741,932   |
| Maintenance and repairs                  | 8,415   |
| Depreciation                             | 1,130,554   |
|  | <hr/>   |
| Total operating expenses                 | 5,634,644   |
|  | <hr/>   |
| Operating income                         | 252,958   |
|  | <hr/>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |   |
| Interest revenue                         | 175,516   |
| Rental revenue                           | 171,589   |
| Interest expense                         | (393,088)   |
|  | <hr/>   |
| Net non-operating revenues (expenses)    | (45,983)  |
|  | <hr/>   |
| Change in net position                   | 206,975   |
|  | <hr/>   |
| <b>NET POSITION AT JULY 1</b>            | 24,628,054  |
|  | <hr/>   |
| <b>NET POSITION AT JUNE 30</b>           | \$ 24,835,029   |
|  | <hr/> <hr/>   |

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

## TOWN OF WARRENTON, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
Year Ended June 30, 2020

|   | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/>Water and Sewer</b> |
|---|---|
| <b>OPERATING ACTIVITIES</b>                               |   |
| Receipts from customers                                   | \$ 5,788,976  |
| Payments to employees                                     | (2,432,810)   |
| Payments to suppliers                                     | (1,898,802)   |
| Other receipts  | 103,257   |
|   | <hr/>   |
| Net cash provided by operating activities                 | 1,560,621   |
|   | <hr/>   |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>           |   |
| Purchase of capital assets                                | (9,050,663)   |
| Principal paid on debt                                    | (321,000)   |
| Interest paid on capital debt                             | (397,684)   |
|   | <hr/>   |
| Net cash used in capital and related financing activities | (9,769,347)   |
|   | <hr/>   |
| <b>INVESTING ACTIVITIES</b>                               |   |
| Interest revenue  | 175,516   |
| Rental and other income                                   | 171,589   |
|   | <hr/>   |
| Net cash provided by investing activities                 | 347,105   |
|   | <hr/>   |
| Net decrease in cash and cash equivalents                 | (7,861,621)   |
|   | <hr/>   |
| <b>CASH AND CASH EQUIVALENTS</b>                          |   |
| Beginning at July 1                                       | 16,660,278  |
|   | <hr/>   |
| Ending at June 30   | \$ 8,798,657  |
|   | <hr/> <hr/>   |
| <b>RECONCILIATION TO EXHIBIT 8</b>                        |   |
| Cash and cash equivalents                                 | \$ 8,473,309  |
| Cash and cash equivalent, restricted                      | 325,348   |
|   | <hr/>   |
|   | \$ 8,798,657  |
|   | <hr/> <hr/>   |

(Continued)

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

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**Year Ended June 30, 2020**

|   | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/>Water and Sewer</b> |
|---|---|
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  |   |
| Operating income  | \$ 252,958  |
| Adjustments to reconcile operating income to net cash provided by operating activities: |   |
| Depreciation  | 1,130,554   |
| Pension expense net of employer contribution  | (16,824)  |
| Other postemployment benefit expense net of employer contribution                       | (9,756)   |
| Change in assets and liabilities:   |   |
| (Increase) decrease in:   |   |
| Accounts receivable   | 5,456   |
| Inventories   | (33,352)  |
| Prepaid items   | 16,618  |
| Increase (decrease) in:   |   |
| Accounts payable  | 206,231   |
| Accrued payroll and related liabilities   | 40,096  |
| Customer deposits   | 10,955  |
| Unearned revenue  | (11,780)  |
| Compensated absences  | (30,535)  |
|   | <hr/>   |
| Net cash provided by operating activities   | \$ 1,560,621 <hr/>  |
| <b>SCHEDULE OF NON-CASH ACTIVITIES</b>  |   |
| Capital asset additions financed by accounts payable                                    | \$ 515,197 <hr/>  |

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



## TOWN OF WARRENTON, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS

June 30, 2020

|                           | <u>Agency Funds</u>         |
|---------------------------|-----------------------------|
| <b>ASSETS</b>             |                             |
| Cash and cash equivalents | \$ 387,620                  |
|                           | <u>                    </u> |
| <b>LIABILITIES</b>        |                             |
| Accounts payable          | \$ 490                      |
| Amounts held for others   | 387,130                     |
|                           | <u>                    </u> |
|                           | <u>\$ 387,620</u>           |

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

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies**

**A. The Financial Reporting Entity**

The Town of Warrenton (the “Town”) was established in 1810. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Town Council consist of an elected Mayor and seven-member Council. The Town has no component units.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *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 support.

The statement of activities demonstrates the degree to which the direct expenses, of a given function or segment, are 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*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and 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 the 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

Property taxes, meals taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *perpetual care fund* which is used to account for funds received for the Town's cemetery. The interest income can be used to maintain the cemetery.

The Town reports the following major proprietary fund:

The *water and sewer fund* accounts for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges. The water and sewer enterprise fund consists of the activities relating to providing water and sewer services to the Town's residents, businesses, and other organizations.

Additionally, the Town reports the following fund type:

The *fiduciary funds* account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Town's agency fund and retirement fund. The Town's agency fund accounts for funds held for other entities and the retirement fund accounts for amounts held for employees for payment to the Virginia Retirement System (VRS).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 water and sewer enterprise fund are charges to customers for sales and services. Operating expenses of the water and sewer fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. 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 May 1<sup>st</sup>, the Town Manager submits to Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1<sup>st</sup>. This budget includes proposed expenditures and the means of financing them. There is no legally adopted budget for the perpetual care fund.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to July 1<sup>st</sup>, the budget is legally enacted through passage of an appropriations resolution. Town Council may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
- 4) The appropriations resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by Town Council. The Town Manager is authorized to transfer budgeted amounts within departments.
- 5) Formal budgetary integration is employed as a management control device during the year.
- 6) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 7) Appropriations lapse on June 30<sup>th</sup> for all Town funds, unless they are carried forward by a resolution of Town Council.
- 8) All budget data presented in the accompanying financial statements includes the original and revised budgets as of June 30<sup>th</sup>.

Certain functions of the primary government provide services, such as information technology and fleet services, to all functions of the Town. For financial reporting purposes, the cost of these services are allocated to all the functions within the General Fund. For budget presentation, these costs are presented in their entirety within the general government administration function.

**E. Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term highly liquid investments with an original maturity of three months or less when purchased. Certificates of deposit with a maturity greater than three months are considered investments.

**F. Investments and Fair Measurement**

Investments in the Virginia Investment Pool is invested in high-quality corporate and government securities and the Town's investment is reported at fair value using its net asset value per share in the pool.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Inventories**

Inventories are stated at cost (first-in, first-out) and are expensed when used. Inventories consist of parts and materials held for consumption, which are recorded as an expenditure or expense when used.

**H. Prepaid Items**

Prepaid items consist primarily of membership dues incurred for periods in a subsequent fiscal year. Prepaid items are accounted for using the consumption method. The payments are recorded as expenditures in the fiscal year related to the coverage period.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Infrastructure assets capitalized have an original cost of \$25,000 or more. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                                |             |
|--------------------------------|-------------|
| Buildings and improvements     | 50 years    |
| Utility plant in service       | 50 years    |
| Furniture, equipment, vehicles | 5-10 years  |
| Infrastructure                 | 30-50 years |

**J. Allowance for Uncollectible Accounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance is comprised of the following:

|   |                         |
|---|-------------------------|
| Real estate taxes – general fund                        | \$ 6,510                |
| Personal property taxes – general fund                  | 32,959                  |
| Water and sewer fund receivables – water and sewer fund | <u>43,840</u>           |
|   | <u><u>\$ 83,309</u></u> |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The Town has the following items that qualify for reporting in this category:

- Deferred loss 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 other postemployment benefits (OPEB); this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total OPEB liability. This difference will be recognized in OPEB expense over the closed five year period.
- Changes in assumptions on pension plan or OPEB investments. This difference will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportionate share between measurement dates on OPEB liability. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan, and is reflected as a deferred inflow or outflow as appropriate.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. These items represent an acquisition of net position 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 in this category:

- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension and OPEB expense over the closed five year period.
- Differences between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five year period.
- Changes in assumptions on OPEB investments. This difference will be recognized in OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

- Changes in proportionate share between measurement dates on OPEB liability. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan, and is reflected as a deferred inflow or outflow as appropriate.
- The governmental funds report unavailable revenue from delinquent property taxes not collected within 60 days of year end. These amounts are deferred and recognized in the period that the amounts become available.
- On the government-wide statements, amounts prepaid on the 2<sup>nd</sup> half installment of property taxes. These amounts are deferred and recognized in the following period.

**L. Pensions and 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 Plans and the additions to/deductions from the Town's Plans net fiduciary position have been determined on the same basis as they were reported by the 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.

**M. Compensated Absences**

The Town has policies which allow for the accumulation and vesting of limited amounts of paid time off until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when the leave is due and payable.

**N. Long-Term Obligations**

In the government-wide financial statements and proprietary fund type financial statements, *long-term debt* and other long-term obligations are reported as liabilities in the applicable fund-type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**O. Unearned/Unavailable Revenue**

In the statement of net position, unearned revenue arises when assets are received or recognized before revenue recognition criteria is satisfied and which consists of amounts received for maintaining the Warrenton Training Center in future years.

In the balance sheet of governmental funds, unearned/unavailable revenue arises when assets are recognized but are not available to finance expenditures of the current fiscal period or when assets are recognized before revenue recognition criteria is satisfied as described. Unearned/unavailable revenue consists of property taxes.

**P. Net Position/Fund Balance**

Net position in the government-wide and proprietary financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute. Net investment in capital assets represents capital assets net of debt related to it.

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental fund.

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **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 the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified 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 reported only in the general fund.

Council establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

(Continued)



**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Q. Restricted Resources**

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**R. Minimum Fund Balance Policy**

The General Fund unassigned fund balance is targeted at no less than 50% of the current annual operating expenditure budget.

**S. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances as of June 30<sup>th</sup> total \$2,460,519 in the general fund.

**T. Estimates**

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

**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.

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2. Deposits and Investments (Continued)**

**Investments**

**Investment policy**

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

As of June 30<sup>th</sup>, the Town had the following deposits and investments:

| <u>Type</u>              | <u>Fair Value</u>    | <u>Credit Rating</u> | <u>Weighted Average Maturity*</u> | <u>Percent of Portfolio</u> |
|--------------------------|----------------------|----------------------|-----------------------------------|-----------------------------|
| Demand deposits          | \$ 5,348,893         | N/A                  | N/A                               | 22.28 %                     |
| LGIP                     | 12,986,150           | AAAm                 | 0.12                              | 54.08                       |
| SNAP                     | 1,879,749            | AAAm                 | 1 day                             | 7.83                        |
| Virginia Investment Pool | 3,795,945            | AAAm                 | 1.81                              | 15.80                       |
| Cash on hand             | 2,160                | N/A                  | N/A                               | 0.01                        |
|                          | <u>\$ 24,012,897</u> |                      |                                   | <u>100.00%</u>              |

\*Average maturity in years

Reconciliation of deposits and investments

Exhibit 1:

|                                       |               |
|---------------------------------------|---------------|
| Cash and cash equivalents             | \$ 17,335,238 |
| Cash and cash equivalents, restricted | 2,494,094     |
| Investments                           | 3,795,945     |

|  |                   |
|--|-------------------|
| Total Exhibit 1 deposits and investments | <u>23,625,277</u> |
|--|-------------------|

Exhibit 16:

|                           |                |
|---------------------------|----------------|
| Cash and cash equivalents | <u>387,620</u> |
|---------------------------|----------------|

|   |                |
|---|----------------|
| Total Exhibit 16 deposits and investments | <u>387,620</u> |
|---|----------------|

|   |                      |
|---|----------------------|
| Total Exhibits deposits and investments | <u>\$ 24,012,897</u> |
|---|----------------------|

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2. Deposits and Investments (Continued)**

**Investments (Continued)**

**Credit risk**

As required by state statute or by the Town, the policy requires that 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 weighted average maturity of its investment portfolio to less than five years.

**Custodial credit risk**

The policy requires that all investment securities purchased be held in safekeeping by a third party and evidenced by safekeeping receipts. 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 30, investments are held in a bank’s trust department in the Town’s name.

**Restricted cash and cash equivalents**

The water and sewer fund has restricted cash that consists of \$324,716 to maintain water lines for the Warrenton Training Center and \$632 in unspent bond proceeds. Restricted cash in the general fund consists of \$289,629 in funds designated for capital outlay and \$1,879,117 in unspent bond proceeds.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 3. Receivables**

Receivables are as follows:

|                                    | <u>General</u>           | <u>Water and<br/>Sewer</u> | <u>Total</u>               |
|------------------------------------|--------------------------|----------------------------|----------------------------|
| Receivables:                       |                          |                            |                            |
| Property taxes                     | \$ 65,504                | \$ -                       | \$ 65,504                  |
| Other local taxes                  | 540,024                  | -                          | 540,024                    |
| Accounts                           | <u>-</u>                 | <u>935,400</u>             | <u>935,400</u>             |
| Gross receivables                  | 605,528                  | 935,400                    | 1,540,928                  |
| Less: allowance for uncollectibles | <u>(39,469)</u>          | <u>(43,840)</u>            | <u>(83,309)</u>            |
| Net receivables                    | <u><u>\$ 566,059</u></u> | <u><u>\$ 891,560</u></u>   | <u><u>\$ 1,457,619</u></u> |

**Note 4. Due from Other Governmental Units**

Amounts due from other governmental units are as follows:

|  |                            |
|--|----------------------------|
| Commonwealth of Virginia:                        |                            |
| Sales tax  | \$ 141,660                 |
| Communications tax                               | 73,262                     |
| Motor vehicle tax                                | 12,352                     |
| County of Fauquier, Virginia                     | 644,673                    |
| Virginia Department of Transportation            | 313,598                    |
| Virginia Department of Criminal Justice Services | <u>39,856</u>              |
|  | <u><u>\$ 1,225,401</u></u> |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Capital Assets**

Capital asset activity for the year was as follows:

| <b>Governmental Activities</b>              | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not depreciated:            |                              |                  |                  |                           |
| Land  | \$ 4,521,873                 | \$ 118,800       | \$ -             | \$ 4,640,673              |
| Construction in progress                    | 174,135                      | 769,717          | (86,974)         | 856,878                   |
| Total capital assets, not depreciated       | 4,696,008                    | 888,517          | (86,974)         | 5,497,551                 |
| Capital assets, depreciated:                |                              |                  |                  |                           |
| Buildings and improvements                  | 29,461,317                   | 2,089,274        | -                | 31,550,591                |
| Infrastructure                              | 42,389,525                   | 100,954          | -                | 42,490,479                |
| Furniture, equipment, and vehicles          | 8,632,668                    | 1,050,570        | (52,522)         | 9,630,716                 |
| Total capital assets, depreciated           | 80,483,510                   | 3,240,798        | (52,522)         | 83,671,786                |
| Less accumulated depreciation for:          |                              |                  |                  |                           |
| Buildings and improvements                  | 8,754,125                    | 771,595          | -                | 9,525,720                 |
| Infrastructure                              | 26,380,637                   | 1,201,203        | -                | 27,581,840                |
| Furniture, equipment, and vehicles          | 5,127,864                    | 743,729          | (52,522)         | 5,819,071                 |
| Total accumulated, depreciation             | 40,262,626                   | 2,716,527        | (52,522)         | 42,926,631                |
| Total capital assets, depreciated, net      | 40,220,884                   | 524,271          | -                | 40,745,155                |
| Governmental activities capital assets, net | \$ 44,916,892                | \$ 1,412,788     | \$ (86,974)      | \$ 46,242,706             |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Capital Assets (Continued)**

| <u>Business-Type Activities</u>                 | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not depreciated                 |                              |                  |                  |                           |
| Land  | \$ 665,660                   | \$ -             | \$ -             | \$ 665,660                |
| Construction in progress                        | 4,462,407                    | 8,449,290        | (4,947)          | 12,906,750                |
| Total capital assets, not<br>depreciated        | 5,128,067                    | 8,449,290        | (4,947)          | 13,572,410                |
| Utility plant in service                        | 42,780,062                   | -                | -                | 42,780,062                |
| Furniture, equipment, and<br>vehicles           | 3,113,282                    | 157,433          | (45,942)         | 3,224,773                 |
| Total capital assets,<br>depreciated            | 45,893,344                   | 157,433          | (45,942)         | 46,004,835                |
| Less accumulated depreciation for:              |                              |                  |                  |                           |
| Utility plant in service                        | 27,288,708                   | 968,329          | -                | 28,257,037                |
| Furniture, equipment, and<br>vehicles           | 2,154,141                    | 162,225          | (45,942)         | 2,270,424                 |
| Total accumulated<br>depreciation               | 29,442,849                   | 1,130,554        | (45,942)         | 30,527,461                |
| Total capital assets,<br>depreciated, net       | 16,450,495                   | (973,121)        | -                | 15,477,374                |
| Business-type activities<br>capital assets, net | \$ 21,578,562                | \$ 7,476,169     | \$ (4,947)       | \$ 29,049,784             |

Depreciation expense was charged to functions/programs as follows:

|  |              |
|--|--------------|
| Governmental activities                              |              |
| Public works   | \$ 1,529,065 |
| Public safety  | 355,415      |
| Parks, recreation, and cultural                      | 710,645      |
| General government                                   | 89,673       |
| Community development                                | 31,729       |
| Total depreciation expense – governmental activities | \$ 2,716,527 |
| Business-type activities                             |              |
| Water and sewer                                      | \$ 1,130,554 |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 6. Long-Term Liabilities**

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

|                            | <b>Beginning<br/>Balance</b> | <b>Increases</b>    | <b>Decreases</b>  | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|----------------------------|------------------------------|---------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities:   |                              |                     |                   |                           |                                |
| General obligation bonds - |                              |                     |                   |                           |                                |
| direct borrowings          | \$ 7,099,000                 | \$ 4,100,000        | \$ 476,000        | \$ 10,723,000             | \$ 626,000                     |
| Capital lease              | 231,132                      | -                   | 65,350            | 165,782                   | 66,686                         |
| Compensated absences       | 569,438                      | 241,132             | 206,908           | 603,662                   | 60,366                         |
|                            | <u>\$ 7,899,570</u>          | <u>\$ 4,341,132</u> | <u>\$ 748,258</u> | <u>\$ 11,492,444</u>      | <u>\$ 753,052</u>              |
| Business-type activities:  |                              |                     |                   |                           |                                |
| General obligation bond -  |                              |                     |                   |                           |                                |
| direct borrowings          | \$ 12,007,000                | \$ -                | \$ 321,000        | \$ 11,686,000             | \$ 333,000                     |
| Compensated absences       | 243,914                      | 100,079             | 130,614           | 213,379                   | 21,338                         |
|                            | <u>\$ 12,250,914</u>         | <u>\$ 100,079</u>   | <u>\$ 451,614</u> | <u>\$ 11,899,379</u>      | <u>\$ 354,338</u>              |

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

| <b>Fiscal Year</b> | <b>Governmental Activities</b> |                     | <b>Business-Type Activities</b> |                     |
|--------------------|--------------------------------|---------------------|---------------------------------|---------------------|
|                    | <b>General Obligation Bond</b> |                     | <b>General Obligation Bond</b>  |                     |
|                    | <b>Principal</b>               | <b>Interest</b>     | <b>Principal</b>                | <b>Interest</b>     |
| 2021               | \$ 626,000                     | \$ 255,856          | \$ 333,000                      | \$ 387,658          |
| 2022               | 641,000                        | 240,976             | 395,000                         | 377,236             |
| 2023               | 656,000                        | 225,739             | 452,000                         | 364,505             |
| 2024               | 670,000                        | 210,156             | 520,000                         | 349,644             |
| 2025               | 684,000                        | 194,239             | 537,000                         | 332,256             |
| 2026-2030          | 3,673,000                      | 705,200             | 2,969,000                       | 1,378,619           |
| 2031-2035          | 2,355,000                      | 334,897             | 3,503,000                       | 843,783             |
| 2036-2040          | 1,418,000                      | 118,615             | 2,977,000                       | 231,113             |
|                    | <u>\$ 10,723,000</u>           | <u>\$ 2,285,678</u> | <u>\$ 11,686,000</u>            | <u>\$ 4,264,814</u> |

|      | <b>Capital Lease</b> |                 |
|------|----------------------|-----------------|
|      | <b>Principal</b>     | <b>Interest</b> |
| 2021 | \$ 66,686            | \$ 3,107        |
| 2022 | 68,050               | 1,743           |
| 2023 | 31,046               | 352             |
|      | <u>\$ 165,782</u>    | <u>\$ 5,202</u> |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 6. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

|                           | <u>Interest<br/>Rates</u> | <u>Date<br/>Issued</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Amount of<br/>Original Issue</u> | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|---------------------------|---------------------------|------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| General obligation bonds: |                           |                        |                                    |                                     |                                    |                                     |
| Refunding Series 2012     | 2.250%                    | 10/03/12               | 08/01/31                           | \$ 8,517,000                        | \$ 6,623,000                       | \$ -                                |
| Series 2016               | 2.550%                    | 03/25/16               | 01/15/40                           | \$ 5,020,000                        | \$ -                               | \$ 4,670,000                        |
| Series 2018               | 3.830%                    | 03/16/18               | 01/15/38                           | \$ 7,160,000                        | \$ -                               | \$ 7,016,000                        |
| Series 2019               | 2.740%                    | 11/20/19               | 2/1/2010                           | \$ 4,100,000                        | \$ 4,100,000                       | \$ -                                |
| Capital lease:            |                           |                        |                                    |                                     |                                    |                                     |
| U.S. Bancorp – vehicles   | 2.035%                    | 07/28/17               | 07/28/22                           | \$ 326,709                          | \$ 165,782                         | \$ -                                |

**Note 7. Defined Benefit Pension Plan**

**Plan Description**

All full-time, salaried permanent employees of the Town of Warrenton, 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 WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Employees Covered by Benefit Terms**

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | <b><u>Members</u></b> |
|--|-----------------------|
| Inactive members or their beneficiaries currently receiving benefits | 86                    |
| Inactive members:  |                       |
| Vested inactive members  | 19                    |
| Non-vested inactive members  | 32                    |
| Inactive members active elsewhere in VRS                             | 37                    |
| Total inactive members   | 88                    |
| Active members   | 105                   |
| Total covered employees  | 279                   |

**Contributions**

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2020 was 9.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$639,521 and \$548,360 for the years ended June 30, 2020 and June 30, 2019, respectively.

**Net Pension Liability**

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 was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

|  |   |
|--|---|
| 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* |

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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 RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

**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:

| <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 %                             | 5.61 %  | 1.91 %  |
| Fixed income                   | 15.00                               | 0.88  | 0.13  |
| Credit strategies              | 14.00                               | 5.13  | 0.72  |
| Real assets                    | 14.00                               | 5.27  | 0.74  |
| Private equity                 | 14.00                               | 8.77  | 1.23  |
| Multi-asset Public Strategies  | 6.00                                | 3.52  | 0.21  |
| Private Investment Partnership | 3.00                                | 6.29  | 0.19  |
| Total                          | 100.00 %                            |   | 5.13 %  |
|                                | Inflation                           |   | 2.50  |
|                                | *Expected arithmetic nominal return |   | 7.63 %  |

- \* The above allocation provides for a one-year return of 7.63%. 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%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund allocation.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. 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, 2019, 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, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

|  | <b>Increase (Decrease)</b>                     |  |  |
|--|--|--|--|
|  | <b>Total<br/>Pension<br/>Liability<br/>(a)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>Pension<br/>Liability<br/>(a) – (b)</b> |
| Balances at June 30, 2018  | \$ 29,143,609                                  | \$ 26,455,640                                      | \$ 2,687,969                                       |
| Changes for the year:  |  |  |  |
| Service cost   | 597,882  | -  | 597,882  |
| Interest   | 1,988,551                                      | -  | 1,988,551  |
| Differences between expected<br>and actual experience            | (197,736)                                      | -  | (197,736)  |
| Assumption changes   | 831,502  | -  | 831,502  |
| Contributions – employer   | -  | 548,360  | (548,360)  |
| Contributions – employee   | -  | 276,647  | (276,647)  |
| Net investment income  | -  | 1,746,991  | (1,746,991)  |
| Benefit payments, including refunds<br>of employee contributions | (1,471,488)                                    | (1,471,488)  | -  |
| Administrative expenses  | -  | (17,517)   | 17,517   |
| Other changes  | -  | (1,099)  | 1,099  |
| Net changes  | 1,748,711                                      | 1,081,894  | 666,817  |
| Balances at June 30, 2019  | \$ 30,892,320                                  | \$ 27,537,534                                      | \$ 3,354,786                                       |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Sensitivity of the Net Pension Liability 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:

|   | <b><u>1.00%<br/>Decrease<br/>(5.75%)</u></b> | <b><u>Current<br/>Discount<br/>Rate (6.75%)</u></b> | <b><u>1.00%<br/>Increase<br/>(7.75%)</u></b> |
|---|--|---|--|
| Political subdivision's net pension liability | \$ 7,103,023                                 | \$ 3,354,786  | \$ 347,910                                   |

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

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$615,368. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|--|--|---|
| Differences between expected and actual experience                               | \$ -   | \$ 212,532  |
| Change in assumptions  | 547,713  | -   |
| Net difference between projected and actual earnings on pension plan investments | -  | 232,812   |
| Employer contributions subsequent to the measurement date                        | 639,521  | -   |
| Total  | <u>\$ 1,187,234</u>                                  | <u>\$ 445,344</u>                                   |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. Defined Benefit Pension Plan (Continued)**

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

The \$639,521 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 year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Increase<br/>(Reduction)<br/>to Pension<br/>Expense</b> |
|---------------------------------|--|
| 2021                            | \$ 130,544   |
| 2022                            | (39,462)   |
| 2023                            | (5,039)  |
| 2024                            | 16,326   |
| 2025                            | -  |
| Thereafter                      | -  |

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Pension Plan**

At June 30, 2020, \$75,688 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

**Note 8. 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 also participates in a cost-sharing multi-employer other postemployment benefit plan, described as follows.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 8. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Plan Descriptions**

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 plans.

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. 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:                | 1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.             |
| June 30, 2020 Contribution | \$30,628  |
| June 30, 2019 Contribution | \$30,000  |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 8. 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 liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability, was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

**Group Life Insurance Program**

|  |    |           |
|--|----|-----------|
| June 30, 2020 proportionate share of liability | \$ | 488,994   |
| June 30, 2019 proportion                       |    | 0.03005 % |
| June 30, 2018 proportion                       |    | 0.03147 % |
| June 30, 2020 expense                          | \$ | 13,037    |

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, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

**Group Life Insurance Program**

|  | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|--|--|---|
| Differences between expected and actual experience                               | \$ 32,521  | \$ 6,343  |
| Change in assumptions  | 30,872   | 14,745  |
| Net difference between projected and actual earnings<br>on OPEB plan investments | -  | 10,044  |
| Changes in proportion  | 19,731   | 18,945  |
| Employer contributions subsequent to the<br>measurement date                     | <u>30,628</u>  | <u>-</u>  |
| Total  | <u><u>\$ 113,752</u></u>                             | <u><u>\$ 50,077</u></u>                             |

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 year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

(Continued)



**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 8. 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

| <b>Year Ending<br/>June 30,</b> | <b>Increase<br/>to OPEB<br/>Expense</b> |
|---------------------------------|---|
| 2021                            | \$ 3,467                                |
| 2022                            | 3,467                                   |
| 2023                            | 7,721                                   |
| 2024                            | 9,624                                   |
| 2025                            | 7,142                                   |
| Thereafter                      | 1,626                                   |

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

|  |              |
|--|--------------|
| Inflation  | 2.5%         |
| 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   | 7.25 – 4.75% |
| • Ages 65 and older  | 5.50 – 4.75% |
| Investment rate of return, net of expenses, including inflation* | GLI: 6.75%   |

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

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 7.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 8. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**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 June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

|   | <b>Group Life<br/>Insurance<br/>Program</b> |
|---|---|
| Total OPEB Liability  | \$ 3,390,238                                |
| Plan fiduciary net position   | \$ 1,762,972                                |
| Employers' net OPEB liability (asset)                               | \$ 1,627,266                                |
| Plan fiduciary net position as a percentage of total OPEB liability | 52.00 %                                     |

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 the method described in Note 7.

**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, 2019, 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, 2019 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 WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 8. 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:

|                        | <b>1.00%<br/>Decrease<br/>(5.75%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(6.75%)</b> | <b>1.00%<br/>Increase<br/>(7.75%)</b> |
|------------------------|---------------------------------------|--|---------------------------------------|
| GLI Net OPEB liability | \$ 642,402                            | \$ 488,994                                       | \$ 364,584                            |

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Pension Plan**

At June 30, 2020, \$7,273 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

**Note 9. Property Taxes**

The town collects real property taxes semi-annually and personal property taxes annually. Assessments are the responsibility of Fauquier County, while billing and collection are the Town's responsibilities. Town Council adopts tax rates in April of each year as part of the budget process. Real property taxes are levied as of January 1<sup>st</sup> and July 1<sup>st</sup> and are due on June 15<sup>th</sup> and December 15<sup>th</sup> each year. Penalties accrue on unpaid balances at this date. Interest is charged on unpaid balances beginning December 16<sup>th</sup> and June 16<sup>th</sup>. Unpaid real property taxes constitute a lien against the property.

The effective tax rates per \$100 of assessed value for the year ended June 30, 2020 were as follows:

|                   |         |
|-------------------|---------|
| Real estate       | \$ 0.05 |
| Personal property | 1.00    |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 10. 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 for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

The Town is a member of the Virginia Risk Sharing Association ("Association" or "VRSA") for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The Town pays VRSA contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. 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. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11. Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balances are presented below:

|                                   | <u><b>General Fund</b></u>  | <u><b>Perpetual<br/>Care Fund</b></u> |
|-----------------------------------|-----------------------------|---------------------------------------|
| Nonspendable:                     |                             |                                       |
| Inventories                       | \$ 173,507                  | \$ -                                  |
| Prepays                           | 77,623                      | -                                     |
| Permanent fund principal          | -                           | 630,894                               |
| Total nonspendable                | <u>251,130</u>              | <u>630,894</u>                        |
| Restricted for:                   |                             |                                       |
| General government administration | 6,995                       | -                                     |
| Public safety                     | 8,302                       | -                                     |
| Public works                      | 102,773                     | -                                     |
| Parks, recreation, and cultural   | 171,559                     | -                                     |
| 2019 GO Bond                      | 1,879,117                   | -                                     |
| Total restricted                  | <u>2,168,746</u>            | <u>-</u>                              |
| Committed to:                     |                             |                                       |
| Public safety                     | 23,888                      | -                                     |
| Public works                      | 25,454                      | -                                     |
| Parks, recreation, and cultural   | 43,945                      | -                                     |
| Total committed                   | <u>93,287</u>               | <u>-</u>                              |
| Assigned for:                     |                             |                                       |
| General government administration | 1,473,469                   | -                                     |
| Public safety                     | 65,036                      | -                                     |
| Public works                      | 721,265                     | -                                     |
| Community development             | 131,804                     | -                                     |
| Total assigned                    | <u>2,391,574</u>            | <u>-</u>                              |
| Unassigned                        | <u>10,178,740</u>           | <u>-</u>                              |
| Total fund balance                | <u><u>\$ 15,083,477</u></u> | <u><u>\$ 630,894</u></u>              |

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 12. Commitments and Contingencies**

The Town entered an agreement with the County of Fauquier, Virginia to contribute \$1 million in three equal annual installments beginning in fiscal year 2017 to assist with the construction of a new library. The project stalled in fiscal year 2018 and there was no contribution for fiscal years 2018 or 2019. In fiscal year 2020, the Town requested the first installment to be returned as there are no current plans for construction of the new library.

**Note 13. COVID-19 Impact**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Town’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the Town received revenue during fiscal year 2020. As such, the Town’s financial condition and liquidity may be negatively impacted for fiscal year 2021.

As a result of COVID-19, the Town has recorded federal funding in the amount of \$602,073 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**Note 14. New Accounting Standards**

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 January 2017, the GASB issued **Statement No. 84, Fiduciary Activities**. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, Leases**. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14. New Accounting Standards (Continued)**

In August 2018, the GASB issued **Statement No. 90**, *Majority Equity Interests*, an amendment of *GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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 January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

(Continued)

**TOWN OF WARRENTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14. New Accounting Standards (Continued)**

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 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 June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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



**REQUIRED  
SUPPLEMENTARY INFORMATION**

---

## TOWN OF WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –**  
**PRIMARY GOVERNMENT**  
**June 30, 2020**

|  | Plan Year           |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                |
| <b>Total Pension Liability</b>   |                     |                     |                     |                     |                     |                     |
| Service cost   | \$ 597,882          | \$ 609,378          | \$ 626,535          | \$ 549,156          | \$ 554,234          | \$ 547,287          |
| Interest on total pension liability                                    | 1,988,551           | 1,928,572           | 1,867,389           | 1,757,379           | 1,735,822           | 1,655,265           |
| Difference between expected and actual experience                      | (197,736)           | (257,353)           | (115,353)           | 546,204             | (714,305)           | -                   |
| Changes in assumptions   | 831,502             | -                   | (242,841)           | -                   | -                   | -                   |
| Benefit payments, including refunds of employee contributions          | (1,471,488)         | (1,376,036)         | (1,147,327)         | (1,415,015)         | (1,120,580)         | (982,889)           |
| Net change in total pension liability                                  | 1,748,711           | 904,561             | 988,403             | 1,437,724           | 455,171             | 1,219,663           |
| <b>Total pension liability – beginning</b>                             | <b>29,143,609</b>   | <b>28,239,048</b>   | <b>27,250,645</b>   | <b>25,812,921</b>   | <b>25,357,750</b>   | <b>24,138,087</b>   |
| <b>Total pension liability – ending</b>                                | <b>30,892,320</b>   | <b>29,143,609</b>   | <b>28,239,048</b>   | <b>27,250,645</b>   | <b>25,812,921</b>   | <b>25,357,750</b>   |
| <b>Plan Fiduciary Net Position</b>                                     |                     |                     |                     |                     |                     |                     |
| Contributions – employer   | 548,360             | 624,250             | 599,222             | 674,647             | 626,449             | 613,537             |
| Contributions – employee   | 276,647             | 288,459             | 287,136             | 272,659             | 244,243             | 241,581             |
| Net investment income  | 1,746,991           | 1,846,307           | 2,751,413           | 387,291             | 1,004,740           | 3,009,233           |
| Benefit payments, including refunds of employee contributions          | (1,471,488)         | (1,376,036)         | (1,147,327)         | (1,415,015)         | (1,120,580)         | (982,889)           |
| Administrative expenses  | (17,517)            | (16,001)            | (15,827)            | (14,267)            | (13,787)            | (16,182)            |
| Other  | (1,099)             | (1,642)             | (2,452)             | (166)               | (211)               | 159                 |
| Net change in plan fiduciary net position                              | 1,081,894           | 1,365,337           | 2,472,165           | (94,851)            | 740,854             | 2,865,439           |
| <b>Plan fiduciary net position – beginning</b>                         | <b>26,455,640</b>   | <b>25,090,303</b>   | <b>22,618,138</b>   | <b>22,712,989</b>   | <b>21,972,135</b>   | <b>19,106,696</b>   |
| <b>Plan fiduciary net position – ending</b>                            | <b>27,537,534</b>   | <b>26,455,640</b>   | <b>25,090,303</b>   | <b>22,618,138</b>   | <b>22,712,989</b>   | <b>21,972,135</b>   |
| <b>Net pension liability – ending</b>                                  | <b>\$ 3,354,786</b> | <b>\$ 2,687,969</b> | <b>\$ 3,148,745</b> | <b>\$ 4,632,507</b> | <b>\$ 3,099,932</b> | <b>\$ 3,385,615</b> |
| Plan fiduciary net position as a percentage of total pension liability | 89.14%              | 90.78%              | 88.85%              | 83.00%              | 87.99%              | 86.65%              |
| Covered payroll  | \$ 5,882,031        | \$ 5,992,800        | \$ 5,666,307        | \$ 5,278,343        | \$ 4,878,431        | \$ 4,785,081        |
| Net pension liability as a percentage of covered employee payroll      | 57.03%              | 44.85%              | 55.57%              | 87.76%              | 63.54%              | 70.75%              |

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.

## TOWN OF WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**June 30, 2020**

| <b>Entity Fiscal<br/>Year Ended<br/>June 30,</b> | <b>Contractually<br/>Required<br/>Contribution</b> | <b>Contributions<br/>in Relation to<br/>Contractually<br/>Required<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|--|--|---|---|----------------------------|---|
| 2020   | \$ 639,521   | \$ 639,521  | \$ -  | \$ 6,450,476               | 9.91 %  |
| 2019   | 548,360  | 548,360   | -   | 5,882,031                  | 9.32  |
| 2018   | 624,250  | 624,250   | -   | 5,992,800                  | 10.42   |
| 2017   | 599,222  | 599,222   | -   | 5,666,307                  | 10.58   |
| 2016   | 679,851  | 679,851   | -   | 5,278,343                  | 12.88   |
| 2015   | 628,342  | 628,342   | -   | 4,878,431                  | 12.88   |

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 WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI**  
**June 30, 2020**

| <b>Entity Fiscal<br/>Year Ended<br/>June 30,</b>                             | <b>Employer's<br/>Proportion of<br/>the Net OPEB<br/>Liability<br/>(Asset)</b> | <b>Employer's<br/>Proportionate<br/>Share of the Net<br/>OPEB Liability<br/>(Asset)</b> | <b>Employer's<br/>Covered Payroll</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net OPEB<br/>Liability<br/>(Asset) as a<br/>Percentage of<br/>its Covered<br/>Payroll</b> | <b>Plan Fiduciary<br/>Net Position as<br/>a Percentage of<br/>the Total<br/>OPEB Liability</b> |
|--|--|---|---------------------------------------|--|--|
| <b>Virginia Retirement System – Group Life Insurance – General Employees</b> |  |   |                                       |  |  |
| 2020   | 0.03 %   | \$ 488,994  | \$ 5,882,031                          | 8.31 %   | 52.00 %  |
| 2019   | 0.03   | 478,000   | 5,992,800                             | 7.98   | 51.22  |
| 2018   | 0.03   | 463,000   | 5,666,307                             | 8.17   | 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 WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – VRS GLI**  
**June 30, 2020**

| <b>Entity<br/>Fiscal Year<br/>Ended<br/>June 30,</b>                         | <b>Contractually<br/>Required<br/>Contribution</b> | <b>Contributions<br/>in Relation to<br/>Contractually<br/>Required<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Employer's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|--|--|---|---|---|---|
| <b>Virginia Retirement System – Group Life Insurance – General Employees</b> |  |   |   |   |   |
| 2020   | \$ 30,628  | \$ 30,628   | \$ -  | \$ 6,450,476                              | 0.47 %  |
| 2019   | 30,000   | 30,000  | -   | 5,882,031                                 | 0.51  |
| 2018   | 31,120   | 31,120  | -   | 5,992,800                                 | 0.52  |

Schedule is intended to show information for 10 years. Since 2018 is 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 WARRENTON, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

#### Note 1. 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.

#### Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Decrease discount rate from 7.00% to 6.75%

##### Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%

(Continued)

**TOWN OF WARRENTON, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**

**Note 2. Changes of Assumptions (Continued)**

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

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%

---

---

**THIS PAGE INTENTIONALLY BLANK**



**OTHER  
SUPPLEMENTARY INFORMATION**

---

## TOWN OF WARRENTON, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
June 30, 2020**

|                           | <u>Agency<br/>Fund</u> | <u>Retirement<br/>Fund</u> | <u>Total</u>   |
|---------------------------|------------------------|----------------------------|----------------|
| <b>ASSETS</b>             |                        |                            |                |
| Cash and cash equivalents | \$ 377,317             | \$ 10,303                  | \$ 387,620     |
|                           | <u>377,317</u>         | <u>10,303</u>              | <u>387,620</u> |
| <b>LIABILITIES</b>        |                        |                            |                |
| Accounts payable          | \$ 490                 | \$ -                       | \$ 490         |
| Amounts held for others   | 376,827                | 10,303                     | 387,130        |
|                           | <u>377,317</u>         | <u>10,303</u>              | <u>387,620</u> |

## TOWN OF WARRENTON, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –  
FIDUCIARY FUNDS  
Year Ended June 30, 2020**

|                               | <u>Balance<br/>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30, 2020</u> |
|-------------------------------|---------------------------------|------------------|------------------|----------------------------------|
| <b>Agency Fund</b>            |                                 |                  |                  |                                  |
| Assets                        |                                 |                  |                  |                                  |
| Cash and cash equivalents     | \$ 374,386                      | \$ 2,931         | \$ -             | \$ 377,317                       |
|                               | <u>374,386</u>                  | <u>2,931</u>     | <u>-</u>         | <u>377,317</u>                   |
| Liabilities                   |                                 |                  |                  |                                  |
| Accounts payable              | \$ 1,246                        | \$ -             | \$ 756           | \$ 490                           |
| Amounts held for others       | 373,140                         | 3,687            | -                | 376,827                          |
|                               | <u>373,140</u>                  | <u>3,687</u>     | <u>-</u>         | <u>376,827</u>                   |
|                               | <u>\$ 374,386</u>               | <u>\$ 3,687</u>  | <u>\$ 756</u>    | <u>\$ 377,317</u>                |
| <b>Retirement Fund</b>        |                                 |                  |                  |                                  |
| Assets                        |                                 |                  |                  |                                  |
| Cash and cash equivalents     | \$ 10,138                       | \$ 165           | \$ -             | \$ 10,303                        |
|                               | <u>10,138</u>                   | <u>165</u>       | <u>-</u>         | <u>10,303</u>                    |
| Liabilities                   |                                 |                  |                  |                                  |
| Amounts held for others       | \$ 10,138                       | \$ 165           | \$ -             | \$ 10,303                        |
|                               | <u>10,138</u>                   | <u>165</u>       | <u>-</u>         | <u>10,303</u>                    |
| <b>Total All Agency Funds</b> |                                 |                  |                  |                                  |
| Assets                        |                                 |                  |                  |                                  |
| Cash and cash equivalents     | \$ 384,524                      | \$ 3,096         | \$ -             | \$ 387,620                       |
|                               | <u>384,524</u>                  | <u>3,096</u>     | <u>-</u>         | <u>387,620</u>                   |
| Liabilities                   |                                 |                  |                  |                                  |
| Accounts payable              | \$ 1,246                        | \$ -             | \$ 756           | \$ 490                           |
| Amounts held for others       | 383,278                         | 3,852            | -                | 387,130                          |
|                               | <u>383,278</u>                  | <u>3,852</u>     | <u>-</u>         | <u>387,130</u>                   |
|                               | <u>\$ 384,524</u>               | <u>\$ 3,852</u>  | <u>\$ 756</u>    | <u>\$ 387,620</u>                |

## TOWN OF WARRENTON, VIRGINIA

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL –  
GENERAL FUND (BUDGETARY BASIS)  
Year Ended June 30, 2020**

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|----------------------------|-------------------------|------------------|---|
| Revenue from local sources:                           |                            |                         |                  |   |
| General property taxes:                               |                            |                         |                  |   |
| Real property taxes                                   | \$ 857,064                 | \$ 857,064              | \$ 824,137       | \$ (32,927)   |
| Real and personal public service<br>corporation taxes | 15,000                     | 15,000                  | 5,648            | (9,352)   |
| Personal property taxes                               | 460,000                    | 460,000                 | 492,189          | 32,189  |
| Penalties   | 14,000                     | 14,000                  | 15,449           | 1,449   |
| Interest  | 4,000                      | 4,000                   | 5,366            | 1,366   |
| Total general property taxes                          | <u>1,350,064</u>           | <u>1,350,064</u>        | <u>1,342,789</u> | <u>(7,275)</u>  |
| Other local taxes:                                    |                            |                         |                  |   |
| Local sales and use taxes                             | 715,000                    | 715,000                 | 781,649          | 66,649  |
| Consumers' utility taxes                              | 515,000                    | 515,000                 | 501,059          | (13,941)  |
| Business license taxes                                | 1,980,000                  | 1,980,000               | 2,103,568        | 123,568   |
| Consumption taxes                                     | 65,000                     | 65,000                  | 68,131           | 3,131   |
| Motor vehicle licenses                                | 210,000                    | 210,000                 | 237,353          | 27,353  |
| Bank stock taxes                                      | 750,000                    | 750,000                 | 830,298          | 80,298  |
| Hotel and motel room taxes                            | 245,000                    | 245,000                 | 182,606          | (62,394)  |
| Restaurant food tax                                   | 2,765,000                  | 2,765,000               | 2,515,018        | (249,982)   |
| Cigarette tax   | 217,000                    | 217,000                 | 202,138          | (14,862)  |
| Total other local taxes                               | <u>7,462,000</u>           | <u>7,462,000</u>        | <u>7,421,820</u> | <u>(40,180)</u>   |
| Permits, privilege fees, and<br>regulatory licenses:  |                            |                         |                  |   |
| Permits and other licenses                            | <u>181,750</u>             | <u>181,750</u>          | <u>226,685</u>   | <u>44,935</u>   |
| Fines and forfeitures:                                |                            |                         |                  |   |
| Court fines and forfeitures                           | <u>190,000</u>             | <u>192,140</u>          | <u>155,478</u>   | <u>(36,662)</u>   |
| Revenue from use of money<br>and property:            |                            |                         |                  |   |
| Revenue from use of money                             | 250,000                    | 250,000                 | 316,208          | 66,208  |
| Revenue from use of property                          | <u>8,000</u>               | <u>8,000</u>            | <u>4,185</u>     | <u>(3,815)</u>  |
| Total revenue from use of<br>money and property       | <u>258,000</u>             | <u>258,000</u>          | <u>320,393</u>   | <u>62,393</u>   |
| Charges for services:                                 |                            |                         |                  |   |
| Warf – recreation                                     | <u>1,397,833</u>           | <u>1,397,833</u>        | <u>871,183</u>   | <u>(526,650)</u>  |
| Total charges for services                            | <u>1,397,833</u>           | <u>1,397,833</u>        | <u>871,183</u>   | <u>(526,650)</u>  |

(Continued)

## TOWN OF WARRENTON, VIRGINIA

SCHEDULE OF REVENUES – BUDGET AND ACTUAL –  
GENERAL FUND (BUDGETARY BASIS)

Year Ended June 30, 2020

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| Other local taxes: (Continued)               |                    |                 |               |   |
| Miscellaneous revenue:                       |                    |                 |               |   |
| Miscellaneous                                | \$ 301,406         | \$ 323,733      | \$ 574,273    | \$ 250,540  |
| Total revenue from<br>local sources          | 11,141,053         | 11,165,520      | 10,912,621    | (252,899)   |
| Revenue from the Commonwealth:               |                    |                 |               |   |
| Non-categorical aid:                         |                    |                 |               |   |
| Motor vehicle rental tax                     | 120,000            | 120,000         | 112,623       | (7,377)   |
| Rolling stock tax                            | 150                | 150             | 107           | (43)  |
| Communications tax                           | 515,000            | 515,000         | 446,514       | (68,486)  |
| Personal property tax relief funds           | 718,492            | 718,492         | 718,492       | -   |
| Total non-categorical aid                    | 1,353,642          | 1,353,642       | 1,277,736     | (75,906)  |
| Categorical aid:                             |                    |                 |               |   |
| Other categorical aid:                       |                    |                 |               |   |
| Litter control grant                         | 3,700              | 5,422           | 5,422         | -   |
| DCJS grants for law enforcement              | 203,872            | 203,872         | 219,660       | 15,788  |
| Bluemont series grant                        | 4,500              | 4,500           | 4,500         | -   |
| Street and highway maintenance               | 1,442,385          | 1,755,983       | 1,756,626     | 643   |
| State forfeiture proceeds                    | -                  | -               | 5,296         | 5,296   |
| VDOT revenue sharing                         | -                  | 15,513          | 14,240        | (1,273)   |
| Fire program                                 | 25,000             | 25,000          | 35,005        | 10,005  |
| Total categorical aid                        | 1,679,457          | 2,010,290       | 2,040,749     | 30,459  |
| Total revenue from the<br>Commonwealth       | 3,033,099          | 3,363,932       | 3,318,485     | (45,447)  |
| Revenue from the Federal Government:         |                    |                 |               |   |
| Categorical aid:                             |                    |                 |               |   |
| Department of justice grant                  | 2,000              | 2,000           | 2,394         | 394   |
| Transportation safety grant                  | 2,500              | 2,500           | -             | (2,500)   |
| CARES Funding                                | 2,000              | 868,965         | 602,073       | (266,892)   |
| Other federal categorical aid                | 361,127            | 385,024         | 23,896        | (361,128)   |
| Total revenue from the<br>Federal Government | 367,627            | 1,258,489       | 628,363       | (630,126)   |
| Other financing resources:                   |                    |                 |               |   |
| Proceeds from issuance of debt               | 774,180            | 4,874,180       | 4,100,000     | (774,180)   |
| Total general fund                           | \$ 15,315,959      | \$ 20,662,121   | \$ 18,959,469 | \$ (1,702,652)  |

## TOWN OF WARRENTON, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –  
GENERAL FUND (BUDGETARY BASIS)  
Year Ended June 30, 2020**

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|----------------------------|-------------------------|---------------|---|
| General government administration:      |                            |                         |               |   |
| Legislative                             | \$ 204,322                 | \$ 204,322              | \$ 174,163    | \$ 30,159   |
| Executive                               | 228,671                    | 228,671                 | 217,088       | 11,583  |
| Legal services                          | 212,446                    | 212,446                 | 201,482       | 10,964  |
| Finance                                 | 668,805                    | 706,846                 | 654,642       | 52,204  |
| Memberships and dues                    | 9,142                      | 9,142                   | 7,619         | 1,523   |
| Electoral board                         | 10,000                     | 10,000                  | 13,372        | (3,372)   |
| Data processing                         | 456,096                    | 563,513                 | 373,829       | 189,684   |
| Motor pool                              | 472,967                    | 472,967                 | 475,454       | (2,487)   |
| Total general government administration | 2,262,449                  | 2,407,907               | 2,117,649     | 290,258   |
| Public safety:                          |                            |                         |               |   |
| Department of police                    | 3,285,095                  | 3,317,367               | 2,737,509     | 579,858   |
| Fire and rescue services                | 234,544                    | 234,544                 | 242,948       | (8,404)   |
| Bureau of building inspections          | 638,106                    | 604,326                 | 448,086       | 156,240   |
| Total public safety                     | 4,157,745                  | 4,156,237               | 3,428,543     | 727,694   |
| Public works:                           |                            |                         |               |   |
| Public works administration             | 677,845                    | 677,845                 | 656,693       | 21,152  |
| Bureau of street maintenance            | 785,070                    | 785,070                 | 796,502       | (11,432)  |
| Arterial street maintenance             | 503,684                    | 474,939                 | 286,554       | 188,385   |
| Collector street maintenance            | 480,577                    | 509,322                 | 300,131       | 209,191   |
| Refuse collection                       | 400,320                    | 400,320                 | 420,490       | (20,170)  |
| Cemetery maintenance                    | 133,436                    | 133,436                 | 120,625       | 12,811  |
| Recycling program                       | 114,644                    | 116,366                 | 117,479       | (1,113)   |
| Maintenance, buildings, and grounds     | 401,490                    | 1,287,955               | 408,658       | 879,297   |
| Total public works                      | 3,497,066                  | 4,385,253               | 3,107,132     | 1,278,121   |
| Health and welfare:                     |                            |                         |               |   |
| Welfare/social services                 | 173,770                    | 177,910                 | 177,910       | -   |
| Parks, recreation, and cultural:        |                            |                         |               |   |
| Aquatic center                          | 1,500,140                  | 1,500,140               | 1,214,460     | 285,680   |
| Parks                                   | 304,223                    | 332,263                 | 153,741       | 178,522   |
| Parks and recreation – administration   | 515,448                    | 515,448                 | 334,861       | 180,587   |
| Cultural enrichment                     | 72,750                     | 68,250                  | 69,250        | (1,000)   |
| Total parks, recreation, and cultural   | 2,392,561                  | 2,416,101               | 1,772,312     | 643,789   |

## TOWN OF WARRENTON, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –  
GENERAL FUND (BUDGETARY BASIS)  
Year Ended June 30, 2020**

|                             | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------|----------------------------|-------------------------|----------------------|---|
| Community development:      |                            |                         |                      |   |
| Planning and zoning         | \$ 746,851                 | \$ 838,952              | \$ 782,662           | \$ 56,290   |
| Visitor's center            | 88,508                     | 88,508                  | 70,748               | 17,760  |
| Zoning appeals board        | 3,000                      | 3,000                   | 914                  | 2,086   |
| Economic development        | 141,847                    | 141,847                 | 48,256               | 93,591  |
| Architectural review board  | 8,094                      | 8,094                   | 4,844                | 3,250   |
| Total community development | <u>988,300</u>             | <u>1,080,401</u>        | <u>907,424</u>       | <u>172,977</u>  |
| Capital outlay:             |                            |                         |                      |   |
| Capital outlay              | <u>2,734,000</u>           | <u>7,674,572</u>        | <u>4,639,737</u>     | <u>3,034,835</u>  |
| Debt service:               |                            |                         |                      |   |
| Principal                   | 611,350                    | 611,350                 | 541,350              | 70,000  |
| Interest                    | 180,969                    | 180,969                 | 198,125              | (17,156)  |
| Bond issuance costs         | <u>-</u>                   | <u>78,091</u>           | <u>78,091</u>        | <u>-</u>  |
| Total debt service          | <u>792,319</u>             | <u>870,410</u>          | <u>817,566</u>       | <u>52,844</u>   |
| Total general fund          | <u>\$ 16,998,210</u>       | <u>\$ 23,168,791</u>    | <u>\$ 16,968,273</u> | <u>\$ 6,200,518</u>   |

---

---

**THIS PAGE INTENTIONALLY BLANK**



# STATISTICAL SECTION

---

This part of the Town of Warrenton’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.

| <b><u>Contents</u></b>   | <b><u>Table</u></b> |
|--|---------------------|
| <b>Financial Trends</b><br>These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.  | <b>1-4</b>          |
| <b>Revenue Capacity</b><br>These tables contain information to help the reader assess the factors affecting the Town’s ability to generate its property and sales taxes.   | <b>5-12</b>         |
| <b>Debt Capacity</b><br>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.   | <b>13-16</b>        |
| <b>Demographic and Economic Information</b><br>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. | <b>17-18</b>        |
| <b>Operating Information</b><br>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.                           | <b>19-21</b>        |

**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 WARRENTON, VIRGINIA

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| Governmental activities                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 28,082,545        | \$ 27,226,044        | \$ 25,993,382        | \$ 25,272,376        | \$ 42,200,589        | \$ 40,859,457        | \$ 39,510,889        | \$ 38,788,308        | \$ 38,111,853        | \$ 37,683,553        |
| Restricted                                  | 590,042              | 590,889              | 591,797              | 592,370              | 592,995              | 594,800              | 1,159,023            | 1,154,623            | 910,053              | 920,523              |
| Unrestricted                                | 8,216,674            | 8,753,021            | 9,716,926            | 11,120,437           | 9,734,918            | 9,737,204            | 9,348,761            | 9,197,065            | 9,902,354            | 9,920,549            |
| Total governmental activities net position  | <u>\$ 36,889,261</u> | <u>\$ 36,569,954</u> | <u>\$ 36,302,105</u> | <u>\$ 36,985,183</u> | <u>\$ 52,528,502</u> | <u>\$ 51,191,461</u> | <u>\$ 50,018,673</u> | <u>\$ 49,139,996</u> | <u>\$ 48,924,260</u> | <u>\$ 48,524,625</u> |
| Business-type activities                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 41,761,645        | \$ 41,182,941        | \$ 39,058,157        | \$ 38,898,827        | \$ 19,807,462        | \$ 18,957,111        | \$ 18,022,962        | \$ 17,336,839        | \$ 18,259,451        | \$ 17,364,417        |
| Restricted                                  | -                    | -                    | -                    | -                    | -                    | -                    | 157,747              | 174,636              | 205,247              | 222,456              |
| Unrestricted                                | 9,234,096            | 9,016,421            | 8,853,470            | 7,141,893            | 4,262,278            | 4,097,907            | 5,958,671            | 6,664,583            | 6,163,356            | 7,248,156            |
| Total business-type activities net position | <u>\$ 50,995,741</u> | <u>\$ 50,199,362</u> | <u>\$ 47,911,627</u> | <u>\$ 46,040,720</u> | <u>\$ 24,069,740</u> | <u>\$ 23,055,018</u> | <u>\$ 24,139,380</u> | <u>\$ 24,176,058</u> | <u>\$ 24,628,054</u> | <u>\$ 24,835,029</u> |
| Primary government                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 69,844,190        | \$ 68,408,985        | \$ 65,051,539        | \$ 64,171,203        | \$ 62,008,051        | \$ 59,816,568        | \$ 57,533,851        | \$ 56,125,147        | \$ 56,371,304        | \$ 55,047,970        |
| Restricted                                  | 590,042              | 590,889              | 591,797              | 592,370              | 592,995              | 594,800              | 1,316,770            | 1,329,259            | 1,115,300            | 1,142,979            |
| Unrestricted                                | 17,450,770           | 17,769,442           | 18,570,396           | 18,262,330           | 13,997,196           | 13,835,111           | 15,307,432           | 15,861,648           | 16,065,710           | 17,168,705           |
| Total primary government net position       | <u>\$ 87,885,002</u> | <u>\$ 86,769,316</u> | <u>\$ 84,213,732</u> | <u>\$ 83,025,903</u> | <u>\$ 76,598,242</u> | <u>\$ 74,246,479</u> | <u>\$ 74,158,053</u> | <u>\$ 73,316,054</u> | <u>\$ 73,552,314</u> | <u>\$ 73,359,654</u> |

Note: GASB Statements 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 WARRENTON, VIRGINIA

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

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
| <b>Expenses</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| General government                              | \$ 1,545,922  | \$ 1,581,008  | \$ 1,591,497  | \$ 1,741,519  | \$ 1,670,785  | \$ 1,753,257  | \$ 1,065,479  | \$ 1,245,681  | \$ 1,373,604  | \$ 1,597,253  |
| Public safety                                   | 2,848,144     | 2,761,692     | 2,760,751     | 2,887,360     | 2,950,483     | 3,612,887     | 4,118,389     | 4,070,378     | 3,754,801     | 4,116,850     |
| Public works                                    | 4,188,005     | 3,319,070     | 4,253,156     | 3,621,458     | 4,101,334     | 4,727,802     | 5,062,855     | 4,890,072     | 5,925,684     | 5,351,067     |
| Heath and welfare                               | 100,391       | 98,159        | 88,278        | 88,400        | 89,291        | 120,505       | 117,164       | 133,891       | 161,934       | 177,910       |
| Parks, recreation, and cultural                 | 123,954       | 142,429       | 134,279       | 124,834       | 2,867,135     | 2,366,743     | 3,155,724     | 2,719,536     | 2,782,463     | 2,569,659     |
| Community development                           | 422,623       | 403,217       | 432,674       | 408,615       | 447,025       | 638,788       | 803,021       | 935,243       | 995,959       | 1,062,002     |
| Interest on long-term debt                      | -             | -             | 4,766         | 4,572         | 3,656         | 286,949       | 269,932       | 269,121       | 264,935       | 391,806       |
| Total governmental activities expenses          | 9,229,039     | 8,305,575     | 9,265,401     | 8,876,758     | 12,129,709    | 13,506,931    | 14,592,564    | 14,263,922    | 15,259,380    | 15,266,547    |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |               |
| Water and sewer                                 | 5,020,796     | 5,194,404     | 5,479,541     | 5,300,755     | 5,514,237     | 5,492,546     | 5,211,692     | 5,625,153     | 5,826,426     | 6,027,732     |
| Parks and recreation                            | 2,648,084     | 2,694,855     | 2,811,590     | 2,675,844     | -             | -             | -             | -             | -             | -             |
| Total business-type activities expenses         | 7,668,880     | 7,889,259     | 8,291,131     | 7,976,599     | 5,514,237     | 5,492,546     | 5,211,692     | 5,625,153     | 5,826,426     | 6,027,732     |
| Total primary government expenses               | \$ 16,897,919 | \$ 16,194,834 | \$ 17,556,532 | \$ 16,853,357 | \$ 17,643,946 | \$ 18,999,477 | \$ 19,804,256 | \$ 19,889,075 | \$ 21,085,806 | \$ 21,294,279 |
| <b>Program Revenues</b>                         |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| General government                              | \$ 548,591    | \$ 130,911    | \$ 136,496    | \$ 170,563    | \$ 354,325    | \$ 292,415    | \$ 166,562    | \$ 170,336    | \$ 257,969    | \$ 226,685    |
| Public safety                                   | 257,075       | 307,479       | 280,842       | 387,684       | 185,186       | 128,499       | 125,169       | 166,622       | 188,749       | 155,478       |
| Public works                                    | 139,576       | 423,787       | 182,847       | -             | -             | -             | -             | -             | -             | -             |
| Parks, recreation, and cultural                 | -             | -             | -             | -             | 1,191,345     | 1,137,892     | 1,187,054     | 1,229,165     | 1,203,731     | 871,183       |
| Operating grants and contributions              | 1,436,300     | 1,729,107     | 1,485,397     | 1,531,049     | 1,585,610     | 1,693,950     | 2,034,936     | 1,649,969     | 1,738,537     | 2,024,402     |
| Capital grants and contributions                | -             | -             | -             | 199,425       | 51,617        | 136,235       | 7,882         | 109,830       | 469,948       | 42,637        |
| Total governmental activities program revenues  | 2,381,542     | 2,591,284     | 2,085,582     | 2,288,721     | 3,368,083     | 3,388,991     | 3,521,603     | 3,325,922     | 3,858,934     | 3,320,385     |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| Water and sewer                                 | 3,740,589     | 3,676,434     | 3,627,141     | 3,638,503     | 3,588,448     | 3,948,790     | 5,652,278     | 5,485,203     | 5,785,979     | 5,887,602     |
| Parks and recreation                            | 1,057,900     | 1,129,496     | 1,216,343     | 1,203,153     | -             | -             | -             | -             | -             | -             |
| Capital grants and contributions                | 501,921       | 271,973       | 345,066       | 123,914       | 175,350       | 363,519       | -             | -             | -             | -             |
| Total business-type activities program revenues | 5,300,410     | 5,077,903     | 5,188,550     | 4,965,570     | 3,763,798     | 4,312,309     | 5,652,278     | 5,485,203     | 5,785,979     | 5,887,602     |
| Total primary government program revenues       | \$ 7,681,952  | \$ 7,669,187  | \$ 7,274,132  | \$ 7,254,291  | \$ 7,131,881  | \$ 7,701,300  | \$ 9,173,881  | \$ 8,811,125  | \$ 9,644,913  | \$ 9,207,987  |

TABLE 2

## TOWN OF WARRENTON, VIRGINIA

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

|   | Fiscal Year           |                       |                        |                       |                        |                        |                        |                        |                        |                        |
|---|-----------------------|-----------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2011                  | 2012                  | 2013                   | 2014                  | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   | 2020                   |
| Net (expense)/revenue                                     |                       |                       |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$ (6,847,497)        | \$ (5,714,291)        | \$ (7,179,819)         | \$ (6,588,037)        | \$ (8,761,626)         | \$ (10,117,940)        | \$ (11,070,961)        | \$ (10,938,000)        | \$ (11,400,446)        | \$ (11,946,162)        |
| Business-type activities                                  | (2,368,470)           | (2,811,356)           | (3,102,581)            | (3,011,029)           | (1,750,439)            | (1,180,237)            | 440,586                | (139,950)              | (40,447)               | (140,130)              |
| Total primary government net expense                      | <u>\$ (9,215,967)</u> | <u>\$ (8,525,647)</u> | <u>\$ (10,282,400)</u> | <u>\$ (9,599,066)</u> | <u>\$ (10,512,065)</u> | <u>\$ (11,298,177)</u> | <u>\$ (10,630,375)</u> | <u>\$ (11,077,950)</u> | <u>\$ (11,440,893)</u> | <u>\$ (12,086,292)</u> |
| <b>General Revenues and Other Changes in Net Position</b> |                       |                       |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                  |                       |                       |                        |                       |                        |                        |                        |                        |                        |                        |
| Taxes   |                       |                       |                        |                       |                        |                        |                        |                        |                        |                        |
| Property taxes  | \$ 577,941            | \$ 558,908            | \$ 513,896             | \$ 605,047            | \$ 678,228             | \$ 670,016             | \$ 1,234,762           | \$ 1,267,738           | \$ 1,302,786           | \$ 1,340,665           |
| Sales and use taxes                                       | 484,640               | 508,741               | 530,836                | 561,084               | 595,653                | 673,700                | 732,197                | 709,036                | 709,173                | 781,649                |
| Consumer's utility taxes                                  | 488,018               | 492,636               | 493,720                | 500,111               | 498,312                | 512,780                | 503,001                | 510,053                | 498,267                | 501,059                |
| Business license taxes                                    | 1,528,085             | 1,363,590             | 1,366,360              | 1,914,525             | 1,656,923              | 1,851,067              | 1,918,233              | 2,026,990              | 1,998,815              | 2,103,568              |
| Meals taxes   | 1,901,261             | 2,062,342             | 2,152,237              | 2,191,572             | 2,265,639              | 2,383,067              | 2,621,782              | 2,550,799              | 2,659,254              | 2,515,018              |
| Bank stock taxes  | 437,022               | 448,600               | 463,135                | 496,445               | 581,150                | 521,997                | 690,566                | 849,887                | 932,498                | 830,298                |
| Other local taxes   | 525,748               | 547,166               | 545,009                | 549,569               | 535,802                | 571,268                | 465,684                | 667,790                | 692,749                | 690,228                |
| Intergovernmental, unrestricted                           | -                     | -                     | -                      | -                     | -                      | -                      | -                      | -                      | -                      | 602,073                |
| Unrestricted revenues from use of money and property      | 37,421                | 29,029                | 30,021                 | 21,663                | 21,392                 | 46,417                 | 96,515                 | 137,843                | 348,274                | 329,960                |
| Gain on sale of assets                                    | -                     | -                     | -                      | -                     | -                      | -                      | -                      | -                      | 105,508                | -                      |
| Miscellaneous   | 120,425               | 199,056               | 128,931                | 96,910                | 110,473                | 207,646                | 346,308                | 367,596                | 635,866                | 574,273                |
| Unrestricted grants and contributions                     | 1,406,830             | 1,373,853             | 1,358,220              | 1,310,350             | 1,407,566              | 1,342,941              | 1,344,815              | 1,332,320              | 1,301,520              | 1,277,736              |
| Transfers   | -                     | -                     | (670,395)              | (976,161)             | -                      | -                      | (55,690)               | -                      | -                      | -                      |
| Total governmental activities                             | <u>7,507,391</u>      | <u>7,583,921</u>      | <u>6,911,970</u>       | <u>7,271,115</u>      | <u>8,351,138</u>       | <u>8,780,899</u>       | <u>9,898,173</u>       | <u>10,420,052</u>      | <u>11,184,710</u>      | <u>11,546,527</u>      |
| Business-type activities:                                 |                       |                       |                        |                       |                        |                        |                        |                        |                        |                        |
| Unrestricted revenues from use of money and property      | 13,907                | 141,838               | 144,451                | 163,961               | 151,120                | 165,515                | 214,130                | 303,371                | 492,443                | 347,105                |
| Miscellaneous   | 125,179               | -                     | -                      | -                     | -                      | -                      | 8,500                  | -                      | -                      | -                      |
| Transfers   | -                     | -                     | 670,395                | 976,161               | -                      | -                      | 55,690                 | -                      | -                      | -                      |
| Total business-type activities                            | <u>139,086</u>        | <u>141,838</u>        | <u>814,846</u>         | <u>1,140,122</u>      | <u>151,120</u>         | <u>165,515</u>         | <u>278,320</u>         | <u>303,371</u>         | <u>492,443</u>         | <u>347,105</u>         |
| Total primary government                                  | <u>\$ 7,646,477</u>   | <u>\$ 7,725,759</u>   | <u>\$ 7,726,816</u>    | <u>\$ 8,411,237</u>   | <u>\$ 8,502,258</u>    | <u>\$ 8,946,414</u>    | <u>\$ 10,176,493</u>   | <u>\$ 10,723,423</u>   | <u>\$ 11,677,153</u>   | <u>\$ 11,893,632</u>   |
| <b>Change in Net Position</b>                             |                       |                       |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$ 659,894            | \$ 1,869,630          | \$ (267,849)           | \$ 683,078            | \$ (410,488)           | \$ (1,337,041)         | \$ (1,172,788)         | \$ (517,948)           | \$ (215,736)           | \$ (399,635)           |
| Business-type activities                                  | (2,229,384)           | (2,669,518)           | (2,287,735)            | (1,870,907)           | (1,599,319)            | (1,014,722)            | 718,906                | 163,421                | 451,996                | 206,975                |
| Total primary government                                  | <u>\$ (1,569,490)</u> | <u>\$ (799,888)</u>   | <u>\$ (2,555,584)</u>  | <u>\$ (1,187,829)</u> | <u>\$ (2,009,807)</u>  | <u>\$ (2,351,763)</u>  | <u>\$ (453,882)</u>    | <u>\$ (354,527)</u>    | <u>\$ 236,260</u>      | <u>\$ (192,660)</u>    |

TABLE 3

## TOWN OF WARRENTON, VIRGINIA

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

|                                    | Fiscal Year         |                     |                      |                      |                      |                      |                      |                      |                      |                      |
|------------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2011                | 2012                | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| General Fund                       |                     |                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ 183,407          | \$ 148,259          | \$ 103,517           | \$ 125,799           | \$ 210,061           | \$ 204,273           | \$ 152,391           | \$ 255,897           | \$ 308,386           | \$ 251,130           |
| Restricted                         | -                   | -                   | -                    | -                    | -                    | -                    | 559,987              | 547,191              | 288,726              | 2,168,746            |
| Committed                          | 1,301,762           | 369,174             | 302,662              | 828,454              | 493,043              | 976,809              | 370,451              | 1,139,682            | 770,262              | 93,287               |
| Assigned                           | -                   | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 113,000              | 2,391,574            |
| Unassigned                         | 6,756,426           | 8,511,933           | 9,909,063            | 10,593,545           | 11,914,259           | 11,521,316           | 11,871,309           | 10,894,756           | 11,611,907           | 10,178,740           |
| Total general fund                 | <u>\$ 8,241,595</u> | <u>\$ 9,029,366</u> | <u>\$ 10,315,242</u> | <u>\$ 11,547,798</u> | <u>\$ 12,617,363</u> | <u>\$ 12,702,398</u> | <u>\$ 12,954,138</u> | <u>\$ 12,837,526</u> | <u>\$ 13,092,281</u> | <u>\$ 15,083,477</u> |
| All other governmental funds       |                     |                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable, reported in:         |                     |                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Permanent funds                    | \$ 590,042          | \$ 590,889          | \$ 591,797           | \$ 592,370           | \$ 592,995           | \$ 592,995           | \$ 599,036           | \$ 607,432           | \$ 621,327           | \$ 630,894           |
| Total all other governmental funds | <u>\$ 590,042</u>   | <u>\$ 590,889</u>   | <u>\$ 591,797</u>    | <u>\$ 592,370</u>    | <u>\$ 592,995</u>    | <u>\$ 592,995</u>    | <u>\$ 599,036</u>    | <u>\$ 607,432</u>    | <u>\$ 621,327</u>    | <u>\$ 630,894</u>    |

TABLE 4

## TOWN OF WARRENTON, VIRGINIA

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

|  | Fiscal Year |              |              |              |            |              |              |              |              |              |
|--|-------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
|  | 2011        | 2012         | 2013         | 2014         | 2015       | 2016         | 2017         | 2018         | 2019         | 2020         |
| <b>Revenues</b>  |             |              |              |              |            |              |              |              |              |              |
| General property taxes   | \$ 555,233  | \$ 567,694   | \$ 539,313   | \$ 589,341   | \$ 674,372 | \$ 677,081   | \$ 1,248,466 | \$ 1,261,220 | \$ 1,312,429 | \$ 1,342,789 |
| Other local taxes  | 5,294,029   | 5,423,075    | 5,551,297    | 6,213,306    | 6,133,479  | 6,513,879    | 6,931,463    | 7,314,555    | 7,490,756    | 7,421,820    |
| Permits, privilege fees, and regulatory licenses               | 139,576     | 423,787      | 182,847      | 128,220      | 203,476    | 177,739      | 166,562      | 170,336      | 257,969      | 226,685      |
| Fines and forfeitures  | 257,075     | 307,479      | 280,842      | 259,464      | 185,186    | 128,499      | 125,169      | 166,622      | 188,749      | 155,478      |
| Revenue from use of money and property                         | 37,421      | 29,029       | 30,021       | 21,663       | 21,392     | 46,417       | 96,515       | 137,843      | 348,274      | 329,960      |
| Charges for services   | -           | 130,911      | 136,496      | 170,563      | 1,342,194  | 1,252,568    | 1,187,054    | 1,229,165    | 1,203,731    | 871,183      |
| Miscellaneous  | 120,425     | 199,056      | 128,931      | 96,910       | 110,473    | 207,646      | 346,308      | 367,596      | 1,060,766    | 887,871      |
| Intergovernmental  |             |              |              |              |            |              |              |              |              |              |
| Commonwealth   | 2,825,505   | 2,913,744    | 2,829,793    | 2,991,893    | 3,042,804  | 3,081,912    | 2,993,657    | 3,087,912    | 3,243,275    | 3,004,887    |
| Federal  | 17,625      | 189,216      | 13,824       | 48,931       | 1,989      | 91,214       | 393,976      | 4,207        | 266,730      | 628,363      |
| Total revenues   | 9,246,889   | 10,183,991   | 9,693,364    | 10,520,291   | 11,715,365 | 12,176,955   | 13,489,170   | 13,739,456   | 15,372,679   | 14,869,036   |
| <b>Expenditures</b>  |             |              |              |              |            |              |              |              |              |              |
| General government administration                              | 936,694     | 1,517,470    | 1,528,394    | 1,724,504    | 1,625,564  | 1,782,114    | 957,937      | 1,242,131    | 1,292,870    | 1,346,561    |
| Public safety  | 2,749,926   | 2,663,568    | 2,666,012    | 2,586,897    | 2,915,874  | 3,485,482    | 3,647,869    | 3,912,693    | 3,536,374    | 3,731,363    |
| Public works   | 2,993,992   | 2,209,299    | 2,754,566    | 2,387,155    | 2,765,710  | 3,296,769    | 3,991,747    | 3,370,708    | 3,796,095    | 3,443,271    |
| Health and welfare   | 100,391     | 98,159       | 88,278       | 88,400       | 89,291     | 120,505      | 117,164      | 133,891      | 161,934      | 177,910      |
| Parks, recreation, and cultural                                | 121,616     | 143,106      | 133,755      | 120,826      | 1,848,203  | 1,899,681    | 2,068,860    | 2,042,098    | 2,040,281    | 1,855,164    |
| Community development  | 392,305     | 352,128      | 411,295      | 401,399      | 451,940    | 656,908      | 806,044      | 941,537      | 998,655      | 956,701      |
| Capital outlay   | 670,278     | 464,528      | 591,719      | 821,485      | 238,836    | 606,109      | 951,293      | 1,862,979    | 2,560,188    | 4,639,737    |
| Debt service   |             |              |              |              |            |              |              |              |              |              |
| Principal  | -           | -            | 86,808       | 174,880      | 594,679    | 521,158      | 448,000      | 489,537      | 527,040      | 541,350      |
| Interest and other fiscal charges                              | -           | -            | 3,883        | 5,455        | 222,390    | 203,958      | 188,590      | 178,807      | 190,592      | 198,125      |
| Bond issuance costs  | -           | -            | -            | -            | -          | -            | -            | -            | -            | 78,091       |
| Total expenditures   | 7,965,202   | 7,448,258    | 8,264,710    | 8,311,001    | 10,752,487 | 12,572,684   | 13,177,504   | 14,174,381   | 15,104,029   | 16,968,273   |
| <b>Excess of revenues over (under) expenditures</b>            | 1,281,687   | 2,735,733    | 1,428,654    | 2,209,290    | 962,878    | (395,729)    | 311,666      | (434,925)    | 268,650      | (2,099,237)  |
| <b>Other financing sources (uses)</b>                          |             |              |              |              |            |              |              |              |              |              |
| Transfers in   | -           | 60,000       | -            | -            | -          | -            | -            | -            | -            | -            |
| Transfers out  | (984,737)   | (936,208)    | (670,395)    | (976,161)    | -          | -            | (55,690)     | -            | -            | -            |
| Proceeds from issuance of debt                                 | -           | -            | 528,525      | -            | -          | -            | -            | 326,709      | -            | 4,100,000    |
| Total other financing sources (uses)                           | (984,737)   | (876,208)    | (141,870)    | (976,161)    | -          | -            | (55,690)     | 326,709      | -            | 4,100,000    |
| <b>Net change in fund balances</b>                             | \$ 296,950  | \$ 1,859,525 | \$ 1,286,784 | \$ 1,233,129 | \$ 962,878 | \$ (395,729) | \$ 255,976   | \$ (108,216) | \$ 268,650   | \$ 2,000,763 |
| <b>Debt service as a percentage of noncapital expenditures</b> | 0.00%       | 0.00%        | 0.00%        | 2.47%        | 8.43%      | 6.04%        | 4.83%        | 5.38%        | 5.37%        | 4.86%        |

TABLE 5

## TOWN OF WARRENTON, VIRGINIA

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

| <b>Calendar<br/>Year</b> | <b>Real<br/>Estate</b> | <b>Personal<br/>Property</b> | <b>Machinery<br/>and Tools</b> | <b>Public<br/>Service</b> | <b>Total Taxable<br/>Assessed<br/>Value</b> | <b>Direct<br/>Tax<br/>Rate (1)</b> |
|--------------------------|------------------------|------------------------------|--------------------------------|---------------------------|---|------------------------------------|
| 2020                     | \$ 1,711,588,500       | \$ 121,035,613               | \$ 314,281                     | \$ 32,388,996             | \$ 1,865,327,390                            | 0.112                              |
| 2019                     | 1,704,181,500          | 112,782,292                  | 358,690                        | 30,080,458                | 1,847,402,940                               | 0.108                              |
| 2018                     | 1,707,497,200          | 111,426,844                  | 381,478                        | 26,933,972                | 1,846,239,494                               | 0.108                              |
| 2017                     | 1,555,378,500          | 111,836,351                  | 350,166                        | 26,222,252                | 1,693,787,269                               | 0.114                              |
| 2016                     | 1,559,784,700          | 110,382,101                  | 362,252                        | 26,233,712                | 1,696,762,765                               | 0.079                              |
| 2015                     | 1,548,458,500          | 110,060,306                  | 379,240                        | 26,169,523                | 1,685,067,569                               | 0.080                              |
| 2014                     | 1,554,110,600          | 99,076,256                   | 362,438                        | 26,004,347                | 1,679,553,641                               | 0.073                              |
| 2013                     | 1,388,763,400          | 93,279,002                   | 366,978                        | 26,002,462                | 1,508,411,842                               | 0.076                              |
| 2012                     | 1,380,231,600          | 91,617,748                   | 364,903                        | 27,948,051                | 1,500,162,302                               | 0.075                              |
| 2011                     | 1,376,203,000          | 88,172,640                   | 407,578                        | 28,221,981                | 1,493,005,199                               | 0.073                              |

- (1) The total direct tax rate is calculated using the weighted average method.  
Assessed value is 100% of actual value for all tax types.

Source: Commissioner of the Revenue

TABLE 6

## TOWN OF WARRENTON, VIRGINIA

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

| Calendar<br>Year | Direct Rates   |                      |                        |                    | Direct<br>Tax Rate | Overlapping Rates    |  |
|------------------|----------------|----------------------|------------------------|--------------------|--------------------|----------------------|--|
|                  | Real<br>Estate | Personal<br>Property | Machinery<br>and Tools | County of Fauquier |                    |                      |  |
|                  |                |                      |                        | Real<br>Estate     |                    | Personal<br>Property |  |
| 2020             | \$ 0.050       | \$ 1.00              | \$ 1.00                | \$ 0.112           | \$ 0.994           | \$ 4.65              |  |
| 2019             | 0.050          | 1.00                 | 1.00                   | 0.108              | 0.994              | 4.65                 |  |
| 2018             | 0.050          | 1.00                 | 1.00                   | 0.108              | 0.982              | 4.65                 |  |
| 2017             | 0.050          | 1.00                 | 1.00                   | 0.114              | 1.039              | 4.65                 |  |
| 2016             | 0.015          | 1.00                 | 1.00                   | 0.079              | 0.999              | 4.65                 |  |
| 2015             | 0.015          | 1.00                 | 1.00                   | 0.080              | 0.999              | 4.65                 |  |
| 2014             | 0.015          | 1.00                 | 1.00                   | 0.073              | 0.992              | 4.65                 |  |
| 2013             | 0.015          | 1.00                 | 1.00                   | 0.076              | 0.980              | 4.65                 |  |
| 2012             | 0.015          | 1.00                 | 1.00                   | 0.750              | 0.970              | 4.65                 |  |
| 2011             | 0.015          | 1.00                 | 1.00                   | 0.073              | 0.970              | 4.65                 |  |

(1) Per \$100 of assessed value.



TABLE 7

## TOWN OF WARRENTON, VIRGINIA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year</b> | <b>Property<br/>Taxes</b> | <b>Sales<br/>Taxes</b> | <b>Utility<br/>Taxes</b> | <b>Franchise<br/>Taxes</b> | <b>Meals Taxes</b> | <b>Transient<br/>Occupancy<br/>Taxes</b> | <b>Business<br/>Licenses</b> | <b>Motor<br/>Vehicle<br/>Licenses</b> | <b>Other Taxes</b> | <b>Cigarette<br/>Taxes</b> | <b>Total</b> |
|------------------------|---------------------------|------------------------|--------------------------|----------------------------|--------------------|--|------------------------------|---------------------------------------|--------------------|----------------------------|--------------|
| 2020                   | \$ 1,342,789              | \$ 781,649             | \$ 501,059               | \$ 830,298                 | \$ 2,515,018       | \$ 182,606                               | \$ 2,103,568                 | \$ 237,353                            | \$ 68,131          | \$ 202,138                 | \$ 8,764,609 |
| 2019                   | 1,312,429                 | 709,173                | 498,267                  | 932,498                    | 2,659,254          | 220,994                                  | 1,998,815                    | 216,600                               | 70,212             | 184,943                    | 8,803,185    |
| 2018                   | 1,261,220                 | 709,036                | 510,053                  | 849,887                    | 2,550,799          | 232,628                                  | 2,026,990                    | 195,750                               | 67,713             | 171,699                    | 8,575,775    |
| 2017                   | 1,248,466                 | 732,197                | 503,001                  | 690,566                    | 2,621,782          | 232,629                                  | 1,918,233                    | 4,479                                 | 69,787             | 158,789                    | 8,179,929    |
| 2016                   | 677,081                   | 673,700                | 512,780                  | 521,997                    | 2,383,067          | 238,418                                  | 1,851,067                    | 95,652                                | 72,938             | 164,260                    | 7,190,960    |
| 2015                   | 678,228                   | 595,653                | 498,312                  | 581,150                    | 2,265,639          | 190,005                                  | 1,656,923                    | 102,855                               | 72,152             | 170,790                    | 6,811,707    |
| 2014                   | 605,047                   | 561,084                | 500,111                  | 496,445                    | 2,191,572          | 190,233                                  | 1,914,525                    | 101,969                               | 75,647             | 181,720                    | 6,818,353    |
| 2013                   | 539,313                   | 530,836                | 541,096                  | 479,590                    | 2,152,237          | 187,263                                  | 1,366,360                    | 104,047                               | -                  | 189,868                    | 6,090,610    |
| 2012                   | 567,694                   | 508,741                | 540,413                  | 467,392                    | 2,062,342          | 195,419                                  | 1,363,590                    | 102,358                               | -                  | 182,820                    | 5,990,769    |
| 2011                   | 555,233                   | 484,640                | 538,512                  | 464,428                    | 1,901,261          | 169,364                                  | 1,528,085                    | 100,710                               | -                  | 177,774                    | 5,920,007    |

(1) Includes general fund and special revenue funds.

**TABLE 8****TOWN OF WARRENTON, VIRGINIA****MEALS TAX REVENUES  
LAST TEN FISCAL YEARS**

| <b>Fiscal Year</b> | <b>Tax Rate</b> |      | <b>Gross Receipts</b> | <b>Meals Tax Revenue</b> |           |
|--------------------|-----------------|------|-----------------------|--------------------------|-----------|
| 2020               | \$              | 0.04 | \$ 62,875,450         | \$                       | 2,515,018 |
| 2019               |                 | 0.04 | 68,860,412            |                          | 2,659,254 |
| 2018               |                 | 0.04 | 63,769,475            |                          | 2,550,779 |
| 2017               |                 | 0.04 | 65,544,550            |                          | 2,621,782 |
| 2016               |                 | 0.04 | 59,576,675            |                          | 2,383,067 |
| 2015               |                 | 0.04 | 56,640,975            |                          | 2,265,639 |
| 2014               |                 | 0.04 | 54,789,300            |                          | 2,191,572 |
| 2013               |                 | 0.04 | 53,805,925            |                          | 2,152,237 |
| 2012               |                 | 0.04 | 51,558,550            |                          | 2,062,342 |
| 2011               |                 | 0.04 | 47,531,525            |                          | 1,901,261 |

Source: Town of Warrenton Department of Finance and Human Resources.

TABLE 9

**TOWN OF WARRENTON, VIRGINIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

| Taxpayer                      | Type Business         | 2020                  |      |                                    | 2011                  |      |                                    |
|-------------------------------|-----------------------|-----------------------|------|------------------------------------|-----------------------|------|------------------------------------|
|                               |                       | Total Assessed Value  | Rank | Percentage of Total Assessed Value | Total Assessed Value  | Rank | Percentage of Total Assessed Value |
| Fauquier Medical Center LLC   | Medical Center        | \$ 80,740,600         | 1    | 35.67 %                            | \$ -                  | -    | %                                  |
| Warrenton Center LLC          | Shopping Center       | 34,813,000            | 2    | 15.38                              | 29,666,400            | 1    | 19.40                              |
| Northrock Center LLC          | Office Center Complex | 18,931,400            | 3    | 8.36                               | -                     | -    | -                                  |
| Warrenton Development Company | Developer             | 16,755,200            | 4    | 7.40                               | 18,774,000            | 3    | 12.28                              |
| Walmart                       | Retail Store          | 15,993,600            | 5    | 7.06                               | 16,389,800            | 4    | 10.72                              |
| Alls, Malcolm W.              | Developer             | 13,378,100            | 6    | 5.91                               | -                     | -    | -                                  |
| Warrenton Village LLC         | Shopping Center       | 12,666,400            | 7    | 5.59                               | 14,379,700            | 5    | 9.41                               |
| Warrenton Professional Center | Shopping Center       | 10,316,200            | 8    | 4.56                               | 11,724,400            | 6    | 7.67                               |
| HD Development of MD, LLC     | Retail Store          | 13,134,600            | 9    | 5.80                               | -                     | -    | -                                  |
| Fauquier Long Term Care       | Health Care Provider  | 9,666,500             | 10   | 4.27                               | -                     | -    | -                                  |
| Saul Holdings                 | Shopping Center       |                       |      |                                    | 19,007,700            | 2    | 12.43                              |
| Kalis Holdings                | Shopping Center       |                       |      |                                    | 11,235,500            | 7    | 7.35                               |
| Verizon                       | Utility               |                       |      |                                    | 10,764,937            | 8    | 7.04                               |
| Virginia Dominion Power       | Utility               |                       |      |                                    | 10,647,016            | 9    | 6.96                               |
| Seritage SRC Finance (Sears)  | Retail Store          |                       |      |                                    | 10,298,500            | 10   | 6.74                               |
|                               |                       | <u>\$ 226,395,600</u> |      | <u>100.01 %</u>                    | <u>\$ 152,887,953</u> |      | <u>100.00 %</u>                    |

Source: Fauquier County Commissioner of the Revenue.

TABLE 10

**TOWN OF WARRENTON, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

| <b>Fiscal Year</b> | <b>Total Tax Levy for Fiscal Year</b> | <b>Collected within the Year of Levy</b> | <b>Percentage of Levy Collected in Year of Levy</b> | <b>Collections in Subsequent Years</b> | <b>Total Collections to Date</b> | <b>Percentage of Total Collection to Date of Levy</b> |
|--------------------|---------------------------------------|--|---|--|----------------------------------|---|
| 2020               | \$ 2,047,706                          | \$ 2,019,070                             | 98.60 %   | \$ -                                   | \$ 2,019,070                     | 98.60 %   |
| 2019               | 1,890,241                             | 1,862,971                                | 98.56   | 21,604                                 | 1,884,575                        | 99.70   |
| 2018               | 1,873,452                             | 1,843,214                                | 98.39   | 1,625                                  | 1,844,839                        | 98.47   |
| 2017               | 1,896,053                             | 1,865,815                                | 98.41   | 27,270                                 | 1,893,085                        | 99.84   |
| 2016               | 1,277,669                             | 1,126,746                                | 88.19   | 3,141                                  | 1,129,887                        | 88.43   |
| 2015               | 1,267,260                             | 1,246,135                                | 98.33   | 4,489                                  | 1,250,624                        | 98.69   |
| 2014               | 1,223,273                             | 1,139,748                                | 93.17   | 7,959                                  | 1,147,707                        | 93.82   |
| 2013               | 1,122,476                             | 1,074,859                                | 95.76   | 4,465                                  | 1,079,324                        | 96.16   |
| 2012               | 1,099,738                             | 1,058,965                                | 96.29   | 8,729                                  | 1,067,694                        | 97.09   |
| 2011               | 1,085,040                             | 1,037,948                                | 95.66   | 9,923                                  | 1,047,871                        | 96.57   |

Source: Town of Warrenton Department of Finance and Human Resources.

TABLE 11

**TOWN OF WARRENTON, VIRGINIA**

**MEAL TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

| <b>Fiscal Year</b> | <b>Direct Rates</b>           | <b>Overlapping Rates</b> |
|--------------------|-------------------------------|--------------------------|
|                    | <b>County of Fauquier (1)</b> |                          |
|                    | <b>Meals Tax</b>              | <b>Meals Tax</b>         |
|                    | <b>Percent of Gross</b>       | <b>Percent of Gross</b>  |
| 2020               | 4.00 %                        | 0.00 %                   |
| 2019               | 4.00                          | 0.00                     |
| 2018               | 4.00                          | 0.00                     |
| 2017               | 4.00                          | 0.00                     |
| 2016               | 4.00                          | 0.00                     |
| 2015               | 4.00                          | 0.00                     |
| 2014               | 4.00                          | 0.00                     |
| 2013               | 4.00                          | 0.00                     |
| 2012               | 4.00                          | 0.00                     |
| 2011               | 4.00                          | 0.00                     |

Source: Town of Warrenton Department of Finance and Human Resources.

(1) Fauquier County does not have meals tax.

TABLE 12

**TOWN OF WARRENTON, VIRGINIA**

**PRINCIPAL MEALS TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

| <b>Type of Establishment</b> | <b>2020</b>                         |   | <b>2011*</b>                        |   |
|------------------------------|-------------------------------------|---|-------------------------------------|---|
|                              | <b>Total<br/>Assessed<br/>Value</b> | <b>Percentage of<br/>Total<br/>Assessed<br/>Value</b> | <b>Total<br/>Assessed<br/>Value</b> | <b>Percentage of<br/>Total<br/>Assessed<br/>Value</b> |
| Fast Food Restaurants        | \$ 24,793,658                       | 38.49 %   | \$ -                                | - %   |
| Sit-Down Restaurants         | 30,992,318                          | 48.12   | -                                   | -   |
| Convenience Stores           | 8,622,470                           | 13.39   | -                                   | -   |
|                              | <u>\$ 64,408,446</u>                | <u>100.00 %</u>                                       | <u>\$ -</u>                         | <u>- %</u>  |

Source: Town of Warrenton Department of Finance and Human Resources.

\* Data not available for fiscal year 2011.

TABLE 13

## TOWN OF WARRENTON, VIRGINIA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

| Fiscal<br>Year | Governmental Activities |                                | Business-Type Activities       |                          | Total<br>Primary<br>Government | Percentage of<br>Personal<br>Income (1) | Per Capita (1) |
|----------------|-------------------------|--------------------------------|--------------------------------|--------------------------|--------------------------------|---|----------------|
|                | Capital Leases          | General<br>Obligation<br>Bonds | General<br>Obligation<br>Bonds | Premium on<br>Bond Issue |                                |   |                |
| 2020           | \$ 165,782              | \$ 10,723,000                  | \$ 11,686,000                  | \$ -                     | \$ 22,574,782                  | 5.68 %                                  | \$ 2,243       |
| 2019           | 231,132                 | 7,099,000                      | 12,007,000                     | -                        | 19,337,132                     | 5.03                                    | 1,946          |
| 2018           | 295,172                 | 7,562,000                      | 12,180,000                     | -                        | 20,037,172                     | 5.39                                    | 2,029          |
| 2017           | -                       | 8,020,000                      | 5,020,000                      | -                        | 13,040,000                     | 3.31                                    | 1,322          |
| 2016           | -                       | 8,468,000                      | 5,020,000                      | -                        | 13,488,000                     | 3.34                                    | 1,363          |
| 2015           | 90,158                  | 8,899,000                      | -                              | -                        | 8,989,158                      | 2.27                                    | 907            |
| 2014           | 266,837                 | -                              | 9,317,000                      | -                        | 9,583,837                      | 2.77                                    | 980            |
| 2013           | 441,717                 | -                              | 9,717,000                      | -                        | 10,158,717                     | 2.68                                    | 1,036          |
| 2012           | -                       | -                              | 8,575,000                      | 245,897                  | 8,820,897                      | 2.43                                    | 906            |
| 2011           | -                       | -                              | 8,835,000                      | 266,590                  | 9,101,590                      | 2.43                                    | 947            |

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

(1) See the Schedule of Demographic and Economic Statistics – Table 17.

TABLE 14

## TOWN OF WARRENTON, VIRGINIA

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

| <b>Fiscal Year<br/>Ended<br/>June 30,</b> | <b>Gross<br/>Bonded Debt</b> | <b>Less: Amounts<br/>Reserved for<br/>Debt Service</b> | <b>Net<br/>Bonded Debt (3)</b> | <b>Ratio of Net<br/>General Obligation<br/>Debt to Assessed<br/>Value (2)</b> | <b>Net Bonded Debt<br/>Per Capita (1)</b> |
|---|------------------------------|--|--------------------------------|---|---|
| 2020                                      | \$ 22,409,000                | \$ -   | \$ 22,409,000                  | 1.20 %  | \$ 2,226                                  |
| 2019                                      | 19,106,000                   | -  | 19,106,000                     | 1.03  | 1,923                                     |
| 2018                                      | 19,742,000                   | -  | 19,742,000                     | 1.07  | 1,999                                     |
| 2017                                      | 13,040,000                   | -  | 13,040,000                     | 0.77  | 1,322                                     |
| 2016                                      | 13,488,000                   | -  | 13,488,000                     | 0.79  | 1,363                                     |
| 2015                                      | 8,899,000                    | -  | 8,899,000                      | 0.53  | 898                                       |
| 2014                                      | 9,317,000                    | -  | 9,317,000                      | 0.55  | 953                                       |
| 2013                                      | 9,717,000                    | -  | 9,717,000                      | 0.64  | 991                                       |
| 2012                                      | 8,820,897                    | -  | 8,820,897                      | 0.59  | 906                                       |
| 2011                                      | 9,101,590                    | -  | 8,835,000                      | 0.59  | 919                                       |

(1) Population data can be found in the Schedule of Demographic and Economic Statistics – Table 17.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property – Table 5.

(3) Includes all long-term general obligation bonded debt, literary fund loans, excludes revenue bonds, capital leases, and compensated absences.



TABLE 15

## TOWN OF WARRENTON, VIRGINIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**Year Ended June 30, 2020**

| <u>Governmental Unit</u>                           | <u>Debt Outstanding</u> | <u>Estimated Percentage<br/>Applicable (1)</u> | <u>Estimated Share of<br/>Overlapping Debt</u> |
|--|-------------------------|--|--|
| Debt repaid with property taxes: Town of Warrenton | \$ 96,510,935           | 13.4 %   | \$ 12,911,733                                  |
| Subtotal, overlapping debt                         |                         |  |  |
| Town of Warrenton, direct debt                     |                         |  | <u>10,888,782</u>                              |
| Total direct and overlapping debt                  |                         |  | <u><u>\$ 23,800,515</u></u>                    |

Source: County of Fauquier June 30, 2020 Comprehensive Annual Financial Report.

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.

|  |                   |
|--|-------------------|
| Total real and personal property assessed value, Fauquier County Table 5-A | \$ 13,942,705,288 |
| Total Taxable Assessed Value Table 5                                       | 1,865,327,390     |
|  | 13.4%             |

**TABLE 16**

**TOWN OF WARRENTON, VIRGINIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

|   | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  |
| Debt limit  | \$ 149,300,520        | \$ 141,441,230        | \$ 151,876,864        | \$ 169,176,644        | \$ 169,555,067        | \$ 170,785,097        | \$ 169,871,947        | \$ 185,103,909        | \$ 185,220,254        | \$ 187,004,889        |
| Total net debt applicable to limit                                      | 8,835,000             | 8,820,897             | 9,717,000             | 9,317,000             | 8,899,000             | 13,488,000            | 13,040,000            | 20,037,172            | 19,337,132            | 22,574,782            |
| Legal debt margin   | <u>\$ 140,465,520</u> | <u>\$ 132,620,333</u> | <u>\$ 142,159,864</u> | <u>\$ 159,859,644</u> | <u>\$ 160,656,067</u> | <u>\$ 157,297,097</u> | <u>\$ 156,831,947</u> | <u>\$ 165,066,737</u> | <u>\$ 165,883,122</u> | <u>\$ 164,430,107</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 5.92%                 | 6.24%                 | 6.40%                 | 5.51%                 | 5.25%                 | 7.90%                 | 7.68%                 | 10.82%                | 10.44%                | 12.07%                |

Legal debt margin calculation for fiscal year 2020

|  |                         |
|--|-------------------------|
| Assessed value                           | \$ 1,865,327,390        |
| Add back: exempt real property           | <u>4,721,500</u>        |
| Total assessed value                     | <u>\$ 1,870,048,890</u> |
| Debt limit (10% of total assessed value) | \$ 187,004,889          |
| Net debt applicable to limit             | <u>22,574,782</u>       |
| Legal debt margin                        | <u>\$ 164,430,107</u>   |

TABLE 17

**TOWN OF WARRENTON, VIRGINIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

| <b>Year</b> | <b>Population</b> | <b>Personal<br/>Income</b> | <b>Per Capita<br/>Personal<br/>Income</b> | <b>Median Age</b> | <b>School<br/>Enrollment</b> | <b>Unemployment<br/>Rate</b> |
|-------------|-------------------|----------------------------|---|-------------------|------------------------------|------------------------------|
| 2020        | 10,065            | \$397,134,705              | 39,457                                    | 39                | 1,960                        | 6.4 %                        |
| 2019        | 9,937             | 384,472,467                | 38,691                                    | 39                | 1,939                        | 2.6                          |
| 2018        | 9,875             | 371,882,625                | 37,659                                    | 40                | 2,053                        | 2.8                          |
| 2017        | 9,861             | 394,026,784                | 39,958                                    | 43                | 1,633                        | 3.4                          |
| 2016        | 9,897             | 403,781,098                | 40,366                                    | 41                | 1,560                        | 3.4                          |
| 2015        | 9,907             | 395,170,416                | 39,888                                    | 40                | 2,138                        | 4.4                          |
| 2014        | 9,775             | 346,044,775                | 35,401                                    | 41                | 2,008                        | 4.7                          |
| 2013        | 9,803             | 379,474,130                | 38,710                                    | 38                | 2,008                        | 4.8                          |
| 2012        | 9,735             | 362,297,760                | 37,216                                    | 40                | 1,572                        | 4.8                          |
| 2011        | 9,611             | 375,126,941                | 39,031                                    | 39                | 1,584                        | 5.2                          |

Source: Weldon Cooper Center, Virginia Employment Commission, US Census Bureau.

TABLE 18

**TOWN OF WARRENTON, VIRGINIA**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

| <b>Employer</b>              | <b>Fiscal Year 2020</b> |                  | <b>Fiscal Year 2011</b> |                  |
|------------------------------|-------------------------|------------------|-------------------------|------------------|
|                              | <b>Rank</b>             | <b>Employees</b> | <b>Rank</b>             | <b>Employees</b> |
| Fauquier Health System       | 1                       | 1,000 and over   | 2                       | 1,000 and over   |
| Fauquier County School Board | 2                       | 1,000 and over   | 1                       | 1,000 and over   |
| County of Fauquier           | 3                       | 1,000 and over   | 3                       | 500 to 999       |
| Wal-Mart                     | 4                       | 250 to 499       | 4                       | 250 to 499       |
| Greystone                    | 5                       | 100 to 249       |                         |                  |
| Town of Warrenton            | 6                       | 100 to 249       | 5                       | 100 to 249       |
| The Home Depot               | 7                       | 100 to 249       | 10                      | 100 to 249       |
| Harris Teeter                | 8                       | 100 to 249       |                         |                  |
| Blue Ridge Orthopaedic       | 9                       | 100 to 249       |                         |                  |
| Highland School              | 10                      | 100 to 249       |                         |                  |
| The Fauquier Bank            |                         |                  | 6                       | 100 to 249       |
| Oak Springs Nursing Home     |                         |                  | 7                       | 100 to 249       |
| Warrenton Overlook Health    |                         |                  | 8                       | 100 to 249       |
| Giant Food                   |                         |                  | 9                       | 100 to 249       |

(1) The Town is prohibited from publishing the actual number of employees per the *Confidential Information Protection and Statistical Efficiency Act of 2002* – Title V of Public Law 107-347.

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

TABLE 19

## TOWN OF WARRENTON, VIRGINIA

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

|                                      | Fiscal Year |            |           |           |            |            |            |            |            |            |
|--------------------------------------|-------------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
|                                      | 2011        | 2012       | 2013      | 2014      | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |
| General and financial administration | 6           | 6          | 6         | 6         | 6          | 6          | 6          | 7          | 8          | 8          |
| Legislative                          | 1           | 1          | 1         | 1         | 1          | 1          | 1          | 2          | 2          | 2          |
| Public safety                        |             |            |           |           |            |            |            |            |            |            |
| Police department                    | 27          | 27         | 25        | 25        | 25         | 26         | 28         | 23         | 23         | 27         |
| Fire and rescue                      | 1           | 1          | 1         | 1         | 2          | 2          | 2          | 2          | 2          | 2          |
| Building inspections                 | 2           | 2          | 2         | 2         | 2          | 2          | 3          | 3          | 4          | 4          |
| Public works                         |             |            |           |           |            |            |            |            |            |            |
| General maintenance                  | 23          | 23         | 23        | 23        | 23         | 23         | 22         | 20         | 21         | 21         |
| Administration                       | 4           | 4          | 5         | 5         | 5          | 5          | 5          | 6          | 5          | 4          |
| Culture and recreation               | 3           | 3          | 3         | 3         | 3          | 4          | 6          | 7          | 7          | 7          |
| Planning and community development   | 3           | 3          | 3         | 3         | 4          | 5          | 6          | 6          | 9          | 9          |
| Water and sewer                      |             |            |           |           |            |            |            |            |            |            |
| Water                                | 14          | 14         | 14        | 14        | 14         | 14         | 14         | 12         | 12         | 13         |
| Wastewater                           | 7           | 7          | 7         | 7         | 7          | 7          | 7          | 7          | 7          | 7          |
| Administration                       | 6           | 6          | 6         | 6         | 6          | 6          | 6          | 6          | 5          | 5          |
| Motor pool                           | 3           | 3          | 3         | 3         | 3          | 3          | 3          | 3          | 3          | 3          |
| Information technology               | -           | -          | -         | -         | -          | 1          | 1          | 1          | 1          | 2          |
|                                      | <u>100</u>  | <u>100</u> | <u>99</u> | <u>99</u> | <u>101</u> | <u>105</u> | <u>110</u> | <u>105</u> | <u>109</u> | <u>114</u> |

Source: Department of Finance and Human Resources.

TABLE 20

**TOWN OF WARRENTON, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

|                              | Fiscal Year |       |       |       |       |       |       |       |       |       |
|------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                              | 2011        | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
| Public safety:               |             |       |       |       |       |       |       |       |       |       |
| Police department:           |             |       |       |       |       |       |       |       |       |       |
| Physical arrests             | 397         | 371   | 390   | 248   | 295   | 194   | 164   | 320   | 307   | 232   |
| Traffic violations           | 6,243       | 3,989 | 6,557 | 5,355 | 3,317 | 3,375 | 2,022 | 2,290 | 3,725 | 2,668 |
| Fire and rescue:             |             |       |       |       |       |       |       |       |       |       |
| Number of calls answered     | 2,416       | 2,643 | 2,100 | 2,601 | 2,819 | 2,811 | 2,982 | 3,028 | 3,785 | 1,834 |
| Building inspections:        |             |       |       |       |       |       |       |       |       |       |
| Permits issued               | 333         | 700   | 671   | 585   | 649   | 745   | 622   | 641   | 641   | 609   |
| Public works:                |             |       |       |       |       |       |       |       |       |       |
| Refuse collected (tons/year) | 3,920       | 3,844 | 3,746 | 3,761 | 3,822 | 361   | 3,709 | 3,616 | 3,754 | 3,796 |
| Recycling (tons/year)        | 881         | 919   | 4,539 | 1,244 | 1,253 | 963   | 994   | 1,298 | 889   | 1,021 |
| Community development:       |             |       |       |       |       |       |       |       |       |       |
| Planning:                    |             |       |       |       |       |       |       |       |       |       |
| Zoning permits issued        | 166         | 159   | 150   | 170   | 180   | 174   | 202   | 187   | 241   | 263   |

Source: Individual Town departments.

TABLE 21

## TOWN OF WARRENTON, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

|                          | Fiscal Year |       |       |       |       |       |       |        |        |        |
|--------------------------|-------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
|                          | 2011        | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018   | 2019   | 2020   |
| General government:      |             |       |       |       |       |       |       |        |        |        |
| Administration buildings | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      |
| Public safety:           |             |       |       |       |       |       |       |        |        |        |
| Police:                  |             |       |       |       |       |       |       |        |        |        |
| Stations                 | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      |
| Patrol units             | 17          | 19    | 21    | 21    | 21    | 21    | 21    | 21     | 21     | 22     |
| Fire stations            | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      |
| Sanitation:              |             |       |       |       |       |       |       |        |        |        |
| Collection trucks        | 2           | 2     | 2     | 3     | 3     | 3     | 4     | 4      | 4      | 4      |
| Highway and streets:     |             |       |       |       |       |       |       |        |        |        |
| Streets (miles)          | 86.49       | 86.49 | 94.52 | 94.52 | 93.47 | 93.47 | 93.47 | 93.47  | 93.47  | 93.47  |
| Streetlights             | 772         | 772   | 795   | 810   | 810   | 810   | 810   | 810    | 824    | 824    |
| Traffic signals          | 10          | 10    | 11    | 11    | 12    | 12    | 12    | 12     | 12     | 12     |
| Culture and recreation:  |             |       |       |       |       |       |       |        |        |        |
| Parks acreage            | 88.69       | 88.69 | 88.69 | 88.69 | 88.69 | 88.69 | 88.69 | 88.69  | 88.94  | 88.94  |
| Parks                    | 5           | 5     | 5     | 5     | 5     | 5     | 5     | 5      | 7      | 7      |
| Water:                   |             |       |       |       |       |       |       |        |        |        |
| Water mains (miles)      | 84.00       | 84.00 | 86.00 | 86.00 | 86.00 | 86.00 | 86.00 | 88.00  | 89.00  | 89.00  |
| Fire hydrants            | 716         | 717   | 725   | 725   | 725   | 731   | 731   | 743.00 | 749.00 | 751.00 |
| Sewer:                   |             |       |       |       |       |       |       |        |        |        |
| Sanitary sewers          | 66.00       | 66.00 | 66.00 | 66.00 | 66.00 | 68.00 | 68.00 | 69.00  | 69.00  | 69.00  |
| Storm sewers (miles)     | 15.44       | 15.44 | 15.44 | 15.44 | 15.44 | 38.00 | 39.70 | 40.00  | 40.00  | 40.00  |

Source: Individual Town departments.

---

---

**THIS PAGE INTENTIONALLY BLANK**



## **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 Warrenton, Virginia  
Warrenton, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia (the "Town"), as of and for the year ended June 30, 2020, 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 1, 2020.

**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 determining 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Roanoke, Virginia  
December 1, 2020

**TOWN OF WARRENTON, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2020**

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

Highway Maintenance

Fire Program Aid

**LOCAL COMPLIANCE MATTERS**

Town Charter