



Annual Comprehensive Financial Report Year Ending June 30, 2025



TOWN OF PURCELLVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

Prepared By:

Town of Purcellville
Finance Department

TOWN OF PURCELLVILLE, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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TOWN OF PURCELLVILLE, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2025

TOWN COUNCIL

Christopher Bertaut, Mayor

Susan Khalil
Carol Luke
Carl "Ben" Nett
Erin Rayner
Caleb Stought
Kevin Wright

OFFICIALS

Kwasi Fraser	Town Manager
Diana Hays	Assistant Town Manager
Kimberly Bandy	Town Clerk
Elizabeth B. Krens	Director of Finance
Darya Thompson	Director of Administration
Andrea Broshkevitch	Director of Engineering and Capital Projects
Summer Wilkes	Director of Planning and Community Development
Jason Didawick	Director of Public Works
Sara Lombraña	Interim Chief of Police
LaDonna Snellbaker	Director of Human Resources
Shannon Bohince	Director of Information Technology

Town Manager
Kwasi Fraser

Interim Town Manager
Anthony Sabio

Assistant Town Manager
Diana Hays

Town Clerk
Kimberly Bandy

221 S. Nursery Ave.
Purcellville, VA 20132
(540) 338-7421



Town Attorney
Robert J. Sproul

Interim Chief of Police
Sara Lombraña

Department Directors
Shannon Bohince, Information Technology
Andrea Broshkevitch, Engineering & Capital Projects
Jason Didawick, Public Works
Elizabeth Krens, Finance
LaDonna Snellbaker, Human Resources
Darya Thompson, Administration
Summer Wilkes, Planning and Community Development

December 5, 2025

**Honorable Mayor, Members of Town Council and
Residents of the Town of Purcellville:**

I am pleased to present the Town of Purcellville’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. These statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

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

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

The Town Charter and Code of Virginia §15.2-2511 requires an annual audit of the Town's financial affairs performed by independent certified public accountants. The Town has contracted with Robinson, Farmer, Cox Associates, PLLC, Certified Public Accountants to provide audit services. Robinson, Farmer, Cox Associates has issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2025. The independent auditor's report begins on page 14 of this report.

Also included in this report is a section titled Management's Discussion and Analysis (MD&A) which begins on page 18. The MD&A will provide additional analysis and overview of the financial statements contained in this report.

Profile of the Town:

Located in western Loudoun County, Virginia, the Town of Purcellville is about 50 miles west of Washington, D.C. with a footprint of 3.42 square miles and a population of 8,965. Incorporated in 1908, Purcellville has retained its attractive small town and historic agrarian attributes, while being a home to many. It is the economic hub for western Loudoun and a popular tourist destination for antiquing, farmer's markets, wineries, breweries, distilleries, restaurants and recreation along the W&OD trail.

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

Financial Condition and Economic Outlook:

The Town concluded fiscal year 2025 with positive year-end positions across all funds. It continued to benefit from the \$10.6 million allocation received through the American Rescue Plan's State and Local Fiscal Recovery Funds (ARPA), all of which were fully obligated by December 31, 2024, in compliance with federal program requirements. Over \$8 million in proceeds were allocated for utility infrastructure improvements, a key user rate cost driver. All ARPA projects are substantially complete, except for the new water tank. However, this project is on track for completion by summer 2026, well ahead of the December 31, 2026 spending deadline.

At the end of fiscal year 2025, the Town's total net position increased by \$7.7 million of which \$2.3 million was from governmental activities and \$5.4 million was from business-type or utility activities. The increase in governmental net position was largely due to increased intergovernmental contributions for transportation projects. The utility increase was driven by revenue from user rate increases and capital contributions from developers and PFAS grants.

The general fund ended fiscal year 2025 with a fund balance of \$12.3 million. Of this amount, \$11.5 million was unassigned and available for future spending, a \$662,618 increase over the prior year. This increase was driven by significant personnel vacancy savings and return of \$500,000 to cash reserves following the termination of the Hirst Pond capital project.

The Town's assessed value of taxable real property totaled \$2.21 billion in tax year 2025, a 6.85% increase over the prior year. However, FY25 property tax revenue was moderated as the Town Council adopted the lower equalized tax rate of \$0.192 per \$100 of assessed value. The Fireman's Field Service tax rate of \$.030 and the personal property tax rate of \$1.05 for vehicles and \$0.55 for business property remained unchanged in 2025. Effective July 2024, Town Council increased utility usage rates by 16% for water and 18% for sewer. These rate increases were recommended by the Town's utility rate consultant to offset declining availability revenue and rising annual debt service obligations. Town leadership remains committed to working closely with financial advisors to develop strategies that address the ongoing fiscal challenges facing the utility funds as growth slows and debt service costs increase.

In 2025, the Town maintained strong investment grade credit ratings, no change from the prior year: S&P AAA, Fitch AAA, and Moody's Aa2. Strong credit ratings reflect enhanced credibility and result in lowered borrowing costs for capital improvements.

Long-Term Financial Planning:

The Town partners with its Financial Advisor, Davenport, and Utility Rate Consultant, Stantec, to develop a multi-year fiscal plan as part of the annual budget process. This plan serves as a strategic tool to identify fiscal challenges, guide the setting of tax and utility rates, and establish a financing framework for capital infrastructure investments.

The Town Council's adopted Fiscal Policy Guidelines establish directives for accounting, budgeting, and financial management. The reserve management policy requires the General Fund's unassigned fund balance to exceed 30% of General Fund revenues, while the Utility Enterprise Funds' target for unrestricted cash and equivalents is a minimum of 100% of annual operating and debt service expenditures. The policy also stipulates that General Fund debt service should not exceed 15% of total expenditures, and the Town's total bonded debt must remain below 2% of the total assessed value of taxable property. As of the end of FY25, the Town met or exceeded all policy benchmarks, except for the Sewer Fund's cash and equivalents that fell to 87% of annual operating and debt service expenditures.

Major Awards and Achievements:

The following is a partial listing of major awards and initiatives accomplished across all departments in fiscal year 2025:

- Received 17th consecutive Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for fiscal year 2026.

- Received 17th consecutive GFOA Certificate of Achievement for fiscal year 2024 Annual Comprehensive Financial Report.
- Maintained strong investment grade credit ratings from the three national credit rating agencies.
- Launched the Utility Customer Access Portal in October 2024, providing greater convenience and account transparency to our customers.
- Fully complied with all requirements of the American Rescue Plan Act (ARPA), including the timely submission of quarterly reports and the full obligation of all proceeds prior to the 12/31/24 deadline.
- Received 18th Annual Tree City USA designation from the Arbor Day Foundation.
- Received the Tree City USA Growth Award, for the 15th year, from the Arbor Day Foundation for efforts that included planting native trees on public land, removing invasive plant species, using recycled wood materials for Town projects and partnering with a local non-profit organization.
- Awarded funding through the Loudoun Tourism Grant program for the Purcellville Music and Arts Festival.
- Won a grant from Visit Loudoun to promote the Purcellville Wine and Food Festival.
- Won a grant from the Virginia Department of Forestry to enhance the mini-forest on Town property.
- Purcellville Police Department successfully achieved their fifth Virginia Law Enforcement Professional Standards Commission (VLEPSC) accreditation award.
- The Town was awarded a \$260,000 federal grant from the Virginia Water Supply Revolving Fund to conduct a PFAS Pilot Study at one of its groundwater treatment facilities. This funding supported efforts to evaluate and implement advanced treatment technologies aimed at addressing per- and polyfluoroalkyl substances (PFAS), ensuring the continued safety and quality of the Town's drinking water supply.
- The Town secured a \$580,000 Emerging Contaminants (EC) in Small or Disadvantaged Communities Grant (SDC) from the Virginia Department of Health for procuring services for the identification, treatment, and engineering solutions to address per- and polyfluoroalkyl substances (PFAS) contamination. This funding will enhance the Town's ability to implement an effective treatment solution, reinforcing its commitment to deliver safe, high-quality drinking water to the community.
- Wastewater Facility received passing results on Whole Effluent Toxicity (WET) testing, demonstrating the high quality of the treated effluent being discharged.
- Wastewater Facility received the VRSA Safety Grant of \$4000 to purchase critical spill mitigation equipment.

The Town received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This prestigious award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the Town and its management team.

In closing, we extend our appreciation to the Mayor and Town Council for their continued fiduciary oversight and leadership. We also commend the entire Finance team for their year-round dedication to maintaining the Town's financial records, systems and reporting processes. Special recognition goes to Paula Hicks, Accounting Manager, whose expertise and professionalism have been instrumental in ensuring the accuracy, completeness, and timely release of this report.

Sincerely,



Anthony Sabio
Interim Town Manager



Elizabeth B. Krens
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Purcellville
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

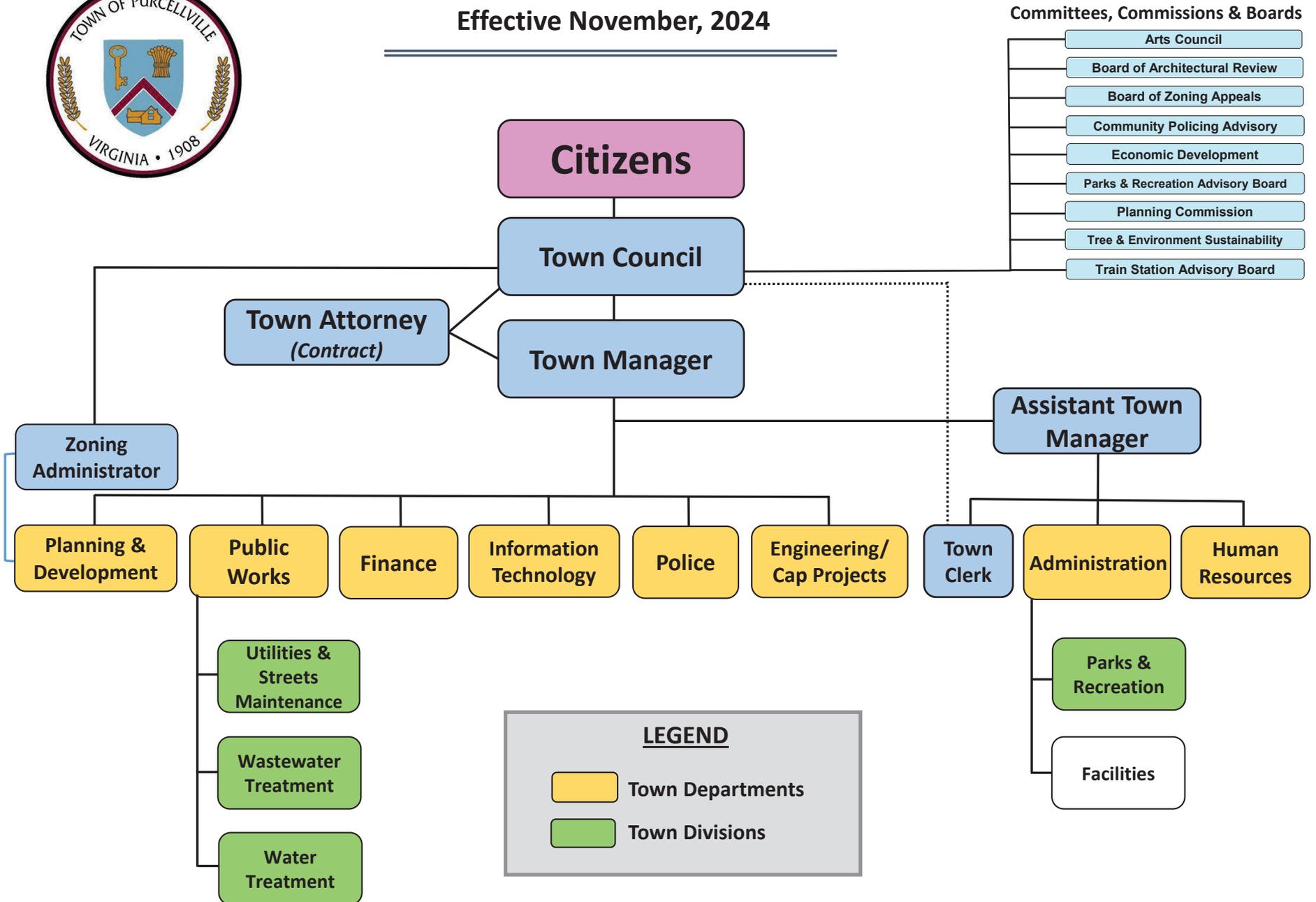
Christopher P. Morill

Executive Director/CEO



Town Organization Chart

Effective November, 2024





Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101 and to correct an error by accounting for bond premiums previously excluded from the Town's financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Purcellville, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Purcellville, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of Town of Purcellville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Purcellville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Purcellville, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 26, 2025

Town of Purcellville, Virginia Management's Discussion and Analysis

As management of Town of Purcellville (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. Please read it in conjunction with the Town's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$96,520,457 (net position). Of this amount, \$19,947,033 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$2,321,263 from governmental activities and \$5,412,832 from business-type activities.
- The ending fund balance of the Town's general fund was \$12,275,708 an increase of \$812,593 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,496,526 or 84% of general fund expenditures.
- The Town's total long-term obligations decreased by \$3,910,341 during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents information on all the Town's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Town may have used previously accumulated funds.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government administration, public safety, and public works. The business-type activities are for public utilities. The government-wide financial statements can be found on pages 29 through 31 of this report.

Overview of the Financial Statements (Continued)

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

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

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

The Town maintains three governmental funds, a General Fund, a Special Revenue Fund and a Capital Projects fund. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 33 through 36 of this report.

The Town maintains one type of Proprietary Fund. The Town uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 37 through 39 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40 through 82 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and schedules of funding progress relating to the Town's participation in its pension plan and other postemployment benefits. Required supplementary information can be found on pages 84 through 94 of this report.

Overview of the Financial Statements (Continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$96,520,457 at the close of the most recent fiscal year. A large portion of the Town's net position (\$75,558,632 or 78% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

Town of Purcellville, Virginia Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets, net	\$ 58,777,032	\$ 57,610,778	\$ 63,457,601	\$ 59,727,270	\$ 122,234,633	\$ 117,338,048
Other assets	21,090,631	25,048,071	15,569,618	14,553,233	36,660,249	39,601,304
Total assets	<u>\$ 79,867,663</u>	<u>\$ 82,658,849</u>	<u>\$ 79,027,219</u>	<u>\$ 74,280,503</u>	<u>\$ 158,894,882</u>	<u>\$ 156,939,352</u>
Deferred outflows of resources	<u>\$ 2,058,671</u>	<u>\$ 2,235,367</u>	<u>\$ 2,421,921</u>	<u>\$ 2,659,854</u>	<u>\$ 4,480,592</u>	<u>\$ 4,895,221</u>
Long-term liabilities, net	\$ 14,725,907	\$ 16,032,574	\$ 39,547,240	\$ 41,315,292	\$ 54,273,147	\$ 57,347,866
Other liabilities	3,867,171	7,562,354	2,172,113	1,370,804	6,039,284	8,933,158
Total liabilities	<u>\$ 18,593,078</u>	<u>\$ 23,594,928</u>	<u>\$ 41,719,353</u>	<u>\$ 42,686,096</u>	<u>\$ 60,312,431</u>	<u>\$ 66,281,024</u>
Deferred inflows of resources	<u>\$ 5,388,772</u>	<u>\$ 5,005,818</u>	<u>\$ 1,153,814</u>	<u>\$ 925,747</u>	<u>\$ 6,542,586</u>	<u>\$ 5,931,565</u>
Net position:						
Net investment in capital assets	\$ 49,051,027	\$ 46,204,212	\$ 26,503,086	\$ 21,886,900	\$ 75,554,113	\$ 68,091,112
Restricted	1,019,311	1,548,930	-	-	1,019,311	1,548,930
Unrestricted	<u>7,874,146</u>	<u>8,540,328</u>	<u>12,072,887</u>	<u>11,441,614</u>	<u>19,947,033</u>	<u>19,981,942</u>
Total net position	<u>\$ 57,944,484</u>	<u>\$ 56,293,470</u>	<u>\$ 38,575,973</u>	<u>\$ 33,328,514</u>	<u>\$ 96,520,457</u>	<u>\$ 89,621,984</u>

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

The information presented for 2024 was restated to correct an error for previously unrecorded bond issuance premium, but was not restated for implementation of GASB 101.

As noted previously, the Town's overall (governmental and business-type activities) net position increased by \$7,734,095 during the current fiscal year. Of this total net position, the governmental activities reported an increase of \$2,321,263 and the business-type activities reported an increase of \$5,412,832.

Government-wide Financial Analysis: (Continued)

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

Town of Purcellville, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 495,538	\$ 500,909	\$ 7,236,551	\$ 6,275,167	\$ 7,732,089	\$ 6,776,076
Operating grants and contributions	1,187,917	1,227,615	3,773,860	1,472,564	4,961,777	2,700,179
Capital grants and contributions	3,704,945	948,090	1,565,125	402,509	5,270,070	1,350,599
General revenues:						
Property taxes	5,704,530	5,675,183	-	-	5,704,530	5,675,183
Other taxes	6,470,091	6,569,406	-	-	6,470,091	6,569,406
Investment income (loss)	698,460	845,017	468,421	475,744	1,166,881	1,320,761
Miscellaneous	112,550	180,663	20,546	57,418	133,096	238,081
Grants not restricted to specific programs	314,632	313,581	-	-	314,632	313,581
Gain (loss) on sale of capital asset	-	-	7,919	11,831	7,919	11,831
Total revenues	<u>\$ 18,688,663</u>	<u>\$ 16,260,464</u>	<u>\$ 13,072,422</u>	<u>\$ 8,695,233</u>	<u>\$ 31,761,085</u>	<u>\$ 24,955,697</u>
Expenses:						
General government administration	\$ 4,397,981	\$ 3,969,267	\$ -	\$ -	\$ 4,397,981	\$ 3,969,267
Public safety	3,917,080	4,010,366	-	-	3,917,080	4,010,366
Public works	4,210,755	3,385,758	-	-	4,210,755	3,385,758
Parks, recreation and culture	607,363	413,536	-	-	607,363	413,536
Community development	1,999,435	2,623,133	-	-	1,999,435	2,623,133
Interest on long-term debt	227,830	244,824	-	-	227,830	244,824
Water	-	-	3,894,404	3,613,137	3,894,404	3,613,137
Sewer	-	-	4,772,142	4,665,903	4,772,142	4,665,903
Total expenses	<u>\$ 15,360,444</u>	<u>\$ 14,646,884</u>	<u>\$ 8,666,546</u>	<u>\$ 8,279,040</u>	<u>\$ 24,026,990</u>	<u>\$ 22,925,924</u>
Change in Net Position before transfers	3,328,219	1,613,580	4,405,876	416,193	7,734,095	2,029,773
Transfers	<u>\$ (1,006,956)</u>	<u>\$ (183,000)</u>	<u>\$ 1,006,956</u>	<u>\$ 183,000</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (decrease) in net position	<u>\$ 2,321,263</u>	<u>\$ 1,430,580</u>	<u>\$ 5,412,832</u>	<u>\$ 599,193</u>	<u>\$ 7,734,095</u>	<u>\$ 2,029,773</u>
Beginning net position, as previously reported	\$ 56,516,376	55,144,894	33,328,514	32,729,321	89,844,890	87,874,215
Restatements	<u>(893,155)</u>	<u>(282,004)</u>	<u>(165,373)</u>	<u>-</u>	<u>(1,058,528)</u>	<u>(282,004)</u>
Beginning net position, as restated	<u>\$ 55,623,221</u>	<u>\$ 54,862,890</u>	<u>\$ 33,163,141</u>	<u>\$ 32,729,321</u>	<u>\$ 88,786,362</u>	<u>\$ 87,592,211</u>
Ending net position	<u>\$ 57,944,484</u>	<u>\$ 56,293,470</u>	<u>\$ 38,575,973</u>	<u>\$ 33,328,514</u>	<u>\$ 96,520,457</u>	<u>\$ 89,621,984</u>

The information presented for 2024 was restated to correct an error for previously unrecorded bond insurance premium, but was not restated for implementation of GASB 101.

The Town reported an increase in net position of governmental activities by \$2,321,263 in 2025 as revenues and contributions exceeded expenditures and transfers. Governmental revenues increased by \$2,428,199 compared to 2024 mainly due to an increase in Capital Grants and Contributions offset by decreases in other taxes, revenue from property, investment income and miscellaneous. Governmental expenses increased by \$713,560 over 2024 with increases in parks, recreation and culture spending and personnel costs. The increase in Public Works and decrease in Community Development is the result of separating the Engineering and Planning Departments.

Business-type activities, associated with the Town’s water and sewer utilities, increased the overall net position by \$5,412,832 as revenue exceeded expenses. Public utilities tend to have a greater correlation of revenues generated relative to expenses incurred due to customer service demands. Business-type revenues increased by \$4,377,189 over 2024 because of an increase in user fee revenue, operating grants, and developer donated assets offset by a decrease in contributions associated with new utility connections. Business-type expenses increased by \$387,506 as compared to 2024 mainly due to capital outlay associated with PFAS grant funded studies and an increase in depreciation on capital assets recently placed in service.

Financial Analysis of the Town's Funds

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

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

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

General fund revenues totaled \$14,198,466, a \$274,273 decrease as compared to 2024. The change was driven by decreases in investment income (\$115,313) as ARPA proceeds were drawn down, other local taxes (\$99,315), and federal revenue (\$93,367). Increases were seen in property tax of \$30,231 and revenue from Virginia \$54,720. The property tax increase is related to continued appreciation in real and tangible property (vehicles) valuations. However, the increase was minimized as the real estate rate was equalized for the 2025 calendar year. General fund expenditures, excluding principal payments, totaled \$12,012,521, a \$220,150 increase over 2024. General government administration expenditures increased by \$841,083 compared to 2024, while Public Safety expenditures decreased by \$565,643. Year over year differences in Public Works and Community Development are attributable to the separation of the Engineering and Community Development departments.

Special parks and recreation fund revenues totaled \$759,597, an increase of \$41,579 over 2024. This increase is due to additional tax revenue as a result of continued appreciation in property assessments and increased revenue from the use of property (rent). Expenditures, excluding principal payments, totaled \$601,098, a \$78,396 decrease over 2024 mainly due to a \$76,906 decrease in Fireman's Field related expenses.

Capital projects fund revenues totaled \$2,868,654, an increase of \$1,800,515 over 2024 due to increased intergovernmental grants (VDOT, NVRTA and Loudoun County). Expenditures totaled \$3,125,404, an increase of \$1,276,300 driven by construction on the 12th Street Improvement project.

The town's total governmental fund balance was \$13,921,522 at the end of 2025, a decrease of \$121,228 over 2024 as expenditures and transfers out exceeded revenue. Of this amount, \$11,496,526 was unassigned and available for future spending, an increase of \$662,618 over 2024.

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

Water fund operating revenues totaled \$2,730,186, an increase of \$300,967 over 2024. This was driven by the 16% user fee rate increase adopted for FY25. Operating expenses totaled \$3,590,182, an increase of \$283,181 as compared to 2024. This increase was driven by an increase in depreciation and capital outlay associated with PFAS studies but was offset by a decrease in personnel costs.

Non-operating revenues less expenses increased by \$2,793,516 as intergovernmental revenue and grants increased \$2,725,383 of which \$3,322,712 was recognition of ARPA revenue used to fund infrastructure improvements. Capital Contributions totaled \$363,439, an increase of \$144,530 over 2024 driven by developer donated assets less a decrease in availability fees.

The water fund's ending net position for 2025 was \$20,087,343 of which \$6,206,022 was unrestricted. The 2025 increase in unrestricted net position of \$780,368 is due to increases in cash and receivables offset by increases to accounts payable and other accrued liabilities.

Financial Analysis of the Town's Funds: (Continued)

Sewer Fund operating revenues totaled \$4,200,250, an increase of \$546,757 over 2024, primarily due to an increase in user fees. This was driven by the 18% user fee rate increase adopted for FY25. Operating expenses totaled \$3,822,799, an increase of \$124,047 over 2024, due to increased personnel costs and depreciation. These increases were offset by a reduction in plant operations expenses and capital outlay.

Non-operating revenues less expenses decreased in 2025 by \$406,945 due to a reduction in intergovernmental and grants revenue. In 2025, the Town spent \$15,482 in ARPA funds, a decrease of \$427,916 as compared to the prior year. Capital Contributions totaled \$1,201,686, an increase of \$1,018,086 over 2024 driven by developer contributions offset by a decrease in availability fees.

The sewer fund's ending net position for 2025 was \$18,488,630 of which \$5,886,865 was unrestricted. The 2025 decrease in unrestricted net position of 691,405 is largely due to an increase in the sewer fund's net investment in capital assets.

The town's total net position at the end of 2025 for the two proprietary funds was \$38,575,973, of which \$12,072,887 was unrestricted.

General Fund Budgetary Highlights

The Town's General Fund saw an increase in fund balance of \$812,593, a strong ending position as revenues exceeded expenditures and \$500,000 cash was returned to general fund reserves as the Hirst Pond CIP project was defunded.

General fund revenue from local sources exceeded budget by \$224,864 in 2025. General property taxes exceeded budget by \$69,240. Of this amount, personal property taxes exceeded budget by \$96,904 due to strong assessments. This was offset as real estate tax revenue was \$43,397 less than budget despite a 6.8% increase in assessments as Town Council decreased the 2025 tax rate from \$0.205 to the equalized rate of \$0.192. Investment revenue exceeded budget by \$375,301 due to ARPA funded project timing. These budgetary gains were offset by other local taxes which fell short of budget by \$253,043 primarily associated with accelerated reductions in distribution of local sales tax. Overall, 2025 General Fund revenues exceeded budget by \$237,454.

The 2025 General Fund expenditures were favorable to budget by \$1,105,258. A large driver was Police department vacancy savings of \$786,553 and operational savings of \$215,268. These savings were offset by \$153,528 in unanticipated severance pay incurred from the termination of the Town Manager in early 2025. Additional savings of \$420,808, shown in Public Works, is primarily due to delays in VDOT funded street maintenance (\$363,488). With VDOT's permission, these funds can be reappropriated in FY26.

Capital Asset and Debt Administration

Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totaled \$122,234,633 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress.

Capital Asset and Debt Administration: (Continued)

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

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,310,764	\$ 4,310,764	\$ 3,039,509	\$ 3,039,509	\$ 7,350,273	\$ 7,350,273
Building	7,801,420	8,099,257	-	-	7,801,420	8,099,257
Improvements other than buildings	2,696,250	3,772,361	-	-	2,696,250	3,772,361
Machinery and equipment	329,692	366,588	1,497,545	1,129,490	1,827,237	1,496,078
Vehicles	390,454	412,388	11,404	6,637	401,858	419,025
Infrastructure	37,905,481	36,534,325	-	-	37,905,481	36,534,325
Utility plant in service	-	-	56,065,700	52,717,951	56,065,700	52,717,951
Lease assets	937,513	965,110	10,536	94	948,049	965,204
Subscription Assets	254,879	183,074	1,626	3,577	256,505	186,651
Construction in progress	4,150,579	2,966,911	2,831,281	2,830,012	6,981,860	5,796,923
Total capital assets (net of accumulated depreciation)	\$ 58,777,032	\$ 57,610,778	\$ 63,457,601	\$ 59,727,270	\$ 122,234,633	\$ 117,338,048

Additional information on the Town's capital assets can be found in Note 5 on pages 55 and 56 of this report.

Long-term obligations: At the end of the current fiscal year, the Town had total outstanding obligations of \$54,273,147 and details are summarized in the following table:

**Town of Purcellville, Virginia
Outstanding Obligations
For the Year Ended June 30, 2025**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 8,161,461	\$ 9,334,744	\$ 38,183,774	\$ 39,920,818	\$ 46,345,235	\$ 49,255,562
Notes payable	170,000	255,000	-	-	170,000	255,000
Financed purchases	458,622	505,653	105,472	96,267	564,094	601,920
Leases	1,016,781	1,033,477	10,515	-	1,027,296	1,033,477
Subscriptions	220,580	171,189	1,845	3,649	222,425	174,838
Net pension liability	311,172	524,208	87,392	147,597	398,564	671,805
Net OPEB liability	238,151	273,648	67,053	72,234	305,204	345,882
Total OPEB liability	2,943,685	3,419,958	826,722	962,918	3,770,407	4,382,876
Compensated absences	1,205,455	1,184,946	264,467	277,182	1,469,922	1,462,128
Total	\$ 14,725,907	\$ 16,702,823	\$ 39,547,240	\$ 41,480,665	\$ 54,273,147	\$ 58,183,488

The information presented for 2024 was restated to correct an error for previously unrecorded bond insurance premium, and to reflect implementation of GASB 101 for comparative purposes.

In 2025, obligations related to governmental activities decreased by \$1,976,916, primarily due to principal payments totaling \$1,272,619 and reductions in net pension and net/total Other Post-Employment Benefits (OPEB) liabilities amounting to \$704,297.

Capital Asset and Debt Administration: (Continued)

In 2025, obligations related to business-type activities decreased by \$1,933,425, primarily due to principal payments totaling \$1,719,128 and reductions in net pension and net/total Other Post-Employment Benefits (OPEB) liabilities amounting to \$214,297.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total assessed value of taxed real property. The Town was compliant with Virginia debt limitation statutes as of June 30, 2025.

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

Economic Factors and Next Year's Budgets and Rates

Purcellville is largest town in western Loudoun located at the base of the Blue Ridge Mountains approximately 50 miles west of Washington, DC. Purcellville's growing population of 8,965 boasts a median household income of \$162,981, a median age of 35.5, with nearly 60% of adults holding a bachelor's degree or higher, and a home ownership rate of 89.1%. Beyond the town itself, the area within a 15-mile radius of Purcellville encompasses a thriving and affluent western Loudoun County population of over 120,000 residents. These strong economic and family-oriented demographics underscore the town's capacity to support and sustain a diverse range of professional, educational, retail and healthcare jobs and services.

Purcellville's real property assessments increased by 6.85% in tax year 2025, made up of a 6.54% increase in existing property values and a 0.32% increase in new construction and growth. The average residential assessment was \$627,285. The current residential/commercial tax base is split 83/17%. In tax year 2025, Town Council reduced the real estate tax rate of \$0.205 per \$100 of assessed value to the equalized rate of \$0.192. The equalized rate is the tax rate that would levy the same amount of revenue as was levied in the prior year, essentially offsetting assessment growth for existing properties. In looking forward to 2026, growth in real estate valuation is expected to moderate yet remain positive. Opportunities for new development have slowed as the Town approaches build-out but there is continued interest in infill and redevelopment. The Fireman's Field Service tax, a special assessment used to support recreational and cultural facilities and activities, remained unchanged at \$0.03 per \$100 of assessed value and is reported in the Parks and Recreation special revenue fund. No change was made to the personal property tax rates of \$1.05 for vehicles and \$0.55 for business property. In 2025, the annual vehicle license fee of \$25 was eliminated but revenue was offset by one-time relief from Loudoun County. This change will reduce 2026 revenue by \$181,000 unless Town Council reinstates the fee.

In FY25, several revenue categories declined year over year: investment income (-15%) as ARPA proceeds were drawn down; sales tax revenue (-7%) as the town's percentage of school aged children declined relative to the County totals; personal property tax (-5%); and business license tax (-3%). However, modest growth was seen in the town's real estate tax (2%) and meals tax (2%). The town's General Fund continues to benefit from a diversified revenue stream. The largest revenue categories are property tax (36%), meals tax (23%), sales tax (9%) and revenue from the Commonwealth (10%).

In FY25, Council approved a water rate increase of 16% and a sewer rate increase of 18% as recommended by our utility rate consultant, Stantec. During FY26 Budget deliberations, Council directed a \$2.94 million transfer of General Fund meal tax to Utility Enterprise Funds to reduce water usage rates by -9% and wastewater usage rates by -11%. As the town reaches build-out, utility availability revenue is limited to infill projects and no longer a consistent revenue source.

Economic Factors and Next Year's Budgets and Rates: (Continued)

The Town received American Rescue Plan Act (ARPA) funding totaling \$10.6 million. All proceeds were successfully obligated before the December 31, 2024 deadline for eligible governmental services and capital projects. As of June 30, 2025, all projects were complete, except for the new water tank. This project is on track for completion in the summer of 2026, well ahead of the December 31, 2026 expenditure deadline.

The Town has maintained strong investment grade credit ratings with all three national credit rating agencies.

- Standard and Poor's (AAA)
- Fitch (AAA)
- Moody's (Aa2)

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Purcellville, 221 S. Nursery Ave., Purcellville, VA 20132.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
As of June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	\$ 6,418,486	\$ 12,680,636	\$ 19,099,122
Cash and cash equivalents, restricted (Note 2)	7,914,744	-	7,914,744
Receivables, net			
Taxes receivable	2,931,180	-	2,931,180
Accounts receivable	323,600	1,356,036	1,679,636
Leases receivable (Note 3)	107,101	586,238	693,339
Interest receivable	-	903	903
Public-private partnership receivable (Note 11)	261,195	-	261,195
Due from other governmental units (Note 4)	3,415,932	237,215	3,653,147
Internal balances	(542,310)	542,310	-
Inventories	135,169	131,497	266,666
Prepaid items	125,534	34,783	160,317
Capital assets (Note 5)			
Land	4,310,764	3,039,509	7,350,273
Buildings and system	7,801,420	-	7,801,420
Improvements other than buildings	2,696,250	-	2,696,250
Machinery and equipment	329,692	1,497,545	1,827,237
Vehicles	390,454	11,404	401,858
Infrastructure	37,905,481	-	37,905,481
Utility plant in service	-	56,065,700	56,065,700
Lease assets	937,513	10,536	948,049
Subscription assets	254,879	1,626	256,505
Construction in progress	4,150,579	2,831,281	6,981,860
Total assets	\$ 79,867,663	\$ 79,027,219	\$ 158,894,882
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 455,058	\$ 1,968,928	\$ 2,423,986
Deferred outflows related to pensions (Note 8)	1,145,078	324,176	1,469,254
Deferred outflows related to other postemployment benefits (Notes 9 and 10)	458,535	128,817	587,352
Total deferred outflows of resources	\$ 2,058,671	\$ 2,421,921	\$ 4,480,592
LIABILITIES			
Accounts payable	\$ 764,875	\$ 904,795	\$ 1,669,670
Accrued liabilities	371,087	97,071	468,158
Retainage payable	-	79,527	79,527
Customers' deposits	285,808	608,340	894,148
Unearned revenue	2,389,760	75,000	2,464,760
Accrued interest payable	55,641	407,380	463,021
Noncurrent liabilities due within one year:			
Due within one year (Note 6)	1,970,529	2,301,694	4,272,223
Noncurrent liabilities due in more than one year:			
Net pension liability (note 8)	311,172	87,392	398,564
Net other postemployment benefit liability (Notes 9 and 10)	238,151	67,053	305,204
Total other postemployment benefit liability (Notes 9 and 10)	2,943,685	791,726	3,735,411
Other non-current liabilities (Note 6)	9,262,370	36,299,375	45,561,745
Total liabilities	\$ 18,593,078	\$ 41,719,353	\$ 60,312,431
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes (Note 7)	\$ 2,870,093	\$ -	\$ 2,870,093
Deferred lease revenue (Note 3)	86,773	541,541	628,314
Deferred public-private partnership revenue (Note 11)	257,342	-	257,342
Deferred inflows related to pensions (Note 8)	469,075	133,258	602,333
Deferred inflows related to other postemployment benefits (Notes 9 and 10)	1,705,489	479,015	2,184,504
Total deferred inflows of resources	\$ 5,388,772	\$ 1,153,814	\$ 6,542,586
NET POSITION			
Net investment in capital assets	\$ 49,051,027	\$ 26,503,086	\$ 75,554,113
Restricted for:			
State highway maintenance	363,488	-	363,488
Proffers	382,713	-	382,713
Loudoun County transportation funded projects	273,110	-	273,110
Unrestricted	7,874,146	12,072,887	19,947,033
Total net position	\$ 57,944,484	\$ 38,575,973	\$ 96,520,457

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

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,397,981	\$ 206,994	\$ 23,907	\$ -
Public safety	3,917,080	40,542	218,749	-
Public works	4,210,755	-	940,761	3,704,945
Parks, recreation, and cultural	607,363	111,181	4,500	-
Community development	1,999,435	136,821	-	-
Interest on long-term debt	227,830	-	-	-
Total governmental activities	\$ 15,360,444	\$ 495,538	\$ 1,187,917	\$ 3,704,945
Business-type activities:				
Water	\$ 3,894,404	\$ 3,015,986	\$ 3,754,549	\$ 363,439
Sewer	4,772,142	4,220,565	19,311	1,201,686
Total business-type activities	\$ 8,666,546	\$ 7,236,551	\$ 3,773,860	\$ 1,565,125
Total primary government	\$ 24,026,990	\$ 7,732,089	\$ 4,961,777	\$ 5,270,070

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

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:			
Governmental activities:			
General government administration	\$ (4,167,080)	\$ -	\$ (4,167,080)
Public safety	(3,657,789)	-	(3,657,789)
Public works	434,951	-	434,951
Parks, recreation, and cultural	(491,682)	-	(491,682)
Community development	(1,862,614)	-	(1,862,614)
Interest on long-term debt	(227,830)	-	(227,830)
Total governmental activities	\$ (9,972,044)	\$ -	\$ (9,972,044)
Business-type activities:			
Water	\$ -	\$ 3,239,570	\$ 3,239,570
Sewer	-	669,420	669,420
Total business-type activities	\$ -	\$ 3,908,990	\$ 3,908,990
Total primary government	\$ (9,972,044)	\$ 3,908,990	\$ (6,063,054)
General revenues:			
Taxes:			
General property taxes	\$ 5,704,530	\$ -	\$ 5,704,530
Local sales and use tax	1,326,214	-	1,326,214
Business licenses	1,044,449	-	1,044,449
Utility license taxes	235,807	-	235,807
Meals taxes	3,281,095	-	3,281,095
Cigarette taxes	151,872	-	151,872
Franchise taxes	407,183	-	407,183
Other local taxes	23,471	-	23,471
Unrestricted revenues from use of property	-	-	-
Gain on disposal of capital asset	-	7,919	7,919
Investment income (loss)	698,460	468,421	1,166,881
Miscellaneous	112,550	20,546	133,096
Grants not restricted to specific programs	314,632	-	314,632
Transfers	(1,006,956)	1,006,956	-
Total general revenues and transfers	\$ 12,293,307	\$ 1,503,842	\$ 13,797,149
Change in net position	\$ 2,321,263	\$ 5,412,832	\$ 7,734,095
Net position at July 1, as previously reported	56,516,376	33,328,514	89,844,890
Restatements	(893,155)	(165,373)	(1,058,528)
Net position at July 1, as restated	55,623,221	33,163,141	88,786,362
Net position at June 30	\$ 57,944,484	\$ 38,575,973	\$ 96,520,457

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

Fund Financial Statements

Balance Sheet
 Governmental Funds
 As of June 30, 2025

	General	Special Revenue (Parks & Recreation)	Capital Projects	Total
ASSETS				
Cash and cash equivalents (Note 2)	\$ 6,684,160	\$ 177,841	\$ -	\$ 6,862,001
Cash and cash equivalents, restricted (Note 2)	7,258,921	-	655,823	7,914,744
Receivables, net				
Taxes receivable	2,601,782	329,398	-	2,931,180
Accounts receivable	320,350	3,250	-	323,600
Leases receivable (Note 3)	107,101	-	-	107,101
Public-private partnership receivable (Note 11)	-	261,195	-	261,195
Due from other governmental units (Note 4)	1,845,542	243,742	1,326,648	3,415,932
Inventories	133,864	1,305	-	135,169
Prepays	120,026	5,508	-	125,534
Total assets	<u>\$ 19,071,746</u>	<u>\$ 1,022,239</u>	<u>\$ 1,982,471</u>	<u>\$ 22,076,456</u>
LIABILITIES				
Accounts payable	\$ 456,011	\$ 13,374	\$ 295,490	\$ 764,875
Accrued liabilities	362,045	9,042	-	371,087
Reconciled overdraft	-	-	443,515	443,515
Due to other funds	542,310	-	-	542,310
Customer deposits	285,808	-	-	285,808
Unearned revenue	2,382,960	6,800	-	2,389,760
Total liabilities	<u>4,029,134</u>	<u>29,216</u>	<u>739,005</u>	<u>4,797,355</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases (Note 3)	\$ 86,773	\$ -	\$ -	\$ 86,773
Deferred inflows related to public-private partnership (Note 11)	-	257,342	-	257,342
Deferred property taxes (Note 7)	2,680,131	333,333	-	3,013,464
Total deferred inflows of resources	<u>\$ 2,766,904</u>	<u>\$ 590,675</u>	<u>\$ -</u>	<u>\$ 3,357,579</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ 133,864	\$ 1,305	\$ -	\$ 135,169
Prepays	120,026	5,508	-	125,534
Total nonspendable balance	<u>\$ 253,890</u>	<u>\$ 6,813</u>	<u>\$ -</u>	<u>\$ 260,703</u>
Restricted:				
State highway maintenance	\$ 363,488	\$ -	\$ -	\$ 363,488
Proffers	-	-	382,713	382,713
Loudoun County funded projects	-	-	273,110	273,110
Total restricted fund balance	<u>\$ 363,488</u>	<u>\$ -</u>	<u>\$ 655,823</u>	<u>\$ 1,019,311</u>
Committed for:				
Future capital outlay	\$ 54,126	\$ -	\$ 13,920	\$ 68,046
Capital asset replacement	107,678	-	-	107,678
Parks and recreation	-	395,535	-	395,535
Total committed fund balance	<u>\$ 161,804</u>	<u>\$ 395,535</u>	<u>\$ 13,920</u>	<u>\$ 571,259</u>
Assigned:				
Capital projects	\$ -	\$ -	\$ 573,723	\$ 573,723
Unassigned				
Total fund balances	<u>\$ 11,496,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,496,526</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,071,746</u>	<u>\$ 1,022,239</u>	<u>\$ 1,982,471</u>	<u>\$ 22,076,456</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2025

Ending fund balance - governmental funds	\$	13,921,522
<p>Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		58,777,032
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		143,371
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Pension related deferred outflows		1,145,078
Pension related deferred inflows		(469,075)
Net pension liability		(311,172)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Other postemployment benefit related deferred outflows		458,535
Other postemployment benefit related deferred inflows		(1,705,489)
Net other postemployment benefit liability		(238,151)
Total other postemployment benefit liability		(2,943,685)
Deferred refunding costs are not financial resources and, therefore, are not reported in the funds.		455,058
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Total long-term liabilities	(11,232,899)	
Accrued interest payable	(55,641)	
		<u>(11,288,540)</u>
Total net position - governmental activities	\$	<u>57,944,484</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General	Special Revenue (Parks & Recreation)	Capital Projects	Total
REVENUES				
General property taxes	\$ 5,117,127	\$ 616,907	\$ -	\$ 5,734,034
Other local taxes	6,470,091	-	-	6,470,091
Permits, privilege fees, and regulatory licenses	343,815	-	-	343,815
Fines and forfeitures	40,542	-	-	40,542
Revenue from the use of property	29,833	81,348	-	111,181
Investment income	643,301	-	55,159	698,460
Miscellaneous	51,208	61,342	-	112,550
Intergovernmental:				
Local government	-	-	1,786,831	1,786,831
Commonwealth	1,469,715	-	788,997	2,258,712
Federal	32,834	-	237,667	270,501
Total revenues	\$ 14,198,466	\$ 759,597	\$ 2,868,654	\$ 17,826,717
EXPENDITURES				
Current:				
General government administration	\$ 4,304,740	\$ -	\$ -	\$ 4,304,740
Public safety	2,973,188	-	-	2,973,188
Public works	3,751,589	-	-	3,751,589
Parks, recreation, and cultural	-	579,232	-	579,232
Community development	774,520	-	-	774,520
Capital outlay	-	-	3,125,404	3,125,404
Debt service:				
Principal retirement	1,600,851	87,961	-	1,688,812
Interest and other fiscal charges	208,484	21,866	-	230,350
Total expenditures	\$ 13,613,372	\$ 689,059	\$ 3,125,404	\$ 17,427,835
Excess (deficiency) of revenues over (under) expenditures	\$ 585,094	\$ 70,538	\$ (256,750)	\$ 398,882
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 1)	\$ 513,054	\$ 140,945	\$ -	\$ 653,999
Transfers out (Note 1)	(760,606)	-	(900,349)	(1,660,955)
Insurance recoveries	24,370	-	-	24,370
Issuance of financed purchases	133,619	-	-	133,619
Issuance of leases	118,791	11,795	-	130,586
Issuance of subscription-based IT arrangements	198,271	-	-	198,271
Total other financing sources (uses)	\$ 227,499	\$ 152,740	\$ (900,349)	\$ (520,110)
Net change in fund balances	\$ 812,593	\$ 223,278	\$ (1,157,099)	\$ (121,228)
Fund balance at July 1	11,463,115	179,070	2,400,565	14,042,750
Fund balance at June 30	<u>\$ 12,275,708</u>	<u>\$ 402,348</u>	<u>\$ 1,243,466</u>	<u>\$ 13,921,522</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balance – total governmental funds \$ (121,228)

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	\$ 3,291,402	
Depreciation and amortization expense	<u>(3,016,598)</u>	274,804

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (29,504)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Developer contributions 891,450

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.

Pension expense 33,962

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.

Other postemployment benefit expense 63,432

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

Principal retired on long-term liabilities	1,688,812	
Issuance of SBITAs	(198,271)	
Issuance of leases	(130,586)	
Issuance of financed purchase	(133,619)	
Amortization of deferred charge on refunding	(60,678)	
Amortization of premiums	<u>46,283</u>	1,211,941

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	(20,509)	
Change in accrued interest payable	<u>16,915</u>	
		<u>(3,594)</u>

Change in net position of governmental activities \$ 2,321,263

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

Statement of Net Position
 Proprietary Funds
 As of June 30, 2025

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 6,500,762	\$ 6,179,874	\$ 12,680,636
Accounts receivable, net	476,795	879,241	1,356,036
Due from other funds	542,310	-	542,310
Due from other governments	237,215	-	237,215
Lease receivable (Note 3)	279,759	-	279,759
Interest receivable	903	-	903
Inventories	68,722	62,775	131,497
Prepaid items	14,491	20,292	34,783
Total current assets	<u>\$ 8,120,957</u>	<u>\$ 7,142,182</u>	<u>\$ 15,263,139</u>
Noncurrent assets:			
Lease receivable (Note 3)	\$ 306,479	\$ -	\$ 306,479
Capital assets (Note 5)			
Land	2,672,409	367,100	3,039,509
Utility plant in service	23,354,798	51,126,747	74,481,545
Improvements other than buildings	445,000	-	445,000
Vehicles	224,997	195,206	420,203
Machinery and equipment	898,795	2,126,306	3,025,101
Lease assets	4,635	7,340	11,975
Subscription assets	3,261	2,609	5,870
Construction in progress	2,459,972	371,309	2,831,281
Accumulated depreciation & amortization	(7,878,255)	(12,924,628)	(20,802,883)
Total capital assets	<u>\$ 22,185,612</u>	<u>\$ 41,271,989</u>	<u>\$ 63,457,601</u>
Total noncurrent assets	<u>\$ 22,492,091</u>	<u>\$ 41,271,989</u>	<u>\$ 63,764,080</u>
Total assets	<u>\$ 30,613,048</u>	<u>\$ 48,414,171</u>	<u>\$ 79,027,219</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 475,815	\$ 1,493,113	\$ 1,968,928
Deferred outflows related to pensions (Note 8)	158,358	165,818	324,176
Deferred outflows related to other postemployment benefits (Notes 9 and 10)	62,820	65,997	128,817
Total deferred outflows of resources	<u>\$ 696,993</u>	<u>\$ 1,724,928</u>	<u>\$ 2,421,921</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 780,631	\$ 124,164	\$ 904,795
Accrued liabilities	49,094	47,977	97,071
Retainage payable	79,527	-	79,527
Customer deposits	608,340	-	608,340
Unearned revenue	75,000	-	75,000
Accrued interest payable	96,891	310,489	407,380
Bonds - current portion (Note 6)	531,000	1,668,195	2,199,195
Financing payable - current portion (Note 6)	32,491	4,521	37,012
Lease liability - current portion (Note 6)	1,088	1,111	2,199
Subscription liability - current portion (Note 6)	1,025	820	1,845
Compensated absences - current portion (Note 6)	5,554	20,893	26,447
Total other postemployment benefit liability - current portion	16,970	18,026	34,996
Total current liabilities	<u>\$ 2,277,611</u>	<u>\$ 2,196,196</u>	<u>\$ 4,473,807</u>
Noncurrent liabilities:			
Bonds - net of current portion (Note 6)	\$ 7,522,000	\$ 28,462,579	\$ 35,984,579
Financing payable - net of current portion (Note 6)	67,682	778	68,460
Lease liability - net of current portion (Note 6)	2,983	5,333	8,316
Compensated absences - net of current portion (Note 6)	50,395	187,625	238,020
Net pension liability (Note 8)	42,378	45,014	87,392
Net other postemployment benefit liability (Notes 9 and 10)	34,030	33,023	67,053
Total other postemployment benefit liability (Notes 9 and 10)	383,926	407,800	791,726
Total noncurrent liabilities	<u>\$ 8,103,394</u>	<u>\$ 29,142,152</u>	<u>\$ 37,245,546</u>
Total liabilities	<u>\$ 10,381,005</u>	<u>\$ 31,338,348</u>	<u>\$ 41,719,353</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred lease revenue (Note 3)	\$ 541,541	\$ -	\$ 541,541
Deferred inflows related to pension (Note 8)	67,547	65,711	133,258
Deferred inflows related to other postemployment benefits (Note 9 and 10)	232,605	246,410	479,015
Total deferred inflows of resources	<u>\$ 841,693</u>	<u>\$ 312,121</u>	<u>\$ 1,153,814</u>
NET POSITION			
Net investment in capital assets	\$ 13,881,321	\$ 12,621,765	\$ 26,503,086
Unrestricted	6,206,022	5,866,865	12,072,887
Total net position	<u>\$ 20,087,343</u>	<u>\$ 18,488,630</u>	<u>\$ 38,575,973</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for services and connection fees	\$ 2,674,363	\$ 4,155,613	\$ 6,829,976
Other revenues	39,962	39,952	79,914
Miscellaneous	15,861	4,685	20,546
Total operating revenues	<u>\$ 2,730,186</u>	<u>\$ 4,200,250</u>	<u>\$ 6,930,436</u>
OPERATING EXPENSES			
Personnel	\$ 1,673,727	\$ 1,800,093	\$ 3,473,820
Plant operations and meter reading	587,489	801,417	1,388,906
Well operations	311,242	-	311,242
Pump station operations	-	61,657	61,657
Depreciation and amortization	544,668	1,025,767	1,570,435
Capital outlay - non-capitalizable expenses	435,290	101,513	536,803
Other operating expenses	37,766	32,352	70,118
Total operating expenses	<u>\$ 3,590,182</u>	<u>\$ 3,822,799</u>	<u>\$ 7,412,981</u>
Operating income (loss)	<u>\$ (859,996)</u>	<u>\$ 377,451</u>	<u>\$ (482,545)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	\$ 3,754,549	\$ 19,311	\$ 3,773,860
Investment income	226,135	216,670	442,805
Cellular lease income	301,661	25,000	326,661
Lease interest income	25,616	-	25,616
Gain on disposal of capital assets	7,919	-	7,919
Interest expense	(304,222)	(949,343)	(1,253,565)
Total nonoperating revenues (expenses)	<u>\$ 4,011,658</u>	<u>\$ (688,362)</u>	<u>\$ 3,323,296</u>
Income (loss) before capital contributions and transfers	<u>\$ 3,151,662</u>	<u>\$ (310,911)</u>	<u>\$ 2,840,751</u>
CAPITAL CONTRIBUTIONS			
Availability fees	\$ 90,139	\$ 97,200	\$ 187,339
Developer donated assets	273,300	1,104,486	1,377,786
Total capital contributions	<u>\$ 363,439</u>	<u>\$ 1,201,686</u>	<u>\$ 1,565,125</u>
Transfers in (Note 1)	\$ 1,105,495	\$ 255,000	\$ 1,360,495
Transfers out (Note 1)	(353,539)	-	(353,539)
Net transfers	<u>\$ 751,956</u>	<u>\$ 255,000</u>	<u>\$ 1,006,956</u>
Change in net position	<u>\$ 4,267,057</u>	<u>\$ 1,145,775</u>	<u>\$ 5,412,832</u>
NET POSITION AT JULY 1, AS ORIGINALLY REPORTED	15,862,561	17,465,953	33,328,514
Restatement	(42,275)	(123,098)	(165,373)
NET POSITION AT JULY 1, AS RESTATED	<u>15,820,286</u>	<u>17,342,855</u>	<u>33,163,141</u>
NET POSITION AT JUNE 30	<u>\$ 20,087,343</u>	<u>\$ 18,488,630</u>	<u>\$ 38,575,973</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,568,696	\$ 3,948,608	\$ 6,517,304
Payments to suppliers	(1,217,965)	(965,548)	(2,183,513)
Payments to and on behalf of employees	(1,734,929)	(1,768,907)	(3,503,836)
Other receipts (payments)	3,895,604	88,948	3,984,552
Net cash provided by operating activities	\$ 3,511,406	\$ 1,303,101	\$ 4,814,507
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (353,539)	\$ -	\$ (353,539)
Transfers from other funds	1,105,495	255,000	1,360,495
Net cash provided by noncapital financing activities	\$ 751,956	\$ 255,000	\$ 1,006,956
CASH FLOWS AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant, and equipment	\$ (3,448,006)	\$ (337,608)	\$ (3,785,614)
Proceeds from sale of capital assets	7,919	-	7,919
Availability fees	90,139	97,200	187,339
Retirements of long-term indebtedness	(326,718)	(1,450,251)	(1,776,969)
Interest expense	(248,057)	(808,935)	(1,056,992)
Net cash used in capital and related financing activities	\$ (3,924,723)	\$ (2,499,594)	\$ (6,424,317)
INVESTING ACTIVITIES			
Investment income	\$ 251,751	\$ 216,670	\$ 468,421
Net cash provided by investing activities	\$ 251,751	\$ 216,670	\$ 468,421
Net increase in cash and cash equivalents	\$ 590,390	\$ (724,823)	\$ (134,433)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	5,910,372	6,904,697	12,815,069
Ending at June 30	\$ 6,500,762	\$ 6,179,874	\$ 12,680,636
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (859,996)	\$ 377,451	\$ (482,545)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	544,668	1,025,767	1,570,435
Other non-operating revenues included in operating activities	4,056,210	44,311	4,100,521
(Increase) decrease in:			
Accounts receivable	(118,564)	(207,005)	(325,569)
Due from other governments	(194,173)	-	(194,173)
Lease receivable	(106,381)	-	(106,381)
Interest receivable	(183)	-	(183)
Inventories	880	13,468	14,348
Prepaid items	2,433	1,017	3,450
Deferred outflows related to pensions	6,239	(6,474)	(235)
Deferred outflows related to other postemployment benefits	15,181	11,551	26,732
Increase (decrease) in:			
Accounts payable	150,509	16,906	167,415
Accrued liabilities	7,012	6,830	13,842
Customer deposits	13,080	-	13,080
Compensated absences	(32,744)	20,029	(12,715)
Net pension liability	(32,529)	(27,676)	(60,205)
Net other postemployment benefit liability	1,773	(6,954)	(5,181)
Total other postemployment benefit liability	(87,795)	(48,401)	(136,196)
Deferred lease revenue	84,125	-	84,125
Deferred inflows related to pensions	21,628	24,025	45,653
Deferred inflows related to other postemployment benefits	40,033	58,256	98,289
Net cash provided by operating activities	\$ 3,511,406	\$ 1,303,101	\$ 4,814,507
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets acquired through financed purchases	\$ 45,864	\$ -	\$ 45,864
Capital assets acquired through leases	4,635	7,340	11,975
Capital assets acquired through developer contributions	273,300	1,104,486	1,377,786
Account and retainage payable	621,837	-	621,837
Total noncash investing, capital, and financing activities	\$ 945,636	\$ 1,111,826	\$ 2,057,462

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025

Note 1—Summary of Significant Accounting Policies:

A. Financial Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements with the exception of the amounts related to interfund services provided and used. 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 to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

Note 1—Summary of Significant Accounting Policies: (Continued)

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

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

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

1. Governmental Funds

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

a. General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.

b. Special Revenue Fund

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

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

Note 1—Summary of Significant Accounting Policies: (Continued)

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

2. Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income, financial positions, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water Fund and the Sewer Fund.

D. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services.

The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Cash and Cash Equivalents

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

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$55,299 at June 30, 2025 and is comprised solely of property taxes.

G. Restricted Assets

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expense when consumed rather than when purchased.

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

I. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years.

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

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

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

Buildings	15-40 Years
Utility Plant and Lines	25-75 Years
Vehicles	4-10 Years
Machinery and Equipment	3-20 Years
Infrastructure	20-75 Years
Lease Assets	3-10 Years
Subscription Assets	2-5 Years
Improvements Other than Buildings	10-20 Years

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

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

Note 1—Summary of Significant Accounting Policies: (Continued)

J. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation Leave

The Town’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave

The Town’s policy allows employees to accumulate earned but unused sick leave up to a maximum of 1,600 hours. All unused sick leave is forfeited when an employee leaves Town employment, and no monetary compensation is provided upon separation. However, employees hired before July 1, 2024 who retire under VRS are eligible to receive payment for 25% of the sick leave they accrued during their Town service. The estimated value of sick leave expected to be used as time off is included in the Town’s liability for compensated absences.

K. Unearned Revenues

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

L. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental and business-type activities. Bonds payable are reported net of the applicable bond premium or discount.

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

M. Property Taxes

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

N. Use of Estimates

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

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between 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. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases, and public-private partnership revenue are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 1—Summary of Significant Accounting Policies: (Continued)

P. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Q. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

Q. Fund Balance: (Continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

The Town's expenditures exceeded budget in some categories for the year ended June 30, 2025.

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

R. Pensions

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

S. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plan’s fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Interfund Transfers

Transfers between funds consists of the following: (1) transfer of \$760,606 from the General Fund to Utility CIP Funds to support cash funded capital projects, comprised of \$505,606 to the Water CIP Fund and \$255,000 to the Wastewater CIP Fund; (2) transfer of \$353,539 from the Water Fund to the Water CIP Fund to support cash funded capital projects; (3) transfer of \$246,350 from the Governmental Capital Project Fund to the Water CIP Fund to support cash funded capital projects; (4) upon capital project termination, transfer of Governmental Capital Project Fund cash totaling \$653,999 was returned to operating funds, comprised of \$513,054 returned to the General Fund and \$140,945 returned to the Parks and Recreation Fund.

The composition of interfund transfers is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 513,054	\$ 760,606
Parks & Recreation	140,945	-
Capital Projects fund	-	900,349
Water fund	1,105,495	353,539
Sewer fund	255,000	-
	<u>\$ 2,014,494</u>	<u>\$ 2,014,494</u>

U. Upcoming Pronouncements

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, Implementation Guidance Update—2025, effective for fiscal years beginning after June 15, 2025.

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

Note 1—Summary of Significant Accounting Policies: (Continued)

V. Leases and Subscription-Based IT Arrangements

The Town has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessor

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

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$10,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of lease payments made. Subsequently, the lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

The Town recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$10,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

V. Leases and Subscription-Based IT Arrangements (Continued)

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The Town uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The Town will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

W. Adoption of Accounting Principle:

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in a restatement of net position, which is reflected in note 14 to the financial statements.

Note 2—Deposits and Investments:

Deposits

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, the Virginia Investment Pool (VIP), and the State Treasurer’s Local Government Investment Pool (LGIP). The VIP and LGIP are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Town’s position in the pools is the same as the value of the pool shares and is reported within the guidelines of GASB Statement No. 79.

The Town’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

<u>Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity*</u>
Demand Deposits	\$ 5,910,327	N/A	\$ N/A
LGIP	1,252,286	AAAm	0.13
Virginia Investment Pool - NAV Liquidity Pool	19,850,653	AAAm	0.12
Cash on Hand	600	N/A	N/A
	<u>\$ 27,013,866</u>		

* Average maturity in years

Reconciliation of deposits and investments to Exhibit 1:

Cash and cash equivalents	\$ 19,099,122
Cash and cash equivalents, restricted	7,914,744
Total deposits and investments	<u>\$ 27,013,866</u>

Credit Risk

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury (LGIP). LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the Town to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disaster, immediate capital needs, state budget cuts, etc.).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk

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

Restricted Cash and Cash Equivalents

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 3—Leases Receivable:

The general fund is the lessor of a right-of-way through May 14, 2026, with annual payments of \$56,157. Under this lease, the Town recognized \$45,592 of lease revenue and no interest revenue in FY2025.

The general fund is the lessor of a building through March 31, 2027, with monthly payments of \$2,250 increasing 3% annually. Under this lease, the Town recognized \$27,163 of lease revenue and \$1,429 of interest revenue in FY2025.

The water fund is the lessor of cell tower land usage leases with various cell phone carriers, through December 31, 2027. Monthly payments are \$23,499, increasing 4% annually. Under these leases, the Town recognized \$272,024 of lease revenue and \$14,398 of interest revenue in FY2025.

The sewer fund is the lessor of a cell tower land usage for forty years through 2062, having an annual fixed payment of \$20,000 that commences once the lessee receives a building permit and begins construction. As of June 30, 2025, the lessee has not received the building permit and has not began construction.

Future payments on these leases are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 84,512	\$ 825	\$ 279,759	\$ 9,629
2027	22,589	203	186,456	4,914
2028	-	-	120,023	1,320
Total	\$ <u>107,101</u>	\$ <u>1,028</u>	\$ <u>586,238</u>	\$ <u>15,863</u>

Note 4—Due from Other Governmental Units:

Amounts due from other governmental units are as follows:

Commonwealth:	
VDOT	\$ 378,625
Communications Tax	16,676
VDH grant	237,215
Northern Virginia Transportation Authority-NVTA	885,248
County of Loudoun, Virginia	<u>2,135,383</u>
Total	\$ <u>3,653,147</u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 5—Capital Assets:

A summary of changes in capital assets for the year ended June 30, 2025 follows:

Governmental Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 4,310,764	\$ -	\$ -	\$ 4,310,764
Construction in progress	2,966,911	3,114,902	1,931,234	4,150,579
Total capital assets not being depreciated	\$ 7,277,675	\$ 3,114,902	\$ 1,931,234	\$ 8,461,343
Capital assets being depreciated:				
Buildings and system	\$ 11,913,487	\$ -	\$ -	\$ 11,913,487
Improvements other than buildings	7,101,116	-	-	7,101,116
Machinery and equipment	2,339,394	53,898	-	2,393,292
Vehicles	1,418,119	147,832	33,487	1,532,464
Infrastructure	71,864,395	2,450,966	-	74,315,361
Lease building and lots	1,385,566	11,795	-	1,397,361
Lease equipment	87,690	118,791	87,690	118,791
Subscription assets	375,169	215,902	-	591,071
Total capital assets being depreciated	\$ 96,484,936	\$ 2,999,184	\$ 121,177	\$ 99,362,943
Less accumulated depreciation for:				
Buildings and system	\$ 3,814,230	\$ 297,837	\$ -	\$ 4,112,067
Improvements other than buildings	3,328,755	1,076,111	-	4,404,866
Machinery and equipment	1,972,806	90,794	-	2,063,600
Vehicles	1,005,731	169,766	33,487	1,142,010
Infrastructure	35,330,070	1,079,810	-	36,409,880
Lease building and lots	421,115	143,257	-	564,372
Lease equipment	87,031	14,926	87,690	14,267
Subscription assets	192,095	144,097	-	336,192
Total accumulated depreciation	\$ 46,151,833	\$ 3,016,598	\$ 121,177	\$ 49,047,254
Total capital assets being depreciated, net	\$ 50,333,103	\$ (17,414)	\$ -	\$ 50,315,689
Governmental activities capital assets, net	\$ 57,610,778	\$ 3,097,488	\$ 1,931,234	\$ 58,777,032

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 5—Capital Assets: (Continued)

Business-Type Activities	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 3,039,509	\$ -	\$ -	\$ 3,039,509
Construction in progress	2,830,012	3,825,765	3,824,496	2,831,281
Total capital assets not being depreciated	<u>\$ 5,869,521</u>	<u>\$ 3,825,765</u>	<u>\$ 3,824,496</u>	<u>\$ 5,870,790</u>
Capital assets being depreciated:				
Utility plant in service	\$ 69,842,275	\$ 4,639,270	\$ -	\$ 74,481,545
Improvements other than buildings	445,000	-	-	445,000
Vehicles	403,346	45,864	29,007	420,203
Machinery and equipment	2,422,713	602,388	-	3,025,101
Lease equipment	11,481	11,975	11,481	11,975
Subscription assets	5,870	-	-	5,870
Total capital assets being depreciated	<u>\$ 73,130,685</u>	<u>\$ 5,299,497</u>	<u>\$ 40,488</u>	<u>\$ 78,389,694</u>
Less accumulated depreciation for:				
Utility plant in service	\$ 17,124,324	\$ 1,291,521	\$ -	\$ 18,415,845
Improvements other than buildings	445,000	-	-	445,000
Vehicles	396,709	41,097	29,007	408,799
Machinery and equipment	1,293,223	234,333	-	1,527,556
Lease equipment	11,387	1,533	11,481	1,439
Subscription assets	2,293	1,951	-	4,244
Total accumulated depreciation	<u>\$ 19,272,936</u>	<u>\$ 1,570,435</u>	<u>\$ 40,488</u>	<u>\$ 20,802,883</u>
Total capital assets being depreciated, net	<u>\$ 53,857,749</u>	<u>\$ 3,729,062</u>	<u>\$ -</u>	<u>\$ 57,586,811</u>
Business-type activities capital assets, net	<u>\$ 59,727,270</u>	<u>\$ 7,554,827</u>	<u>\$ 3,824,496</u>	<u>\$ 63,457,601</u>

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

Governmental activities:	
General government administration	\$ 452,434
Public safety	1,094,406
Public works	208,836
Parks and recreation	31,737
Community development	1,229,185
Total depreciation and amortization expense – governmental activities	<u>\$ 3,016,598</u>
Business-type activities	
Water	\$ 544,668
Sewer	1,025,767
Total depreciation and amortization expense – business-type activities	<u>\$ 1,570,435</u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 6—Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2025:

	Restated Balance July 1, 2024	Increases	Decreases	Balance July 1, 2025	Due Within One Year
Governmental Activities					
Direct Borrowing and Direct Placements:					
General obligation bonds	\$ 9,083,000	\$ -	\$ 1,127,000	\$ 7,956,000	\$ 1,164,000
Notes from direct borrowings	255,000	-	85,000	170,000	85,000
Issuance premiums	251,744	-	46,283	205,461	25,982
Financed purchases	505,653	133,619	180,650	458,622	139,192
Leases	1,033,477	130,586	147,282	1,016,781	161,309
Subscriptions	171,189	198,271	148,880	220,580	149,889
Net pension liability	524,208	2,149,163	2,362,199	311,172	-
Net OPEB liability	273,648	106,169	141,666	238,151	-
Total OPEB liability	3,419,958	252,943	729,216	2,943,685	124,611
Compensated absences	1,184,946	20,509	-	1,205,455	120,546
Total governmental activities, net	<u>\$ 16,702,823</u>	<u>\$ 2,991,260</u>	<u>\$ 4,968,176</u>	<u>\$ 14,725,907</u>	<u>\$ 1,970,529</u>
Business-type Activities					
Direct Borrowing and Direct Placements:					
General obligation bond	\$ 39,907,630	\$ -	\$ 1,735,352	\$ 38,172,278	\$ 2,197,508
Issuance premiums	13,188	-	1,692	11,496	1,687
Financed purchases	96,267	45,865	36,660	105,472	37,012
Leases	-	11,976	1,461	10,515	2,199
Subscriptions	3,649	-	1,804	1,845	1,845
Net pension liability	147,597	606,686	666,891	87,392	-
Net OPEB liability	72,234	39,958	45,139	67,053	-
Total OPEB liability	962,918	91,274	227,470	826,722	34,996
Compensated absences	277,182	-	12,715	264,467	26,447
Total business-type activities, net	<u>\$ 41,480,665</u>	<u>\$ 795,759</u>	<u>\$ 2,729,184</u>	<u>\$ 39,547,240</u>	<u>\$ 2,301,694</u>

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

General obligation bonds totaling \$46,128,278 contain a provision that in the event of default, the bond owner may declare all amounts payable under the bond to be immediately due and payable.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 6—Long-term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Governmental Activities						
Fiscal Year	General Obligation Bonds		Financed Purchases		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,164,000	\$ 133,539	\$ 139,192	\$ 31,088	\$ 85,000	\$ -
2027	1,181,000	115,511	119,903	21,877	85,000	-
2028	1,260,000	97,217	120,145	12,665	-	-
2029	1,283,000	76,908	64,042	4,336	-	-
2030	613,000	56,172	15,340	317	-	-
2031-2035	2,305,000	127,305	-	-	-	-
2036-2038	150,000	7,455	-	-	-	-
Total	\$ 7,956,000	\$ 614,107	\$ 458,622	\$ 70,283	\$ 170,000	\$ -

Governmental Activities				
Fiscal Year	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
2026	\$ 161,309	\$ 10,692	\$ 149,889	\$ 5,630
2027	169,146	8,728	70,691	1,794
2028	177,305	6,677	-	-
2029	182,531	4,597	-	-
2030	181,154	2,437	-	-
2031	145,336	654	-	-
Total	\$ 1,016,781	\$ 33,785	\$ 220,580	\$ 7,424

Business-Type Activities						
Fiscal Year	General Obligation Bonds		Financed Purchases		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,197,508	\$ 1,003,233	\$ 37,012	\$ 7,329	\$ 2,199	\$ 222
2027	2,267,556	949,972	33,733	5,107	2,251	170
2028	2,332,518	894,916	20,568	3,199	2,304	117
2029	2,394,417	836,771	13,037	1,012	2,359	63
2030	2,466,279	776,685	1,122	8	1,402	10
2031-2035	13,138,000	3,038,181	-	-	-	-
2036-2038	13,376,000	1,043,902	-	-	-	-
Total	\$ 38,172,278	\$ 8,543,660	\$ 105,472	\$ 16,655	\$ 10,515	\$ 582

Business-Type Activities		
Fiscal Year	Subscriptions	
	Principal	Interest
2026	\$ 1,845	\$ 43
Total	\$ 1,845	\$ 43

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 6—Long-term Obligations: (Continued)

Details of general obligation bonds, financed purchases, long-term obligations, leases, and subscriptions are as follows:

	Interest Rates	Final Maturity Date	Amount Outstanding		
			Amount of Original Issue	Governmental Activities	Business-Type Activities
General Obligation Bonds:					
Series 2017B	3.35%	02/01/2038	\$ 16,370,000	\$ 700,000	\$ 14,605,000
VRA Series 2008	2.77%	03/01/2030	14,449,513	-	7,477,278
Series 2020A GO	1.46%	02/01/2033	4,522,000	2,375,000	485,000
Series 2021 GO	2.69%	08/01/2031	12,265,000	-	9,291,000
Series 2023 GO	1.58%	02/01/2034	11,488,000	4,881,000	6,314,000
TOTAL				\$ 7,956,000	\$ 38,172,278
Financed purchases:					
Pickup truck	8.28%	09/01/2025	\$ 25,431	\$ 1,238	\$ -
Sports utility vehicle	8.09%	10/01/2025	23,093	1,544	-
Sports utility vehicle	8.09%	10/01/2025	23,093	-	1,544
Sports utility vehicle	6.91%	05/01/2026	25,130	3,937	-
Sports utility vehicle	7.04%	06/01/2026	29,900	5,080	-
Police interceptor	7.39%	08/01/2025	35,643	891	-
Police interceptor	7.39%	08/01/2025	35,643	891	-
Pickup truck	7.68%	08/01/2026	27,747	5,514	-
Pickup truck	6.36%	11/01/2025	58,653	3,788	-
Police interceptor	6.06%	11/01/2025	51,102	3,309	-
Police interceptor	6.06%	11/01/2025	51,102	3,309	-
Pickup truck	7.73%	11/01/2025	26,622	-	5,299
Pickup truck	5.00%	08/01/2027	76,216	-	35,245
Police interceptor	5.00%	02/01/2028	71,379	40,276	-
Police interceptor	5.00%	04/01/2028	74,182	44,611	-
Sports utility vehicle	5.00%	09/01/2028	35,739	-	24,231
Pickup truck	10.60%	11/01/2028	90,564	66,354	-
Pickup truck	10.60%	11/01/2028	90,564	66,354	-
Police interceptor	11.44%	03/01/2029	61,515	49,037	-
AXON in-car camera system	2.33%	03/01/2029	128,152	43,328	-
Sports utility vehicle	9.63%	09/01/2029	47,335	42,170	-
Pickup truck	8.96%	10/01/2029	86,284	76,991	-
Pickup truck	10.40%	07/01/2029	45,864	-	39,153
TOTAL				\$ 458,622	\$ 105,472
Notes Payable:					
Fireman's Field	0.00%	08/01/2026	\$ 1,700,000	\$ 170,000	\$ -
Leases:					
Building	4.98%	04/30/2031	\$ 1,385,566	\$ 903,651	\$ -
Office equipment	6.13%	02/13/2030	130,767	104,296	10,515
Shared Parking	4.25%	02/28/2029	11,795	8,834	-
TOTAL				\$ 1,016,781	\$ 10,515
Subscriptions:					
Tyler ERP software	2.58%	07/31/2026	\$ 232,593	\$ 81,296	\$ -
Samsara fleet management	2.31%	04/30/2026	15,319	3,281	1,845
ClearGov budgeting and transparency	3.10%	06/30/2027	59,961	39,961	-
NeoGov applicant tracking system	2.96%	06/30/2027	29,491	22,119	-
Office 365	2.53%	06/30/2027	108,820	73,923	-
TOTAL				\$ 220,580	\$ 1,845

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 6—Long-term Obligations: (Continued)

Assets acquired through financed purchases have a carrying value of \$457,710 and \$92,353 for governmental and business-type activities, respectively, as of June 30, 2025. Depreciation expense for assets under financing payables was \$168,259 for governmental activities and \$31,564 for business-type activities.

Note 7—Deferred Property Taxes:

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

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Uncollected property tax billings that are unavailable for the funding of current expenditures	\$ -	\$ 143,371
Uncollected property tax billings for 2nd half assessment	2,732,017	2,732,017
Property tax billings collected in advance for 2nd half assessment	<u>138,076</u>	<u>138,076</u>
TOTAL	\$ <u><u>2,870,093</u></u>	\$ <u><u>3,013,464</u></u>

Note 8—Pension Plan:

Plan Description

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	63
Inactive members:	
Vested inactive members	16
Non-vested inactive members	14
Inactive members active elsewhere in VRS	<u>35</u>
Total inactive members	65
Active members	<u>77</u>
Total covered employees	<u><u>205</u></u>

Contributions

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

The Town’s contractually required employer contribution rate for the year ended June 30, 2025 was 9.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$737,369 and \$579,789 for the years ended June 30, 2025 and June 30, 2024, respectively.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

Contributions (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$49,722 for the Town for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$10,340 for the Town for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$4,972,158 for the Town for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) 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 Town, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 22,060,490	\$ 21,388,685	\$ 671,805
Changes for the year:			
Service cost	\$ 830,544	\$ -	\$ 830,544
Interest	1,510,131	-	1,510,131
Differences between expected and actual experience	398,548	-	398,548
Contributions - employer	-	579,790	(579,790)
Contributions - employee	-	362,317	(362,317)
Net investment income	-	2,083,049	(2,083,049)
Benefit payments, including refunds	(1,037,438)	(1,037,438)	-
Administrative expenses	-	(13,149)	13,149
Other changes	-	457	(457)
Net changes	\$ 1,701,785	\$ 1,975,026	\$ (273,241)
Balances at June 30, 2024	\$ 23,762,275	\$ 23,363,711	\$ 398,564

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town			
Net Pension Liability (Asset)	\$ 3,602,810	\$ 398,564	\$ (2,200,474)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$688,625. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 729,279	\$ 6,244
Change in assumptions	-	-
Proportionate share	2,606	2,606
Net difference between projected and actual earnings on pension plan investments	-	593,483
Employer contributions subsequent to the measurement date	737,369	-
Total	<u>\$ 1,469,254</u>	<u>\$ 602,333</u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 8—Pension Plan: (Continued)

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

\$737,369 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ 21,596
2027	355,975
2028	(119,426)
2029	(128,593)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 9—Other Postemployment Benefits Programs:

Local Plan

Plan Description

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

Benefits Provided

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

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Local Plan: (Continued)

Employees Covered by Benefit Terms

At January 1, 2024 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Members</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	20
Entitled to but not yet receiving benefits	-
Total inactive employees	<u>20</u>
Active plan members	<u>79</u>
Total	<u><u>99</u></u>

Total OPEB Liability

The Town’s total OPEB liability of \$3,770,408 was measured as of June 30, 2025, and was determined based on an actuarial valuation performed as of January 1, 2024.

Actuarial Assumptions and other inputs

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

Inflation	2.50%
Discount Rate	5.20%
Salary Increases, including inflation	4.75%-5.35%
Healthcare cost trend rates	3.90%-5.90% over 74 years

Mortality rates:

Pre-Retirement Mortality Rates:

General Employees: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service-related.

Public Safety Employees: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 35% of deaths are assumed to be service-related.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Local Plan: (Continued)

Actuarial Assumptions and other inputs: (Continued)

Mortality rates: (Continued)

Post-Retirement Mortality Rates:

General Employees: Pub-2010 Amount Weighted General Employee Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Public Safety Employees: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Post-Disablement Mortality Rates:

General Employees: Pub-2010 Amount Weighted General Employee Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Public Safety Employees: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study covering the period from July 1, 2016 to June 30, 2020.

Changes in the Total OPEB Liability

Balances at June 30, 2024	\$	<u>4,382,876</u>
Changes for the year:		
Service cost		146,641
Interest		174,904
Assumption or other input changes		(774,406)
Benefit payments		<u>(159,607)</u>
Net changes	\$	<u>(612,468)</u>
Balances at June 30, 2025	\$	<u><u>3,770,408</u></u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Local Plan: (Continued)

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

The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	Rate		
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 4,361,406	\$ 3,770,408	\$ 3,293,775

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

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

	Current Healthcare Cost Trend Rate		
	1.00% Decrease	1.00% Increase	
Total OPEB liability	\$ 3,195,273	\$ 4,508,897	\$ 3,770,408

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$101,321. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 231,238	\$ 103,157
Differences between expected and actual experience	249,626	2,016,580
TOTAL	\$ 480,864	\$ 2,119,737

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Local Plan: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

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

<u>Year Ended June 30</u>	
2026	\$ (220,224)
2027	(220,224)
2028	(221,079)
2029	(234,786)
2030	(281,593)
Thereafter	(460,967)

Group Life Insurance (GLI) Plan

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$35,128 and \$37,925 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$305,204 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.02735% as compared to 0.02884% at June 30, 2023.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$13,628. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,138	\$ 7,455
Net difference between projected and actual earnings on GLI OPEB plan investments	-	25,726
Change in assumptions	1,740	15,125
Changes in proportionate share	21,482	16,461
Employer contributions subsequent to the measurement date	<u>35,128</u>	<u>-</u>
Total	<u>\$ 106,488</u>	<u>\$ 64,767</u>

\$35,128 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30

2026	\$	(8,185)
2027		7,288
2028		2,191
2029		3,255
2030		2,043
Thereafter		-

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 9—Other Postemployment Benefits Programs: (Continued)

Group Life Insurance (GLI) Plan: (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 474,633	\$ 305,204	\$ 168,329

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 10—Summary of Other Postemployment Benefit Elements:

A summary of other postemployment benefits (“OPEB”) related financial statement elements is as follows:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Total/ Net OPEB Liability	OPEB Expense
VRS OPEB Plan:				
Group Life Insurance Program	\$ 106,488	\$ 64,767	\$ 305,204	\$ 13,628
Town Stand-Alone Plan	480,864	2,119,737	3,770,407	101,321
Totals	<u>\$ 587,352</u>	<u>\$ 2,184,504</u>	<u>\$ 4,075,611</u>	<u>\$ 114,949</u>

Note 11—Public-Private Partnership and Service Concession Arrangement:

The Town entered into a public-private partnership arrangement that meets the definition of a service concession arrangement with Purcellville Teen Center, Inc. (PTC) on January 24, 2024, for the operation and management of the Bush Tabernacle for the period April 1, 2024 through March 30, 2029. The agreement entitles PTC to all income, revenues, and receipts from the operation of the facility. The agreement states increases to rates and charges for use of the facility must be mutually agreed upon by both parties. Under the terms of the agreement, PTC is required to pay all costs of operating and maintaining the facility except for costs related to landscaping, parking, and servicing of heating and cooling equipment. In exchange, PTC shall pay the Town a basic monthly payment equal to \$6,100. The current agreement is effective through March 30, 2029, with options to renew for an additional one-year term on the anniversary of the commencement date up to a maximum of five optional renewal terms.

To account for this arrangement, the Town recorded an initial public-private partnership receivable of \$343,122, with a discount rate of 2.616%. As of June 30, 2025, the value of the public-private partnership receivable was \$261,195. The value of the deferred inflow of resources as of June 30, 2025 was \$257,342, and the Town recognized related revenue of \$76,388 during the fiscal year.

Note 12—Risk Management:

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements
As of June 30, 2025 (Continued)

Note 13—Commitments and Contingencies:

Federal and State-Assisted Programs

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

Construction commitments

At June 30, 2025, the Town was contractually obligated for \$5,458,607 to complete various construction projects within the Town, \$1,482,477 in the capital projects fund and \$3,976,130 in the general fund. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal, and state funding.

Note 14—Restatement of Beginning Net Position:

The Town restated beginning net position to implement GASB No. 101 and to correct an error by accounting for bond premiums previously excluded from the Town’s financial statements. The impact of the restatement is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position at June 30, 2024, as originally reported	\$ 56,516,376	\$ 33,328,514
Implementation of GASB 101	(670,249)	(165,373)
Previously unrecorded bond issuance premium	<u>(222,906)</u>	<u>-</u>
Net position at June 30, 2024, as restated	<u>\$ 55,623,221</u>	<u>\$ 33,163,141</u>

Note 15—Litigation:

At June 30, 2025, these were matters of litigation involving the Town that could materially affect the Town’s financial position should any court decisions on pending matters not be favorable. However, as of the date of this report, any potential loss to the Town as a result of these legal proceedings is a remote possibility and cannot be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund
 Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 5,047,887	\$ 5,047,887	\$ 5,117,127	\$ 69,240
Other local taxes	6,723,134	6,723,134	6,470,091	(253,043)
Permits, privilege fees, and regulatory licenses	300,919	300,919	343,815	42,896
Fines and forfeitures	78,142	78,142	40,542	(37,600)
Revenue from the use of property	27,810	27,810	29,833	2,023
Investment income	268,000	268,000	643,301	375,301
Miscellaneous	25,163	25,161	51,208	26,047
Intergovernmental:				
Commonwealth	1,412,970	1,462,003	1,469,715	7,712
Federal	-	27,956	32,834	4,878
Total revenues	\$ 13,884,025	\$ 13,961,012	\$ 14,198,466	\$ 237,454
EXPENDITURES				
Current:				
General government administration	\$ 4,160,312	\$ 4,284,113	\$ 4,304,740	\$ (20,627)
Public safety	3,934,638	3,975,009	2,973,188	1,001,821
Public works	2,931,608	4,172,397	3,751,589	420,808
Community development	1,886,367	1,007,841	774,520	233,321
Debt service:				
Principal retirement	1,127,000	1,127,000	1,600,851	(473,851)
Interest and other fiscal charges	152,270	152,270	208,484	(56,214)
Total expenditures	\$ 14,192,195	\$ 14,718,630	\$ 13,613,372	\$ 1,105,258
Excess (deficiency) of revenues over (under) expenditures	\$ (308,170)	\$ (757,618)	\$ 585,094	\$ 1,342,712
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 13,054	\$ 513,054	\$ 500,000
Transfers out	-	(360,061)	(760,606)	(400,545)
Insurance recoveries	-	-	24,370	24,370
Issuance of financed purchases	-	-	133,619	133,619
Issuance of leases	-	-	118,791	118,791
Issuance of subscription-based IT arrangements	-	-	198,271	198,271
Total other financing sources (uses)	\$ -	\$ (347,007)	\$ 227,499	\$ 574,506
Net change in fund balance	\$ (308,170)	\$ (1,104,625)	\$ 812,593	\$ 1,917,218

Parks and Recreation Fund
 Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 602,866	\$ 602,866	\$ 616,907	\$ 14,041
Revenue from the use of property	77,600	77,600	81,348	3,748
Miscellaneous	55,855	71,368	61,342	(10,026)
Total revenues	<u>\$ 736,321</u>	<u>\$ 751,834</u>	<u>\$ 759,597</u>	<u>\$ 7,763</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 666,221	\$ 681,734	\$ 579,232	\$ 102,502
Debt service:				
Principal retirement	85,000	85,000	87,961	(2,961)
Interest and other fiscal charges	21,866	21,866	21,866	-
Total expenditures	<u>\$ 773,087</u>	<u>\$ 788,600</u>	<u>\$ 689,059</u>	<u>\$ 99,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (36,766)</u>	<u>\$ (36,766)</u>	<u>\$ 70,538</u>	<u>\$ 107,304</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 140,945	\$ 140,945
Issuance of leases	-	-	11,795	11,795
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,740</u>	<u>\$ 152,740</u>
Net change in fund balance	<u>\$ (36,766)</u>	<u>\$ (36,766)</u>	<u>\$ 223,278</u>	<u>\$ 260,044</u>

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 830,544	\$ 830,671	\$ 670,048	\$ 649,905	\$ 645,719
Interest	1,510,131	1,343,636	1,272,386	1,138,401	1,081,157
Differences between expected and actual experience	398,548	1,257,862	(193,541)	(253,657)	(142,140)
Changes of assumptions	-	-	-	569,905	-
Benefit payments, including refunds of employee contributions	(1,037,438)	(893,450)	(814,464)	(764,837)	(708,504)
Net change in total pension liability	<u>\$ 1,701,785</u>	<u>\$ 2,538,719</u>	<u>\$ 934,429</u>	<u>\$ 1,339,717</u>	<u>\$ 876,232</u>
Total pension liability - beginning	22,060,490	19,521,771	18,587,342	17,247,625	16,371,393
Total pension liability - ending (a)	<u>\$ 23,762,275</u>	<u>\$ 22,060,490</u>	<u>\$ 19,521,771</u>	<u>\$ 18,587,342</u>	<u>\$ 17,247,625</u>
Plan fiduciary net position					
Contributions - employer	\$ 579,790	\$ 567,641	\$ 454,777	\$ 430,887	\$ 392,073
Contributions - employee	362,317	317,640	279,738	261,264	265,112
Net investment income	2,083,049	1,310,152	(26,884)	4,381,789	294,282
Benefit payments, including refunds of employee contributions	(1,037,438)	(893,450)	(814,464)	(764,837)	(708,504)
Administrator charges	(13,149)	(12,759)	(12,499)	(10,683)	(10,064)
Other	457	530	472	415	(359)
Net change in plan fiduciary net position	<u>\$ 1,975,026</u>	<u>\$ 1,289,754</u>	<u>\$ (118,860)</u>	<u>\$ 4,298,835</u>	<u>\$ 232,540</u>
Plan fiduciary net position - beginning	21,388,685	20,098,931	20,217,791	15,918,956	15,686,416
Plan fiduciary net position - ending (b)	<u>\$ 23,363,711</u>	<u>\$ 21,388,685</u>	<u>\$ 20,098,931</u>	<u>\$ 20,217,791</u>	<u>\$ 15,918,956</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 398,564	\$ 671,805	\$ (577,160)	\$ (1,630,449)	\$ 1,328,669
Plan fiduciary net position as a percentage of the total pension liability	98.32%	96.95%	102.96%	108.77%	92.30%
Covered payroll	\$ 7,023,153	\$ 6,796,972	\$ 5,957,860	\$ 5,717,892	\$ 5,155,135
Town's net pension liability (asset) as a percentage of covered payroll	5.68%	9.88%	-9.69%	-28.51%	25.77%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 539,913	\$ 560,029	\$ 565,009	\$ 520,138	\$ 517,073
Interest	1,011,938	940,955	904,712	831,714	746,112
Differences between expected and actual experience	187,582	106,210	(223,270)	127,380	315,416
Changes of assumptions	512,755	-	(209,240)	-	-
Benefit payments, including refunds of employee contributions	(674,107)	(512,191)	(526,713)	(346,107)	(365,311)
Net change in total pension liability	<u>\$ 1,578,081</u>	<u>\$ 1,095,003</u>	<u>\$ 510,498</u>	<u>\$ 1,133,125</u>	<u>\$ 1,213,290</u>
Total pension liability - beginning	<u>14,793,312</u>	<u>13,698,309</u>	<u>13,187,811</u>	<u>12,054,686</u>	<u>10,841,396</u>
Total pension liability - ending (a)	<u>\$ 16,371,393</u>	<u>\$ 14,793,312</u>	<u>\$ 13,698,309</u>	<u>\$ 13,187,811</u>	<u>\$ 12,054,686</u>
Plan fiduciary net position					
Contributions - employer	\$ 357,501	\$ 354,829	\$ 363,393	\$ 445,991	\$ 427,672
Contributions - employee	272,387	228,399	232,553	224,263	216,720
Net investment income	990,181	1,015,636	1,486,189	216,458	503,837
Benefit payments, including refunds of employee contributions	(674,107)	(512,191)	(526,713)	(346,107)	(365,311)
Administrator charges	(9,518)	(8,531)	(8,346)	(6,926)	(6,523)
Other	(626)	(915)	(1,336)	(88)	(109)
Net change in plan fiduciary net position	<u>\$ 935,818</u>	<u>\$ 1,077,227</u>	<u>\$ 1,545,740</u>	<u>\$ 533,591</u>	<u>\$ 776,286</u>
Plan fiduciary net position - beginning	<u>14,750,598</u>	<u>13,673,371</u>	<u>12,127,631</u>	<u>11,594,040</u>	<u>10,817,754</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,686,416</u>	<u>\$ 14,750,598</u>	<u>\$ 13,673,371</u>	<u>\$ 12,127,631</u>	<u>\$ 11,594,040</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 684,977	\$ 42,714	\$ 24,938	\$ 1,060,180	\$ 460,646
Plan fiduciary net position as a percentage of the total pension liability	95.82%	99.71%	99.82%	91.96%	96.18%
Covered payroll	\$ 5,167,111	\$ 4,673,958	\$ 4,707,039	\$ 4,524,808	\$ 4,309,958
Town's net pension liability (asset) as a percentage of covered payroll	13.26%	0.91%	0.53%	23.43%	10.69%

Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2025	\$ 737,369	\$ 737,369	\$ -	\$ 7,463,247	9.88%
2024	579,789	579,789	-	7,023,153	8.26%
2023	567,668	567,668	-	6,796,972	8.35%
2022	454,401	454,401	-	5,957,860	7.63%
2021	430,887	430,887	-	5,717,892	7.54%
2020	392,073	392,073	-	5,155,135	7.61%
2019	357,501	357,501	-	5,167,111	6.92%
2018	354,829	354,829	-	4,673,958	7.59%
2017	363,393	363,393	-	4,707,039	7.72%
2016	445,991	445,991	-	4,527,808	9.85%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information
 Pension Plans
 For the Year Ended June 30, 2025

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

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

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

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

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

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

Schedule of Changes in Total OPEB Liability and Related Ratios - Health Insurance Local Plan
For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 146,641	\$ 188,996	\$ 199,429	\$ 306,783	\$ 279,511	\$ 229,310	\$ 191,276	\$ 204,974
Interest on total OPEB liability	174,904	179,840	167,930	123,351	119,115	160,700	155,405	140,295
Differences between expected and actual experience	-	(131,419)	-	308,259	-	132,605	-	-
Changes in assumptions	(774,406)	(516,190)	(23,173)	(1,443,151)	49,951	372,745	290,118	(273,794)
Benefit payments	(159,608)	(151,600)	(149,316)	(160,678)	(149,256)	(144,714)	(54,106)	(47,156)
Net change in total OPEB liability	\$ (612,469)	\$ (430,373)	\$ 194,870	\$ (865,436)	\$ 299,321	\$ 750,646	\$ 582,693	\$ 24,319
Total OPEB liability - beginning	4,382,876	4,813,249	4,618,379	5,483,815	5,184,494	4,433,848	3,851,155	3,826,836
Total OPEB liability - ending	\$ 3,770,407	\$ 4,382,876	\$ 4,813,249	\$ 4,618,379	\$ 5,483,815	\$ 5,184,494	\$ 4,433,848	\$ 3,851,155
Covered-employee payroll	\$ 7,114,530	\$ 7,114,530	\$ 5,891,282	\$ 5,891,292	\$ 5,529,749	\$ 5,529,749	\$ 4,540,991	\$ 4,540,991
Total OPEB liability as a percentage of covered-employee payroll	53.00%	61.60%	81.70%	78.39%	99.17%	93.76%	97.64%	84.81%

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - OPEB - Health Insurance
 For the Year Ended June 30, 2025

Valuation Date: January 1, 2024
 Measurement Date: June 30, 2025

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Pay.
Discount Rate	5.20%
Inflation	2.50%
Healthcare Trend Rates	The healthcare trend rate assumptions vary by year and range between 3.90% and 5.90%.
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase for general employees and 4.75% for public safety employees with one year of service and gradually declines to 3.50% salary increase for twenty or more years of service.
Mortality Rates	The mortality rates for healthy participants were calculated using the MP-2020 Employee Rates. The mortality rates for disabled participants were calculated using the MP-2020 Disabled Mortality Rates.

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.02735%	\$ 305,204	\$ 7,023,153	4.35%	73.41%
2023	0.02884%	345,882	6,796,972	5.09%	69.30%
2022	0.02741%	330,043	5,957,860	5.54%	67.21%
2021	0.02684%	312,490	5,717,892	5.47%	67.45%
2020	0.02707%	451,754	5,155,135	8.76%	52.64%
2019	0.02568%	418,000	5,167,111	8.09%	52.00%
2018	0.02458%	373,000	4,673,958	7.98%	51.22%
2017	0.02552%	384,000	4,707,039	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 35,128	\$ 35,128	\$ -	\$ 7,474,080	0.47%
2024	37,925	37,925	-	7,023,153	0.54%
2023	36,683	36,683	-	6,796,972	0.54%
2022	32,196	32,196	-	5,957,860	0.54%
2021	29,966	29,966	-	5,717,892	0.52%
2020	26,544	26,544	-	5,155,135	0.51%
2019	26,178	26,178	-	5,167,111	0.51%
2018	24,305	24,305	-	4,673,958	0.52%

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

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,115,359	\$ 4,115,359	\$ 4,071,962	\$ (43,397)
Personal property taxes	891,328	891,328	988,232	96,904
Penalties and interest	41,200	41,200	56,933	15,733
Total general property taxes	<u>\$ 5,047,887</u>	<u>\$ 5,047,887</u>	<u>\$ 5,117,127</u>	<u>\$ 69,240</u>
Other local taxes:				
Local sales and use taxes	\$ 1,605,513	\$ 1,605,513	\$ 1,326,214	\$ (279,299)
Cigarette taxes	187,471	187,471	151,872	(35,599)
Business license taxes	1,017,528	1,017,528	1,044,449	26,921
Utility license taxes	237,179	237,179	235,807	(1,372)
Franchise taxes	415,000	415,000	407,183	(7,817)
Hotel and motel room taxes	7,427	7,427	17,189	9,762
Meals tax	3,247,016	3,247,016	3,281,095	34,079
Other local taxes	6,000	6,000	6,282	282
Total other local taxes	<u>\$ 6,723,134</u>	<u>\$ 6,723,134</u>	<u>\$ 6,470,091</u>	<u>\$ (253,043)</u>
Permits, privilege fees, and regulatory licenses:				
Motor vehicle license fees	\$ 171,702	\$ 171,702	\$ 206,994	\$ 35,292
Zoning fees	45,217	45,217	52,118	6,901
Right-of-way usage fees	84,000	84,000	84,703	703
Total permits, privilege fees, and regulatory licenses	<u>\$ 300,919</u>	<u>\$ 300,919</u>	<u>\$ 343,815</u>	<u>\$ 42,896</u>
Fines and forfeitures:				
Police fines	\$ 78,142	\$ 78,142	\$ 40,542	\$ (37,600)
Total fines and forfeitures	<u>\$ 78,142</u>	<u>\$ 78,142</u>	<u>\$ 40,542</u>	<u>\$ (37,600)</u>
Revenue from use of property	<u>\$ 27,810</u>	<u>\$ 27,810</u>	<u>\$ 29,833</u>	<u>\$ 2,023</u>
Investment income	<u>\$ 268,000</u>	<u>\$ 268,000</u>	<u>\$ 643,301</u>	<u>\$ 375,301</u>
Miscellaneous:				
Proceeds from sales of property	\$ -	\$ -	\$ 12,163	\$ 12,163
Community events sign	783	783	860	77
Public works reimbursement from others	10,000	10,000	23,478	13,478
Miscellaneous	14,380	14,378	14,707	329
Total miscellaneous	<u>\$ 25,163</u>	<u>\$ 25,161</u>	<u>\$ 51,208</u>	<u>\$ 26,047</u>
Total revenue from local sources	<u>\$ 12,471,055</u>	<u>\$ 12,471,053</u>	<u>\$ 12,695,917</u>	<u>\$ 224,864</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 102,407	\$ 102,407	\$ 104,500	\$ 2,093
Auto rental tax	7,976	7,976	8,379	403
Personal property tax relief funds	201,753	201,753	201,753	-
Total noncategorical aid	<u>\$ 312,136</u>	<u>\$ 312,136</u>	<u>\$ 314,632</u>	<u>\$ 2,496</u>
Categorical aid:				
Shared expenses:				
Aid to Police	\$ 137,156	\$ 137,156	\$ 142,067	\$ 4,911
Total shared expenses	<u>\$ 137,156</u>	<u>\$ 137,156</u>	<u>\$ 142,067</u>	<u>\$ 4,911</u>
Other categorical aid:				
Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Other categorical aid	-	24,730	21,995	(2,735)
Fire program funds	42,800	42,800	45,760	2,960
Highway maintenance funds	909,578	933,881	934,089	208
Litter control grant	6,800	6,800	6,672	(128)
Total other categorical aid	<u>\$ 963,678</u>	<u>\$ 1,012,711</u>	<u>\$ 1,013,016</u>	<u>\$ 305</u>
Total categorical aid	<u>\$ 1,100,834</u>	<u>\$ 1,149,867</u>	<u>\$ 1,155,083</u>	<u>\$ 5,216</u>
Total revenue from the Commonwealth	<u>\$ 1,412,970</u>	<u>\$ 1,462,003</u>	<u>\$ 1,469,715</u>	<u>\$ 7,712</u>
Revenue from the federal government:				
Categorical aid:				
Law enforcement funds	\$ -	\$ 27,956	\$ 30,922	\$ 2,966
ARPA funding	-	-	1,912	1,912
Total categorical aid	<u>\$ -</u>	<u>\$ 27,956</u>	<u>\$ 32,834</u>	<u>\$ 4,878</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 27,956</u>	<u>\$ 32,834</u>	<u>\$ 4,878</u>
Total intergovernmental	<u>\$ 1,412,970</u>	<u>\$ 1,489,959</u>	<u>\$ 1,502,549</u>	<u>\$ 12,590</u>
Total General Fund	<u>\$ 13,884,025</u>	<u>\$ 13,961,012</u>	<u>\$ 14,198,466</u>	<u>\$ 237,454</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Parks and Recreation Fund:				
Revenue from local sources:				
General property taxes:				
Real property - special tax district	\$ 602,248	\$ 602,248	\$ 614,707	\$ 12,459
Penalties and interest	618	618	2,200	1,582
Total general property taxes	<u>\$ 602,866</u>	<u>\$ 602,866</u>	<u>\$ 616,907</u>	<u>\$ 14,041</u>
Revenue from the use of property	<u>\$ 77,600</u>	<u>\$ 77,600</u>	<u>\$ 81,348</u>	<u>\$ 3,748</u>
Miscellaneous:				
Events and miscellaneous	\$ 55,855	\$ 71,368	\$ 61,342	\$ (10,026)
Total miscellaneous	<u>\$ 55,855</u>	<u>\$ 71,368</u>	<u>\$ 61,342</u>	<u>\$ (10,026)</u>
Total revenue from local sources	<u>\$ 736,321</u>	<u>\$ 751,834</u>	<u>\$ 759,597</u>	<u>\$ 7,763</u>
Total Parks and Recreation Fund	<u><u>\$ 736,321</u></u>	<u><u>\$ 751,834</u></u>	<u><u>\$ 759,597</u></u>	<u><u>\$ 7,763</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Investment income	\$ -	\$ -	\$ 55,159	\$ 55,159
Miscellaneous:				
Proffers	\$ -	\$ 683,389	\$ -	\$ (683,389)
Miscellaneous	28,000	41,920	-	(41,920)
Total miscellaneous	<u>\$ 28,000</u>	<u>\$ 725,309</u>	<u>\$ -</u>	<u>\$ (725,309)</u>
Total revenue from local sources	<u>\$ 28,000</u>	<u>\$ 725,309</u>	<u>\$ 55,159</u>	<u>\$ (670,150)</u>
Intergovernmental:				
Revenue from local governments:				
Loudoun County contribution	\$ 1,729,486	\$ 2,535,159	\$ 562,085	\$ (1,973,074)
NVTA	1,696,449	3,764,197	1,224,746	(2,539,451)
Total revenue from local governments	<u>\$ 3,425,935</u>	<u>\$ 6,299,356</u>	<u>\$ 1,786,831</u>	<u>\$ (4,512,525)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grants	\$ 245,757	\$ 1,238,459	\$ 788,997	\$ (449,462)
Total revenue from the Commonwealth	<u>\$ 245,757</u>	<u>\$ 1,238,459</u>	<u>\$ 788,997</u>	<u>\$ (449,462)</u>
Revenue from the federal government:				
Categorical aid:				
Highway planning and construction	\$ 637,921	\$ 889,422	\$ 237,667	\$ (651,755)
Total revenue from the federal government	<u>\$ 637,921</u>	<u>\$ 889,422</u>	<u>\$ 237,667</u>	<u>\$ (651,755)</u>
Total intergovernmental	<u>\$ 4,309,613</u>	<u>\$ 8,427,237</u>	<u>\$ 2,813,495</u>	<u>\$ (5,613,742)</u>
Total Capital Projects Fund	<u><u>\$ 4,337,613</u></u>	<u><u>\$ 9,152,546</u></u>	<u><u>\$ 2,868,654</u></u>	<u><u>\$ (6,283,892)</u></u>
Total Primary Government	<u><u>\$ 18,957,959</u></u>	<u><u>\$ 23,865,392</u></u>	<u><u>\$ 17,826,717</u></u>	<u><u>\$ (6,038,675)</u></u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 77,168	\$ 77,168	\$ 69,700	\$ 7,468
General and financial administration:				
Administration	\$ 1,593,285	\$ 1,772,912	\$ 1,932,017	\$ (159,105)
Legal services	275,000	275,000	236,171	38,829
Financial administration	108,200	108,200	82,044	26,156
Information technology	830,349	811,843	774,572	37,271
Finance	1,158,584	1,158,584	1,104,675	53,909
Retiree benefits	67,726	67,726	105,561	(37,835)
Contingency-Operating Reserve	50,000	12,680	-	12,680
Total general and financial administration	\$ 4,083,144	\$ 4,206,945	\$ 4,235,040	\$ (28,095)
Total general government administration*	\$ 4,160,312	\$ 4,284,113	\$ 4,304,740	\$ (20,627)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,801,838	\$ 3,842,209	\$ 2,837,428	\$ 1,004,781
Fire and rescue services:				
Fire department	\$ 87,800	\$ 87,800	\$ 90,760	\$ (2,960)
Ambulance and rescue services	45,000	45,000	45,000	-
Total fire and rescue services	\$ 132,800	\$ 132,800	\$ 135,760	\$ (2,960)
Total public safety*	\$ 3,934,638	\$ 3,975,009	\$ 2,973,188	\$ 1,001,821
Public works:				
Highways, streets, bridges and sidewalks	\$ 817,800	\$ 1,133,627	\$ 711,860	\$ 421,767
Administration	1,069,032	1,069,032	1,002,824	66,208
Engineering and capital projects	(110,624)	732,881	852,784	(119,903)
General properties	340,700	422,157	423,487	(1,330)
Maintenance	159,200	159,200	121,673	37,527
Refuse	655,500	655,500	638,961	16,539
Total public works*	\$ 2,931,608	\$ 4,172,397	\$ 3,751,589	\$ 420,808
Community development:				
Planning and community development:				
Planning commission	\$ 16,083	\$ 16,083	\$ 16,683	\$ (600)
Board of zoning and appeals	600	600	200	400
Board of architectural review	3,361	3,361	3,195	166
Engineering Planning and Development	1,828,323	937,482	714,128	223,354
Total planning and community development	\$ 1,848,367	\$ 957,526	\$ 734,206	\$ 223,320
Environmental management	\$ 10,000	\$ 22,315	\$ 18,418	\$ 3,897
Economic development	\$ 8,000	\$ 8,000	\$ 5,350	\$ 2,650
Arts	\$ 20,000	\$ 20,000	\$ 16,546	\$ 3,454
Total community development	\$ 1,886,367	\$ 1,007,841	\$ 774,520	\$ 233,321

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 1,127,000	\$ 1,127,000	\$ 1,600,851	\$ (473,851)
Interest and other fiscal charges	152,270	152,270	208,484	(56,214)
Total debt service	<u>\$ 1,279,270</u>	<u>\$ 1,279,270</u>	<u>\$ 1,809,335</u>	<u>\$ (530,065)</u>
Total General Fund	<u>\$ 14,192,195</u>	<u>\$ 14,718,630</u>	<u>\$ 13,613,372</u>	<u>\$ 1,105,258</u>
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Management	\$ 320,321	\$ 320,321	\$ 280,069	\$ 40,252
Skating rink	76,570	76,570	47,182	29,388
Train station	31,080	31,080	34,105	(3,025)
Programs	100,000	115,513	150,785	(35,272)
Fireman's Field	111,750	111,750	64,637	47,113
Other properties	12,500	12,500	2,454	10,046
Contingency-Operating Reserve	14,000	14,000	-	14,000
Total parks, recreation, and cultural	<u>\$ 666,221</u>	<u>\$ 681,734</u>	<u>\$ 579,232</u>	<u>\$ 102,502</u>
Debt service:				
Principal retirement and interest	\$ 85,000	\$ 85,000	\$ 87,961	\$ (2,961)
Interest and other fiscal charges	21,866	21,866	21,866	-
Total debt service	<u>\$ 106,866</u>	<u>\$ 106,866</u>	<u>\$ 109,827</u>	<u>\$ (2,961)</u>
Total Parks and Recreation Fund	<u>\$ 773,087</u>	<u>\$ 788,600</u>	<u>\$ 689,059</u>	<u>\$ 99,541</u>
Capital Projects Fund:				
Capital projects expenditures:				
General capital projects	\$ -	\$ 27,376	\$ 453	\$ 26,923
Financial software upgrade	-	99,657	10,500	89,157
Hirst Farm pond	-	156,239	156,238	1
Main and Maple improvements	-	384,768	362,794	21,974
12th Street improvements	1,232,481	2,834,428	1,282,792	1,551,636
32nd and Main Street improvements	-	1,073,519	102,336	971,183
Nursery Avenue sidewalk	227,000	227,000	80,332	146,668
Outdoor Stage	-	18,397	18,397	-
Street Lighting - N. Maple	-	180,914	-	180,914
Adam's Bike Park	28,000	41,920	-	41,920
G Street Sidewalks	914,479	1,484,583	200,366	1,284,217
Hirst to W&OD Path	667,000	971,536	248,406	723,130
Berlin Turnpike	700,000	1,155,709	286,357	869,352
32nd Street Sidewalk	568,653	568,653	376,433	192,220
Total capital projects	<u>\$ 4,337,613</u>	<u>\$ 9,224,699</u>	<u>\$ 3,125,404</u>	<u>\$ 6,099,295</u>
Total Capital Projects Fund	<u>\$ 4,337,613</u>	<u>\$ 9,224,699</u>	<u>\$ 3,125,404</u>	<u>\$ 6,099,295</u>
Total Primary Government	<u>\$ 19,302,895</u>	<u>\$ 24,731,929</u>	<u>\$ 17,427,835</u>	<u>\$ 7,304,094</u>

*includes capital outlay items

Schedule of Revenues and Expenses - Budget and Actual

Water Fund

For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating revenues:				
Water fees	\$ 2,759,252	\$ 2,759,252	\$ 2,673,450	\$ (85,802)
Water meter fees	449	449	913	464
Miscellaneous income	8,562	8,562	15,861	7,299
Penalties and interest	26,000	26,000	39,962	13,962
Total operating revenues	\$ 2,794,263	\$ 2,794,263	\$ 2,730,186	\$ (64,077)
Operating expenses:				
Personnel:				
Water staff	\$ 874,303	\$ 874,303	\$ 759,881	\$ 114,422
Overtime	31,000	31,000	43,942	(12,942)
Health insurance	156,278	156,278	136,146	20,132
Retirement	99,689	99,689	51,936	47,753
Workers' compensation	18,431	18,431	14,508	3,923
Payroll taxes	69,256	69,256	59,586	9,670
Life insurance	11,601	11,601	8,917	2,684
Disability insurance	2,594	2,594	2,549	45
Deferred compensation match	3,120	3,120	2,380	740
Utility chargeback	570,428	570,428	570,428	-
Retiree Health Benefit	22,387	22,387	23,454	(1,067)
Plant operations and meter reading:				
Electricity	19,000	19,000	20,494	(1,494)
Communications	13,800	13,800	10,380	3,420
Plant supplies	16,800	16,800	32,263	(15,463)
Lab supplies	23,850	23,850	16,523	7,327
Contracts	65,240	65,240	57,111	8,129
Uniforms	10,500	10,500	8,600	1,900
Safety	7,150	7,150	396	6,754
Sludge disposal	8,800	8,800	11,365	(2,565)
Cross connections	1,000	1,000	-	1,000
Plant repairs	80,600	80,600	61,332	19,268
Water line repairs	30,000	30,000	28,731	1,269
Leak detection	2,000	2,000	-	2,000
Meter repairs and testing	10,000	10,000	2,349	7,651
New water meters	5,000	5,000	1,245	3,755
Hardware and computer supplies	4,500	4,500	173	4,327
Chemicals - plant	43,000	43,000	50,288	(7,288)
Permits	9,500	9,500	8,259	1,241
GIS layers	12,000	12,000	-	12,000
Advertisements	500	500	-	500
Water samples	32,000	32,000	12,486	19,514
Training	18,000	18,000	15,000	3,000
Dues and subscriptions	1,300	1,300	1,182	118
General expenses	600	600	121	479
Professional services	112,400	112,400	96,806	15,594
Watershed management	28,000	28,000	8,357	19,643
Grant Funded Expenditures	15,000	15,000	7,675	7,325
Software Maintenance Services	12,500	12,500	10,778	1,722
Forestry management	5,000	5,000	1,003	3,997
Environmental compliance	2,500	2,500	2,051	449
Administrative supplies	6,000	6,000	4,119	1,881

Schedule of Revenues and Expenses - Budget and Actual

Water Fund

For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating expenses: (Continued)				
Plant operations and meter reading: (Continued)				
Water department emergency	\$ 250	\$ 250	\$ -	\$ 250
Purchased water	65,000	65,000	50,937	14,063
New equipment and tools	34,500	34,500	20,878	13,622
Leased/rented equipment	3,200	3,200	628	2,572
Vehicle repairs and maintenance	9,000	9,000	5,789	3,211
Propane	20,000	20,000	15,844	4,156
Generator maintenance	13,400	13,400	7,593	5,807
Postage	4,000	4,000	2,037	1,963
Vehicle fuel	12,400	12,400	10,540	1,860
Public information/education	4,000	4,000	4,156	(156)
Well operations:				
Electricity	70,000	70,000	82,064	(12,064)
Telephone	3,500	3,500	2,746	754
Contracts	10,000	10,000	1,995	8,005
Plant repairs	26,100	26,100	7,910	18,190
Spare parts	32,500	32,500	11,438	21,062
Repairs	32,200	32,200	37,383	(5,183)
Chemicals	32,000	32,000	36,079	(4,079)
Carbon change-out	36,000	36,000	-	36,000
Water samples	8,300	8,300	5,794	2,506
New equipment and tools	35,000	35,000	53,557	(18,557)
Propane	6,000	6,000	1,965	4,035
Well rehabilitation	39,000	39,000	70,311	(31,311)
Depreciation/amortization	-	-	544,668	(544,668)
Capital outlay	1,464,545	3,056,900	435,290	2,621,610
Other operating expenses	39,850	39,850	37,766	2,084
Total operating expenses	\$ 4,456,872	\$ 6,049,227	\$ 3,590,182	\$ 2,459,045
Operating income (loss)	\$ (1,662,609)	\$ (3,254,964)	\$ (859,996)	\$ 2,394,968
Nonoperating revenues (expenses):				
Investment income	\$ 161,000	\$ 249,050	\$ 226,135	\$ (22,915)
Intergovernmental	226,000	699,078	3,754,549	3,055,471
Cellular lease	270,000	270,000	301,661	31,661
Lease interest income	-	-	25,616	25,616
Gain (loss) on sale of capital assets	-	-	7,919	7,919
Bond proceeds	983,000	-	-	-
Retirement of debt	(294,000)	(294,000)	-	294,000
Interest expense	(239,086)	(239,086)	(304,222)	(65,136)
Total nonoperating revenues (expenses)	\$ 1,106,914	\$ 685,042	\$ 4,011,658	\$ 3,326,616
Income (loss) before operating transfers and contributions	\$ (555,695)	\$ (2,569,922)	\$ 3,151,662	\$ 5,721,584
Other financing sources (uses):				
Contributed capital - availability fees	\$ -	\$ -	\$ 90,139	\$ 90,139
Contributed capital - developer donated assets	-	-	273,300	273,300
Transfers in	210,545	2,224,772	1,105,495	(1,119,277)
Transfers out	-	(353,539)	(353,539)	-
Total other financing sources (uses)	\$ 210,545	\$ 1,871,233	\$ 1,115,395	\$ (755,838)
Change in net position	\$ (345,150)	\$ (698,689)	\$ 4,267,057	\$ 4,965,746

Schedule of Revenues and Expenses - Budget and Actual

Sewer Fund

For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating revenues:				
Sewer fees	\$ 4,199,527	\$ 4,199,527	\$ 4,154,698	\$ (44,829)
Sewer meter fees	449	449	915	466
Penalties and interest	26,000	26,000	39,952	13,952
Miscellaneous income	2,968	2,968	4,685	1,717
Total operating revenues	\$ 4,228,944	\$ 4,228,944	\$ 4,200,250	\$ (28,694)
Operating expenses:				
Personnel:				
Sewer staff	\$ 832,896	\$ 832,896	\$ 867,719	\$ (34,823)
Overtime - Sewer	32,500	32,500	29,410	3,090
Health insurance	181,596	181,596	189,636	(8,040)
Retirement	92,889	92,889	97,170	(4,281)
Workers' compensation	11,092	11,092	5,771	5,321
Payroll taxes	66,203	66,203	66,092	111
Deferred compensation match	3,120	3,120	4,160	(1,040)
Life insurance	11,027	11,027	9,634	1,393
Disability insurance	2,298	2,298	2,225	73
Retiree Health Benefit	14,649	14,649	13,944	705
Utility chargeback	514,332	514,332	514,332	-
Plant operations:				
Electricity	186,000	186,000	174,113	11,887
Propane	1,000	1,000	1,066	(66)
Telephone	16,950	16,950	17,907	(957)
Plant supplies	25,000	25,000	31,867	(6,867)
Contracts	69,630	69,630	66,030	3,600
Permits	13,660	13,660	12,293	1,367
Uniforms	11,100	11,100	7,626	3,474
Plant repairs	177,172	177,172	142,743	34,429
Sewer line repairs	40,000	40,000	32,282	7,718
Safety	12,000	12,000	3,336	8,664
Lab supplies	47,559	47,559	46,257	1,302
New equipment and tools	42,000	42,000	40,345	1,655
Sludge removal	37,000	37,000	4,605	32,395
Chemicals	182,000	182,000	141,954	40,046
Lab certification	2,700	2,700	2,444	256
Sample analysis	10,996	10,996	10,899	97
Computer operations	18,800	18,800	15,916	2,884
GIS layers	12,000	12,000	-	12,000
Waste disposal	5,000	5,000	3,290	1,710
Meter repairs, tools, and equipment	10,000	10,000	2,349	7,651
New water meters	5,000	5,000	1,245	3,755
Vehicle repairs	3,000	3,000	3,546	(546)
Dues and subscriptions	2,000	2,000	1,476	524
Leased/Rented Equipment	6,000	6,000	843	5,157
Advertisements	1,000	1,000	-	1,000

Schedule of Revenues and Expenses - Budget and Actual

Sewer Fund

For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating expenses: (Continued)				
Plant operations: (Continued)				
Training	15,867	15,867	8,048	7,819
Postage/mailings	1,050	1,050	2,278	(1,228)
Other expenses	3,000	3,000	-	3,000
Professional services	50,000	50,000	479	49,521
Mowing	2,000	2,000	2,568	(568)
Environmental compliance	4,000	4,000	-	4,000
Sewer department emergency	3,000	3,000	5,834	(2,834)
Administrative supplies	4,500	4,500	3,038	1,462
Generator maintenance	11,000	11,000	11,133	(133)
Long range planning	60,000	60,000	-	60,000
Vehicle fuel	6,000	6,000	3,607	2,393
Pump station operations:				
Electricity	20,000	20,000	17,396	2,604
Telephone	3,500	3,500	-	3,500
Repairs	13,500	13,500	11,014	2,486
Contracts	5,700	5,700	6,690	(990)
Equipment	50,500	50,500	26,186	24,314
Propane	3,000	3,000	371	2,629
Depreciation/amortization	-	-	1,025,767	(1,025,767)
Capital outlay	806,920	1,587,949	101,513	1,486,436
Other operating expenses	36,400	36,400	32,352	4,048
Total operating expenses	\$ 3,800,106	\$ 4,581,135	\$ 3,822,799	\$ 758,336
Operating income (loss)	\$ 428,838	\$ (352,191)	\$ 377,451	\$ 729,642
Nonoperating revenues (expenses):				
Investment income	\$ 199,200	\$ 199,200	\$ 216,670	\$ 17,470
Intergovernmental	-	-	19,311	19,311
Cellular lease	-	-	25,000	25,000
Bond proceeds	466,720	-	-	-
Retirement of debt	(1,441,352)	(1,441,352)	-	1,441,352
Interest expense	(809,885)	(809,885)	(949,343)	(139,458)
Total nonoperating revenues (expenses)	\$ (1,585,317)	\$ (2,052,037)	\$ (688,362)	\$ 1,363,675
Income (loss) before transfers and contributions	\$ (1,156,479)	\$ (2,404,228)	\$ (310,911)	\$ 2,093,317
Other financing sources (uses):				
Contributed capital - availability fees	\$ -	\$ -	\$ 97,200	\$ 97,200
Contributed capital - developer donated assets	-	-	1,104,486	1,104,486
Transfers in	190,000	1,437,749	255,000	(1,182,749)
Total other financing sources (uses)	\$ 190,000	\$ 1,437,749	\$ 1,456,686	\$ 18,937
Change in net position	\$ (966,479)	\$ (966,479)	\$ 1,145,775	\$ 2,112,254

Schedule of Revenues and Expenditures, and Changes in Fund Balance - Budget and Actual

Capital Projects Fund

For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 55,159	\$ 55,159
Proffers	-	683,389	-	(683,389)
Miscellaneous	28,000	41,920	-	(41,920)
Intergovernmental:				
Local government	3,425,935	6,299,356	1,786,831	(4,512,525)
Commonwealth	245,757	1,238,459	788,997	(449,462)
Federal	637,921	889,422	237,667	(651,755)
Total revenues	<u>\$ 4,337,613</u>	<u>\$ 9,152,546</u>	<u>\$ 2,868,654</u>	<u>\$ (6,283,892)</u>
Expenditures:				
Capital outlay	<u>\$ 4,337,613</u>	<u>\$ 9,224,699</u>	<u>\$ 3,125,404</u>	<u>\$ (6,099,295)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (72,153)</u>	<u>\$ (256,750)</u>	<u>\$ (184,597)</u>
Other Financing Sources:				
Transfers in	\$ -	\$ 305,449	\$ -	\$ (305,449)
Transfers out	<u>-</u>	<u>(233,296)</u>	<u>(900,349)</u>	<u>(667,053)</u>
Total other financing sources	<u>\$ -</u>	<u>\$ 72,153</u>	<u>\$ (900,349)</u>	<u>\$ (972,502)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,157,099)</u>	<u>\$ (1,157,099)</u>

Statistical Section

This part of the Town of Purcellville’s annual comprehensive 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.

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Tables

Financial Trends

These tables contain trend information to help the reader understand how the the Town's financial performance and well-being have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

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Debt Capacity

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.

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Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

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Operating Information

These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

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

Net Position by Component
Last Ten Fiscal Years
(*accrual basis of accounting*)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities					
Net investment in capital assets	\$ 35,336,103	\$ 34,948,299	\$ 36,103,203	\$ 36,541,656	\$ 38,075,665
Restricted	548,493	723,338	1,701,564	2,608,858	1,959,705
Unrestricted	<u>4,480,445</u>	<u>5,909,479</u>	<u>3,153,671</u>	<u>2,916,735</u>	<u>2,966,569</u>
Total governmental activities net position	<u>\$ 40,365,041</u>	<u>\$ 41,581,116</u>	<u>\$ 40,958,438</u>	<u>\$ 42,067,249</u>	<u>\$ 43,001,939</u>
Business-type activities					
Net investment in capital assets	\$ 12,328,265	\$ 11,835,787	\$ 14,617,526	\$ 13,968,289	\$ 14,060,553
Restricted	-	-	-	-	-
Unrestricted	<u>6,525,057</u>	<u>10,910,592</u>	<u>11,562,432</u>	<u>13,248,155</u>	<u>12,924,392</u>
Total business-type activities net position	<u>\$ 18,853,322</u>	<u>\$ 22,746,379</u>	<u>\$ 26,179,958</u>	<u>\$ 27,216,444</u>	<u>\$ 26,984,945</u>
Primary government					
Net investment in capital assets	\$ 47,664,368	\$ 46,784,086	\$ 50,720,729	\$ 50,509,945	\$ 52,136,218
Restricted	548,493	723,338	1,701,564	2,608,858	1,959,705
Unrestricted	<u>11,005,502</u>	<u>16,820,071</u>	<u>14,716,103</u>	<u>16,164,890</u>	<u>15,890,961</u>
Total primary government net position	<u>\$ 59,218,363</u>	<u>\$ 64,327,495</u>	<u>\$ 67,138,396</u>	<u>\$ 69,283,693</u>	<u>\$ 69,986,884</u>

Note: GASB Statements No. 75 and 101 were adopted in fiscal year 2018 and 2025, respectively. Prior years were not restated for the impact of these statements.

Note: The net investment in capital assets figure for fiscal years 2020 through 2024 was restated to correct an error for previously unrecorded bond issuance premium.

Net Position by Component
Last Ten Fiscal Years
(*accrual basis of accounting*)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities					
Net investment in capital assets	\$ 42,893,764	\$ 43,944,434	\$ 45,822,201	\$ 46,204,212	\$ 49,051,027
Restricted	1,519,909	3,342,323	2,157,403	1,548,930	1,019,311
Unrestricted	<u>4,647,148</u>	<u>4,254,100</u>	<u>6,918,342</u>	<u>8,564,370</u>	<u>7,874,146</u>
Total governmental activities net position	<u>\$ 49,060,821</u>	<u>\$ 51,540,857</u>	<u>\$ 54,897,946</u>	<u>\$ 56,317,512</u>	<u>\$ 57,944,484</u>
Business-type activities					
Net investment in capital assets	\$ 21,367,837	\$ 20,805,629	\$ 20,865,804	\$ 21,886,900	\$ 26,503,086
Restricted	-	325,583	113,840	-	-
Unrestricted	<u>11,219,975</u>	<u>12,395,474</u>	<u>11,749,677</u>	<u>11,441,614</u>	<u>12,072,887</u>
Total business-type activities net position	<u>\$ 32,587,812</u>	<u>\$ 33,526,686</u>	<u>\$ 32,729,321</u>	<u>\$ 33,328,514</u>	<u>\$ 38,575,973</u>
Primary government					
Net investment in capital assets	\$ 64,261,601	\$ 64,750,063	\$ 66,688,005	\$ 68,091,112	\$ 75,554,113
Restricted	1,519,909	3,667,906	2,271,243	1,548,930	1,019,311
Unrestricted	<u>15,867,123</u>	<u>16,649,574</u>	<u>18,668,019</u>	<u>20,005,984</u>	<u>19,947,033</u>
Total primary government net position	<u>\$ 81,648,633</u>	<u>\$ 85,067,543</u>	<u>\$ 87,627,267</u>	<u>\$ 89,646,026</u>	<u>\$ 96,520,457</u>

Note: GASB Statements No. 75 and 101 were adopted in fiscal year 2018 and 2025, respectively. Prior years were not restated for the impact of these statements.

Note: The net investment in capital assets figure for fiscal years 2021 through 2024 was restated to correct an error for previously unrecorded bond issuance premium.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 2,815,863	\$ 2,942,494	\$ 3,437,040	\$ 3,378,091	\$ 4,083,075	\$ 5,409,541	\$ 3,988,687	\$ 5,994,296	\$ 3,969,267	\$ 4,397,981
Public safety	2,122,003	2,238,136	2,302,104	2,584,402	2,643,488	2,098,663	2,767,984	1,943,530	4,010,366	3,917,080
Public works	3,537,166	3,240,338	2,227,327	2,525,765	2,868,524	2,224,500	1,838,414	2,510,207	3,385,758	4,210,755
Parks, recreation and cultural	284,991	288,865	422,519	279,894	312,666	373,998	345,846	515,616	413,536	607,363
Community development	1,993,482	2,085,427	2,015,654	1,297,069	1,399,905	2,143,612	2,405,597	2,447,168	2,623,133	1,999,435
Interest on long-term debt	624,740	599,827	643,001	470,275	468,726	303,223	295,318	212,552	244,824	227,830
Total governmental activities expenses	\$ 11,378,245	\$ 11,395,087	\$ 11,047,645	\$ 10,535,496	\$ 11,776,384	\$ 12,553,537	\$ 11,641,846	\$ 13,623,369	\$ 14,646,884	\$ 15,360,444
Business-type activities:										
Water	\$ 2,213,759	\$ 2,173,568	\$ 3,008,206	\$ 2,894,441	\$ 2,973,565	\$ 3,314,617	\$ 2,946,777	\$ 3,980,524	\$ 3,613,137	\$ 3,894,404
Sewer	3,246,210	3,310,332	3,856,998	3,690,481	3,845,912	4,429,197	3,947,299	4,455,582	4,665,903	4,772,142
Total business-type activities expenses	\$ 5,459,969	\$ 5,483,900	\$ 6,865,204	\$ 6,584,922	\$ 6,819,477	\$ 7,743,814	\$ 6,894,076	\$ 8,436,106	\$ 8,279,040	\$ 8,666,546
Total primary government expenses	\$ 16,838,214	\$ 16,878,987	\$ 17,912,849	\$ 17,120,418	\$ 18,595,861	\$ 20,297,351	\$ 18,535,922	\$ 22,059,475	\$ 22,925,924	\$ 24,026,990
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 146,961	\$ 154,425	\$ 167,457	\$ 181,409	\$ 176,334	\$ 178,255	\$ 195,693	\$ 180,082	\$ 177,903	\$ 206,994
Public safety	42,844	61,696	58,302	50,466	45,866	63,386	102,158	65,907	48,911	40,542
Parks, recreation and cultural	-	-	-	-	-	300	1,200	900	92,428	95,788
Community development	143,284	158,169	127,221	91,765	113,099	88,630	149,091	174,140	181,667	136,821
Operating grants and contributions	812,838	957,708	825,145	1,229,911	1,210,658	1,208,177	1,584,918	2,982,712	1,227,615	1,187,917
Capital grants and contributions	1,277,717	1,181,722	1,642,735	368,774	1,866,644	3,869,206	1,389,360	1,091,659	948,090	3,704,945
Total governmental activities program revenues	\$ 2,423,644	\$ 2,513,720	\$ 2,820,860	\$ 1,922,325	\$ 3,412,601	\$ 5,407,954	\$ 3,422,420	\$ 4,495,400	\$ 2,676,614	\$ 5,373,007
Business-type activities:										
Charges for services:										
Water	\$ 2,072,275	\$ 2,135,053	\$ 2,179,702	\$ 2,195,929	\$ 2,336,437	\$ 2,391,149	\$ 2,446,556	\$ 2,306,883	\$ 2,645,663	\$ 3,015,986
Sewer	2,716,078	2,918,681	3,022,056	3,073,423	3,191,709	3,080,112	3,557,778	3,402,591	3,629,504	4,220,565
Operating grants and contributions	27,041	25,902	12,164	-	-	-	923,829	1,465,961	1,472,564	3,773,860
Capital grants and contributions	1,752,098	4,851,708	5,114,232	1,894,160	639,279	5,028,229	894,604	25,754	402,509	1,565,125
Total business-type activities program revenues	\$ 6,567,492	\$ 9,931,344	\$ 10,328,154	\$ 7,163,512	\$ 6,167,425	\$ 10,499,490	\$ 7,822,767	\$ 7,201,189	\$ 8,150,240	\$ 12,575,536
Total primary government program revenues	\$ 8,991,136	\$ 12,445,064	\$ 13,149,014	\$ 9,085,837	\$ 9,580,026	\$ 15,907,444	\$ 11,245,187	\$ 11,696,589	\$ 10,826,854	\$ 17,948,543
Net (expense) / revenue										
Governmental activities	\$ (8,954,601)	\$ (8,881,367)	\$ (8,226,785)	\$ (8,613,171)	\$ (8,363,783)	\$ (7,145,583)	\$ (8,219,426)	\$ (9,127,969)	\$ (11,970,270)	\$ (9,987,437)
Business-type activities	1,107,523	4,447,444	3,462,950	578,590	(652,052)	2,755,676	928,691	(1,234,917)	(128,800)	3,908,990
Total primary government net expense	\$ (7,847,078)	\$ (4,433,923)	\$ (4,763,835)	\$ (8,034,581)	\$ (9,015,835)	\$ (4,389,907)	\$ (7,290,735)	\$ (10,362,886)	\$ (12,099,070)	\$ (6,078,447)

Note: The interest on long-term debt figure for fiscal years 2021 through 2024 was restated to correct an error for previously unrecorded bond issuance premium amortization.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 3,395,079	\$ 3,690,806	\$ 3,889,211	\$ 4,220,164	\$ 4,356,659	\$ 4,545,865	\$ 4,466,337	\$ 5,212,364	\$ 5,675,183	\$ 5,704,530
Local sales and use taxes	1,110,071	1,164,728	1,136,133	1,225,507	1,315,764	1,425,820	1,615,994	1,667,288	1,425,706	1,326,214
Meals taxes	1,786,932	1,910,552	2,047,316	2,206,283	1,906,056	2,429,322	2,751,798	3,101,223	3,230,017	3,281,095
Utility license taxes	220,033	220,180	222,488	222,898	219,145	216,085	216,334	225,592	233,233	235,807
Business licenses taxes	765,285	765,041	790,617	888,515	854,839	847,344	949,542	968,501	1,074,554	1,044,449
Other local taxes	537,536	547,485	570,898	579,098	517,500	598,057	605,518	618,312	605,896	582,526
Coronavirus Aid, Relief, and Security Act Funding	-	-	-	-	85,331	1,704,154	-	-	-	-
Unrestricted grants and contributions	385,727	381,086	362,408	-	-	-	-	-	-	-
Unrestricted revenues from use of property	39,846	49,464	75,600	44,680	68,890	27,180	80,514	57,113	-	15,393
Investment income (loss)	-	-	21,713	149,046	139,166	8,127	(147,784)	474,530	845,017	698,460
Miscellaneous	89,326	210,938	173,981	185,791	113,338	55,950	161,209	160,135	180,663	112,550
Grants not restricted to specific programs	-	-	-	-	-	-	-	-	313,581	314,632
Gain (loss) on sale of capital asset	-	-	(14,987)	-	-	-	-	-	-	-
Transfers	1,013,241	1,157,162	-	-	-	-	-	-	(183,000)	(1,006,956)
Total governmental activities	\$ 9,343,076	\$ 10,097,442	\$ 9,275,378	\$ 9,721,982	\$ 9,576,688	\$ 11,857,904	\$ 10,699,462	\$ 12,485,058	\$ 13,400,850	\$ 12,308,700
Business-type activities:										
Miscellaneous	\$ 35,130	\$ 322,784	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,418	\$ 20,546
Gain (loss) on sale of capital asset	-	-	-	-	-	27,180	-	28,485	11,831	7,919
Investment income (loss)	667	20,429	38,860	247,014	227,236	14,574	(257,962)	118,154	475,744	468,421
Unrestricted revenues from use of property	178,155	259,562	444,277	210,882	193,317	247,833	268,145	290,913	-	-
Transfers	(1,013,241)	(1,157,162)	-	-	-	-	-	-	183,000	1,006,956
Total business-type activities	\$ (799,289)	\$ (554,387)	\$ 503,137	\$ 457,896	\$ 420,553	\$ 289,587	\$ 10,183	\$ 437,552	\$ 727,993	\$ 1,503,842
Total primary government	\$ 8,543,787	\$ 9,543,055	\$ 9,778,515	\$ 10,179,878	\$ 9,997,241	\$ 12,147,491	\$ 10,709,645	\$ 12,922,610	\$ 14,128,843	\$ 13,812,542
Change in Net Position										
Governmental activities	\$ 388,475	\$ 1,216,075	\$ 1,048,593	\$ 1,108,811	\$ 1,212,905	\$ 4,712,321	\$ 2,480,036	\$ 3,357,089	\$ 1,430,580	\$ 2,321,263
Business-type activities	308,234	3,893,057	3,966,087	1,036,486	(231,499)	3,045,263	938,874	(797,365)	599,193	5,412,832
Total primary government	\$ 696,709	\$ 5,109,132	\$ 5,014,680	\$ 2,145,297	\$ 981,406	\$ 7,757,584	\$ 3,418,910	\$ 2,559,724	\$ 2,029,773	\$ 7,734,095

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Taxes	Local Sales and Use Tax	Business Licenses	Utility License Taxes	Meals Taxes	Other Local Taxes	Total
2025	\$ 5,704,530	\$ 1,326,214	\$ 1,044,449	\$ 235,807	\$ 3,281,095	\$ 582,526	\$ 12,174,621
2024	5,675,183	1,425,706	1,074,554	233,233	3,230,017	605,896	12,244,589
2023	5,212,364	1,667,288	968,501	225,592	3,101,223	618,312	11,793,280
2022	4,466,337	1,615,994	949,542	216,334	2,751,798	605,518	10,605,523
2021	4,545,865	1,425,820	847,344	216,085	2,429,322	598,057	10,062,493
2020	4,356,659	1,315,764	854,839	219,145	1,906,056	517,500	9,169,963
2019	4,220,164	1,225,507	888,515	222,898	2,206,283	579,098	9,342,465
2018	3,889,211	1,136,133	790,617	222,488	2,047,316	570,898	8,656,663
2017	3,690,806	1,164,728	765,041	220,180	1,910,552	547,485	8,298,792
2016	3,395,079	1,110,071	765,285	220,033	1,786,932	537,536	7,814,936

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund:					
Nonspendable	\$ -	\$ 1,256	\$ 1,758	\$ 61,838	\$ 165,926
Restricted	58,377	260,205	364,998	371,240	434,922
Committed	479,261	373,852	271,475	178,523	142,780
Unassigned	5,617,146	6,685,555	5,176,351	6,299,036	6,064,206
 Total general fund	 \$ <u>6,154,784</u>	 \$ <u>7,320,868</u>	 \$ <u>5,814,582</u>	 \$ <u>6,910,637</u>	 \$ <u>6,807,834</u>
Governmental funds:					
Nonspendable	\$ -	\$ -	\$ 18,440	\$ -	\$ 2,203
Restricted	490,116	1,130,669	2,228,746	2,237,618	1,524,783
Committed	-	151,588	285,266	319,400	404,852
Assigned	220,199	183,142	443,537	198,018	667,721
Unassigned	59,281	-	-	-	-
 Total all other governmental funds	 \$ <u>769,596</u>	 \$ <u>1,465,399</u>	 \$ <u>2,975,989</u>	 \$ <u>2,755,036</u>	 \$ <u>2,599,559</u>

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General fund:					
Nonspendable	\$ 168,316	\$ 202,859	\$ 208,927	\$ 245,769	\$ 253,890
Restricted	21,836	265,872	327,771	278,470	363,488
Committed	140,342	208,797	103,201	104,968	161,804
Unassigned	<u>7,943,340</u>	<u>8,863,651</u>	<u>10,170,282</u>	<u>10,833,908</u>	<u>11,496,526</u>
Total general fund	<u>\$ 8,273,834</u>	<u>\$ 9,541,179</u>	<u>\$ 10,810,181</u>	<u>\$ 11,463,115</u>	<u>\$ 12,275,708</u>
Governmental funds:					
Nonspendable	\$ 2,182	\$ 4,736	\$ 4,954	\$ 5,232	\$ 6,813
Restricted	1,498,073	1,771,585	1,366,312	1,270,460	655,823
Committed	397,291	508,546	327,686	187,758	409,455
Assigned	798,991	624,327	1,101,497	1,116,185	573,723
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 2,696,537</u>	<u>\$ 2,909,194</u>	<u>\$ 2,800,449</u>	<u>\$ 2,579,635</u>	<u>\$ 1,645,814</u>

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020
Revenues					
General property taxes	\$ 3,472,962	\$ 3,648,248	\$ 3,874,778	\$ 4,188,212	\$ 4,327,765
Other local taxes	4,419,857	4,607,986	4,767,452	5,122,301	4,813,304
Permits, privilege fees and regulatory licenses	290,245	312,594	294,678	273,174	289,433
Fines and forfeitures	42,844	61,696	58,302	50,466	45,866
Revenue from use of property	36,590	36,540	82,880	44,680	68,890
Investment income	3,256	12,924	21,713	149,046	139,166
Miscellaneous	89,327	210,938	166,701	185,791	113,338
Intergovernmental:					
Local government	223,147	773,558	1,393,377	223,579	597,146
Commonwealth	1,415,501	1,331,322	1,414,125	1,294,819	2,195,217
Federal	837,634	415,637	22,785	80,287	370,270
Total revenues	\$ 10,831,363	\$ 11,411,443	\$ 12,096,791	\$ 11,612,355	\$ 12,960,395
Expenditures					
General government administration	\$ 2,611,773	\$ 2,679,550	\$ 3,205,477	\$ 2,974,232	\$ 3,578,864
Public safety	2,068,546	2,103,905	2,243,805	2,506,891	2,430,628
Public works	3,387,426	3,014,297	2,045,628	2,329,499	2,607,051
Parks, recreation and cultural	169,803	174,316	289,565	279,696	341,714
Community development	495,504	537,634	477,634	459,406	501,453
Capital outlay	1,323,834	652,204	373,089	1,027,782	2,795,634
Debt service					
Principal	833,543	864,121	3,154,872	742,353	4,522,053
Interest and other fiscal charges	702,279	680,691	706,928	558,819	609,393
Bond issue costs	-	-	20,312	-	47,019
Total expenditures	\$ 11,592,708	\$ 10,706,718	\$ 12,517,310	\$ 10,878,678	\$ 17,433,809
Excess of revenues over (under) expenditures	\$ (761,345)	\$ 704,725	\$ (420,519)	\$ 733,677	\$ (4,473,414)
Other financing sources (uses)					
Investment loss	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	1,174,741	1,337,162	2,284,248	50,000	207,000
Transfers out	(161,500)	(180,000)	(2,284,248)	(50,000)	(207,000)
Refunding bonds issued (including bond premiums)	-	-	700,000	-	9,119,000
Insurance recoveries	-	-	-	-	-
Financed purchase	-	-	-	141,425	420,190
Leases	-	-	-	-	-
Subscription-Based IT Arrangements	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(275,177)	-	(5,324,056)
Total other financing sources (uses)	\$ 1,013,241	\$ 1,157,162	\$ 424,823	\$ 141,425	\$ 4,215,134
Net change in fund balances	\$ 251,896	\$ 1,861,887	\$ 4,304	\$ 875,102	\$ (258,280)
Debt service as a percentage of noncapital expenditures	15.09%	15.50%	31.97%	13.05%	35.16%

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2021	2022	2023	2024	2025
Revenues					
General property taxes	\$ 4,544,608	\$ 4,493,217	\$ 5,204,686	\$ 5,673,615	\$ 5,734,034
Other local taxes	5,516,628	6,139,186	6,580,917	6,569,406	6,470,091
Permits, privilege fees and regulatory licenses	267,185	345,984	355,122	359,570	343,815
Fines and forfeitures	63,386	102,158	65,907	48,911	40,542
Revenue from use of property	27,000	80,514	57,113	92,428	111,181
Investment income	8,127	41,640	543,918	845,017	698,460
Miscellaneous	55,950	161,209	160,135	180,663	112,550
Intergovernmental:					
Local government	1,029,136	581,225	343,824	353,015	1,786,831
Commonwealth	1,921,243	1,791,344	1,719,119	1,724,779	2,258,712
Federal	1,786,613	601,709	1,709,578	411,492	270,501
Total revenues	<u>\$ 15,219,876</u>	<u>\$ 14,338,186</u>	<u>\$ 16,740,319</u>	<u>\$ 16,258,896</u>	<u>\$ 17,826,717</u>
Expenditures					
General government administration	\$ 4,972,625	\$ 3,749,614	\$ 5,650,806	\$ 3,463,657	\$ 4,088,838
Public safety	1,946,893	2,521,745	1,657,424	3,538,831	2,973,188
Public works	1,987,882	1,603,313	2,133,385	3,102,389	4,081,617
Parks, recreation and cultural	365,640	338,553	520,168	657,613	579,232
Community development	1,123,139	1,275,561	1,381,028	1,447,365	660,394
Capital outlay	1,858,178	1,495,207	2,885,956	1,849,104	3,125,404
Debt service					
Principal	1,054,174	1,336,132	6,577,598	1,704,038	1,688,812
Interest and other fiscal charges	348,367	348,635	301,773	262,010	230,350
Bond issue costs	-	-	8,404	-	-
Total expenditures	<u>\$ 13,656,898</u>	<u>\$ 12,668,760</u>	<u>\$ 21,116,542</u>	<u>\$ 16,025,007</u>	<u>\$ 17,427,835</u>
Excess of revenues over (under) expenditures	<u>\$ 1,562,978</u>	<u>\$ 1,669,426</u>	<u>\$ (4,376,223)</u>	<u>\$ 233,889</u>	<u>\$ 398,882</u>
Other financing sources (uses)					
Investment loss	\$ -	\$ (189,424)	\$ (69,388)	\$ -	\$ -
Transfers in	-	95,200	1,564,184	715,546	653,999
Transfers out	-	(95,200)	(1,564,184)	(898,546)	(1,660,955)
Refunding bonds issued (including bond premiums)	-	-	5,095,000	-	-
Insurance recoveries	-	-	-	-	24,370
Financed purchase	-	-	146,136	370,794	133,619
Leases	-	-	-	-	130,586
Subscription-Based IT Arrangements	-	-	364,732	10,437	198,271
Payments to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (189,424)</u>	<u>\$ 5,536,480</u>	<u>\$ 198,231</u>	<u>\$ (520,110)</u>
Net change in fund balances	<u>\$ 1,562,978</u>	<u>\$ 1,480,002</u>	<u>\$ 1,160,257</u>	<u>\$ 432,120</u>	<u>\$ (121,228)</u>
Debt service as a percentage of noncapital expenditures	11.91%	15.12%	37.02%	14.33%	13.58%

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local Sales and Use Tax</u>	<u>Business Licenses</u>	<u>Utility License Taxes</u>	<u>Meals Taxes</u>	<u>Other Local Taxes</u>	<u>Total</u>
2025	\$ 5,734,034	\$ 1,326,214	\$ 1,044,449	\$ 235,807	\$ 3,281,095	\$ 582,526	12,204,125
2024	5,673,615	1,425,706	1,074,554	233,233	3,230,017	605,896	12,243,021
2023	5,204,686	1,667,288	968,501	225,592	3,101,223	618,312	11,785,602
2022	4,493,217	1,615,994	949,542	216,334	2,751,798	605,518	10,632,403
2021	4,544,608	1,425,819	847,344	216,085	2,429,322	598,057	10,061,235
2020	4,327,765	1,315,763	854,839	219,145	1,906,056	517,500	9,141,068
2019	4,188,214	1,225,507	888,515	222,898	2,206,283	579,098	9,310,515
2018	3,874,778	1,136,133	790,617	222,488	2,047,316	570,898	8,642,230
2017	3,648,248	1,164,728	765,041	220,180	1,910,552	547,485	8,256,234
2016	3,472,962	1,110,071	765,285	220,033	1,786,932	537,536	7,892,819

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2025	2,134,611,365	107,034,886	24,343,195	2,265,989,446	2,265,989,446	100.00%
2024	2,006,247,615	107,923,650	23,941,931	2,138,113,196	2,138,113,196	100.00%
2023	1,866,583,585	103,483,211	22,492,319	1,992,559,115	1,992,559,115	100.00%
2022	1,679,091,663 *	49,862,129	21,793,092	1,750,746,884	1,750,746,884 ^	100.00%
2021	1,550,692,153	94,964,157	21,647,914	1,667,304,224	1,667,304,224	100.00%
2020	1,485,999,930	88,518,762	21,769,718	1,596,288,410	1,596,288,410	100.00%
2019	1,404,879,395	84,880,781	21,168,842	1,510,929,018	1,510,929,018	100.00%
2018	1,325,967,550	79,726,603	21,440,870	1,427,135,023	1,427,135,023	100.00%
2017	1,252,549,625	70,990,468	21,708,974	1,345,249,067	1,345,249,067	100.00%
2016	1,202,445,320	63,071,081	21,747,771	1,287,264,172	1,287,264,172	100.00%

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

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

2022 Personal Property tax billed over two cycles (May 2022-FY22 & October 2022-FY23), therefore assessment value half of prior year. Previously Personal Property billed one cycle in June of fiscal year.

Note^: This schedule % of assessment reflects that Loudoun Co. tax bill is based on 100% of assessment.

FY22 Personal Property Vehicles were taxed on 80% of assessed value.

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates						Overlapping Rates County of Loudoun, Virginia		
	Real Estate	FF Service Tax District	Personal Property	Volunteers	Machinery and Tools	Merchants' Capital	Real Estate	Personal Property	Machinery and Tools
2025	.205/.192	.03/.03	1.05	0.01	0.55	N/A	0.805	4.15	2.75
2024	.205/.205	.03/.03	1.05	0.01	0.55	N/A	0.865	4.15	2.75
2023	.21/.205	.03/.03	1.05	0.01	0.55	N/A	0.875	4.15	2.75
2022	.22/.21	.03/.03	1.05	0.01	0.55	N/A	0.890	4.20	2.75
2021	.22/.22	.03/.03	1.05	0.01	0.55	N/A	0.980	4.20	2.75
2020	.22/.22	.03/.03	1.05	0.01	0.55	N/A	1.035	4.20	2.75
2019	.22/.22	.03/.03	1.05	0.01	0.55	N/A	1.045	4.20	2.75
2018	.22/.22	.035/.03	1.05	0.01	0.55	N/A	1.085	4.20	2.75
2017	.22/.22	.035/.035	1.05	0.01	0.55	N/A	1.125	4.20	2.75
2016	.22/.22	.035/.035	1.05	0.01	0.55	N/A	1.145	4.20	2.75

(1) Per \$100 of assessed value

Source: Town Finance Department and Treasurer of Loudoun County

Principal Real Property Taxpayers
Current Year and 9 Years Ago

Taxpayer	Type Business	Fiscal Year 2025		Fiscal Year 2016	
		2025 Assessed Valuation	% of Total Assessed Valuation	2016 Assessed Valuation	% of Total Assessed Valuation
Main St. Station LLC	Shopping Center (1000 E Main St)	\$ 29,799,100	1.35%	\$ 18,509,880	1.52%
Echo Purcellville LLC	Shopping Ctr (105 Purcellville Gateway)	24,917,980	1.13%	27,964,660	2.30%
S R B Enterprises LLC	Shopping Center (711 E Main St)	16,532,810	0.75%	11,612,670	0.95%
Purcellville Shopping Center LLC	Shopping Center (609 E Main St)	13,375,930	0.61%	12,208,350	1.00%
Purcellville Development LLC	Shopping Center (1231 Wolf Rock Rd)	12,093,860	0.55%	3,862,960	0.32%
Valley Medical Center LLC	Medical Center (205 Hirst Road)	8,955,930	0.41%	9,117,590	0.75%
Maple Avenue Apartments LP	Apartments (610-650 Dominion TE)	8,118,110	0.37%	5,340,730	0.44%
Purcellville Owner LLC	Apartments (123 16th St)	6,773,860	0.31%	4,363,680	0.36%
LRG-125 Hirst Road LLC	Office Building (125 Hirst Road)	5,489,090	0.25%	N/A	N/A
Castle Storage LLC	Storage Facility (113 N Bailey)	5,217,450	0.24%	N/A	N/A
		<u>\$ 131,274,120</u>	<u>5.95%</u>	<u>\$ 92,980,520</u>	<u>7.64%</u>

Source: Loudoun County Assessor of Real Estate taxable data
Note: Total Assessed Value excludes exempt parcel value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	RE Tax Levy for Fiscal Year	PP Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2025	4,721,275	1,004,375	5,725,650	5,558,626	97.08%	N/A	5,558,626	97.08%
2024	4,578,592	992,717	5,571,309	5,401,081	96.94%	137,817	5,538,898	99.42%
2023	4,305,967	909,675	5,215,642	5,058,374	96.98%	147,052	5,205,426	99.80%
2022	4,070,043 *	409,281	4,479,324	4,367,936	97.51%	107,112	4,475,048	99.90%
2021	3,887,315	733,461	4,620,776	4,388,330	94.97%	220,457	4,608,787	99.74%
2020	3,670,993	656,460	4,327,453	4,097,076	94.68%	220,452	4,317,528	99.77%
2019	3,444,525	617,998	4,062,523	3,854,266	94.87%	199,339	4,053,605	99.78%
2018	3,309,611	579,342	3,888,953	3,689,674	94.88%	193,614	3,883,288	99.85%
2017	3,191,567	489,048	3,680,615	3,528,421	95.86%	142,411	3,670,832	99.73%
2016	3,006,627	427,528	3,434,155	3,320,031	96.68%	108,280	3,428,311	99.83%

Source: Town Finance Department and Loudoun County Commissioner of Revenue

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

2022 Personal Property tax billed over two cycles (May 2022-FY22 & October 2022-FY23), therefore tax value half of prior year. Previously Personal Property billed one cycle in June of fiscal year.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	Financed Purchases	Other Notes/Bonds	Leases	Subscriptions	General Obligation Bonds	Financed Purchases	Leases	Subscriptions			
2025	\$ 8,161,461	\$ 458,622	\$ 170,000	\$ 1,016,781	220,580	\$ 38,183,774	\$ 105,472	\$ 10,515	\$ 1,845	\$ 48,329,050	5.02%	\$ 5,391
2024	9,111,838	505,653	255,000	1,033,477	171,189	39,920,818	96,267	-	3,649	51,097,891	5.56%	5,726
2023	10,271,051	366,777	340,000	417,194	279,174	40,256,470	87,782	3,851	-	52,022,299	5.82%	5,829
2022	11,387,925	325,070	425,000	570,805	-	40,534,368	30,616	7,676	-	53,281,460	6.18%	5,937
2021	12,481,066	416,429	510,000	-	-	40,623,257	91,810	-	-	54,122,562	6.65%	6,000
2020	13,459,980	501,603	595,000	-	-	40,663,000	150,748	-	-	55,370,331	7.25%	6,201
2019	13,900,005	135,983	680,000	-	-	40,605,881	179,596	-	-	55,501,465	7.60%	6,285
2018	14,657,946	-	765,000	-	-	40,921,224	206,671	-	-	56,550,841	8.34%	6,596
2017	17,374,221	-	850,000	-	-	42,595,476	254,291	-	-	61,073,988	9.60%	7,309
2016	18,251,388	-	935,000	-	-	43,033,090	300,393	-	-	62,519,871	10.31%	7,672

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

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

(2) - As the current year population is not yet available (see Table 15), the prior year population was used in the current year calculation.

Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 122,419,309	\$ 127,425,860	\$ 134,740,842	\$ 142,604,824	\$ 150,776,965	\$ 157,234,007
Total net debt applicable to limit	<u>62,519,871</u>	<u>61,073,988</u>	<u>56,550,841</u>	<u>55,501,465</u>	<u>55,370,331</u>	<u>54,122,562</u>
Legal debt margin	<u>\$ 59,899,438</u>	<u>\$ 66,351,872</u>	<u>\$ 78,190,001</u>	<u>\$ 87,103,359</u>	<u>\$ 95,406,634</u>	<u>\$ 103,111,445</u>
Total net debt applicable to the limit as a percentage of debt limit	51.07%	47.93%	41.97%	38.92%	36.72%	34.42%

Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt limit	\$ 170,081,276	\$ 188,907,590	\$ 200,624,762	\$ 218,146,170
Total net debt applicable to limit	<u>53,281,460</u>	<u>52,022,299</u>	<u>49,287,656</u>	<u>46,515,235</u>
Legal debt margin	\$ <u>116,799,816</u>	\$ <u>136,885,291</u>	\$ <u>151,337,106</u>	\$ <u>171,630,935</u>
Total net debt applicable to the limit as a percentage of debt limit	31.33%	27.54%	24.57%	21.32%

Legal Debt Margin Calculation for Fiscal Year 2025

Total assessed value of real estate	\$ 2,181,461,701
Debt limit (10% of total assessed value)	218,146,170
Net debt applicable to limit	<u>46,515,235</u>
Legal debt margin	<u>\$ 171,630,935</u>

Direct and Overlapping Governmental Activities Debt
 Year Ended June 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County of Loudoun Subtotal, overlapping debt	\$ 1,564,923,754	1.95%	\$ 30,489,607
Town of Purcellville, direct debt (2)			\$ 10,027,444
Total direct and overlapping debt			\$ 40,517,051

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

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

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

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (1) (2)	Ratio of Net General Obligation Debt to Assessed Value (3)	Net Bonded Debt per Capita (4)
2025	\$ 46,345,235	\$ -	\$ 46,345,235	2.05%	\$ 5,170
2024	49,032,656	-	49,032,656	2.30%	5,469
2023	50,527,521	-	50,527,521	2.54%	5,662
2022	51,922,293	-	51,922,293	2.97%	5,786
2021	53,104,323	-	53,104,323	3.19%	5,887
2020	54,122,981	-	54,122,981	3.39%	6,061
2019	54,505,886	-	54,505,886	3.61%	6,172
2018	55,579,170	-	55,579,170	3.89%	6,483
2017	59,969,697	-	59,969,697	4.46%	7,177
2016	61,284,478	-	61,284,478	4.76%	7,520

- (1) Includes all long-term general obligation bonded debt paid from tax revenues.
- (2) Net bonded debt includes (a) general obligation debt that is tax supported and (b) general obligation debt that is supported by revenues of the Town's water and sewer system.
- (3) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7
- (4) As the current year population is not yet available (see Table 15), the prior year population was used in the current year calculation.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Purcellville Population (1)	Loudoun County Per Capita Income (2)	Purcellville Median Age (3)	Purcellville School Age Population (4)	Loudoun County Unemployment Rate (5)
2025	N/A	\$ 107,476	35.5	2,150	3.5
2024	8,965	105,321	35.5	2,150	2.7
2023	8,943	102,229	35.5	2,192	2.4
2022	8,994	96,372	35.5	2,299	2.4
2021	9,030	92,022	35.3	2,550	3.6
2020	8,929	85,139	35.5	2,874	8.8
2019	8,831	81,997	35.2	2,913	2.3
2018	8,573	78,631	35.5	2,838	2.6
2017	8,356	75,651	34.4	2,842	3.0
2016	8,149	73,874	33.8	2,608	3.2

Sources:

(1)2016-2024: US Census Bureau, 2020 Decennial Census. 2025 update not yet available.

(2) 2016-2023: Bureau of Economic Analysis, US Department of Commerce
2024-2025: Loudoun County Department of Finance and Budget estimates.

(3) US Census Bureau American Community Survey 5-year estimates, 2022 Table S0101 through 2022. 2023 to 2025 updates not yet available (2022 value is shown for 2023, 2024 and 2025).

(4) 2016-2024: Weldon Cooper Center for Public Service School-Age Population Estimates for July 1 of the year indicated. 2025 is a Loudoun County Office of Management and Budget estimate. 2025 calculated using the 2024 ratio of the school-aged population to the total population.

(5) Local Area Unemployment Statistics, Virginia Employment Commission, Month of June each year.

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

Principal Employers
Current Year and 9 Years Ago

Employer	Fiscal Year 2025		Fiscal Year 2016	
	Employees	Rank	Employees	Rank
Loudoun County Schools	641	1	595	1
Harris Teeter	165	2	125	4
Giant	158	3	85	6
Patrick Henry College	112	4	n/a	n/a
Chick-Fil-A Purcellville FSU	105	5	80	9
Blue Ridge Veterinary Assoc., Inc.	101	6	125	3
Wholesale Screening Solutions	94	7	220	2
Town of Purcellville	88	8	78	10
Magnolia's at the Mill	87	9	84	7
Home School Legal Defense Association	86	10	100	5

Source: Town Business License Renewal
Loudoun County Public Schools

Full-Time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020*	2021	2022	2023	2024	2025
Administration	10.00	9.50	10.20	11.20	11.20	11.20	10.25	9.25	10.15	11.83
Finance Administration	8.00	8.60	8.60	9.30	9.90	9.90	9.60	9.60	9.60	10.20
Public Safety/Police	16.00	17.00	18.00	19.60	18.00	17.00	19.00	18.00	17.00	14.00
Public Works	6.75	6.00	9.00	8.00	7.00	2.00	2.00	2.00	2.00	2.00
General Maintenance	9.60	10.60	10.60	9.60	11.00	10.00	10.00	10.00	10.00	9.00
Engineering & Capital Projects										5.00
Planning & Comm Development	4.00	4.00	4.00	4.00	3.00	-	-	-	-	4.60
Engineering Planning & Development						9.00	10.00	9.00	10.60	-
Parks & Recreation	1.00	1.20	1.20	1.20	2.00	2.00	2.00	2.00	2.00	2.00
Water Treatment	9.00	9.00	9.00	9.00	9.00	8.00	9.00	9.00	10.00	8.00
Wastewater Treatment	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	9.00
Totals	<u>73.35</u>	<u>74.90</u>	<u>79.60</u>	<u>80.90</u>	<u>80.10</u>	<u>78.10</u>	<u>80.85</u>	<u>77.85</u>	<u>81.35</u>	<u>75.63</u>

The Engineering and Planning Departments were combined and had a single director from FY2021 through FY2024. In FY25, the departments were once again split and each had its own director.

Source: IRS Form 941s

Amounts are actual based on number of employees paid on final payroll of FY25.

Operating Indicators by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration										
Special Events	27	20	19	10	9	7	11	12	19	11
FOIA Requests Processed	135	85	116	85	79	51	42	81	66	183
Finance										
Utility Bills Processed	15,949	16,303	16,941	17,484	17,779	17,983	18,106	18,116	18,108	18,150
Tax Bills Processed	12,220	12,812	14,971	14,349	15,122	15,522	14,394	20,964	20,609	20,613
Accounts Payable Transactions	6,449	6,815	8,361	8,474	8,500	6,293	6,377	6,799	7,893	7,687
Public Safety										
Parking Violations	79	142	221	136	197	57	18	31	64	17
Traffic violations	624	1,038	915	1,072	851	926	1,065	994	659	724
Warning Tickets	524	588	1,258	911	1,102	346	742	1,056	1,029	1,091
Calls for Service		13,091	17,704	16,822	21,726	17,629	17,110	17,354	18,680	14,170
Cases Investigated	632	719	881	823	754	680	703	694	668	485
FOIA Requests Processed							88	118	150	170
Community Outreach (Programs and Events)			16	32	17	18	28	53	54	47
Public Works										
Maintenance Dept.										
Work Orders, number of	1,395	2,154	1,979	1,961	2,343	2,251	1,990	2,037	1,185	1,026
New Meters Installed	38	93	99	77	14	29	2	2	2	0
Miss Utility's Processed	1,372	1,523	1,475	1,659	1,236	1,459	1,176	964	1,286	831
Water Dept.										
Total Gallons Treated (millions)	200	198	210	202.5	203	215	212	205	217	222
Samples in Compliance, % of	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Violations, number of	0	0	0	0	0	0	0	0	0	0
Wastewater Dept.										
Daily average of gallons treated	661,400	589,800	576,000	684,200	664,892	656,800	596,017	619,450	622,500	645,800
Complaints, number of	1	0	2	0	0	0	0	0	0	0
Sample Analysis Passing Quality Assurance, % of					98.9%	98.8%	99.4%	99.5%	99.5%	99.9%
Planning and Zoning										
Occupancy Permits Issued	81	129	192	117	60	82	69	71	40	47
Permits Issued	259	306	386	268	270	281	262	327	267	354
Development Plans Processed	7	10	19	14	15	14	32	35	21	24

Source: Individual town departments.

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration											
Administration Buildings	1	1	1	1	1	1	1	1	1	1	1
Bus Stops for Public Transportation	6	6	6	6	6	6	6	6	6	6	6
Public Parking Lots	4	4	4	4	4	4	4	4	4	4	4
Vehicles	1	1	1	1	1	1	-	-	-	-	4
Finance											
Vehicles	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation											
Recreation Facilities - Buildings	2	2	2	2	2	2	2	2	2	2	2
Recreation Facilities - Fields, Parks, Trails	5	5	5	5	5	5	5	5	5	6	7
Public safety											
Administration Buildings	-	-	-	-	-	-	-	-	-	-	-
Radar Smart Trailers	-	-	-	-	1	1	1	1	-	-	-
Vehicles	12	12	13	12	13	15	15	15	16	16	15
Planning and Zoning											
Vehicles	1	1	1	1	1	1	-	-	-	-	-
Engineering and Capital Projects											
Vehicles	-	-	-	-	-	-	5	5	5	5	2
Public works											
<u>Maintenance Dept.</u>											
Heavy Equipment (Backhoes, etc)	12	12	12	12	12	12	12	12	12	12	12
Maintenance Facility	2	2	1	1	1	1	1	1	1	1	1
Message Boards	3	3	3	3	2	2	4	3	3	3	3
Traffic Signals	2	2	2	2	2	2	2	2	2	2	2
Vehicles	20	20	20	18	20	23	19	19	16	16	16
<u>Water Dept.</u>											
Chlorine Facility	1	1	1	1	1	1	1	1	1	1	1
Elevated Water Tanks	1	1	1	1	1	1	1	1	1	1	1
Filter Buildings	4	4	4	4	4	4	4	4	4	5	5
Vehicles	5	5	5	5	5	5	5	5	5	5	5
Water Reservoir(s)	1	1	1	1	1	1	1	1	1	1	1
Water Treatment Plant	1	1	1	1	1	1	1	1	1	1	1
Modular Bldg @ Plant	1	1	1	1	1	1	1	1	1	1	1
Wells/Well Houses	9	9	9	9	9	9	9	9	9	11	11
<u>Wastewater Dept.</u>											
Pump Stations	6	6	6	6	6	6	6	6	6	6	6
Vehicles	5	5	5	5	5	5	4	4	4	4	4
Wastewater Treatment Plant	1	1	1	1	1	1	1	1	1	1	1

Source: Town depreciation schedule.

COMPLIANCE



**Independent Auditors' 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
the Town Council
Town of Purcellville, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Purcellville, Virginia's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matter

As part of obtaining reasonable assurance about whether the Town of Purcellville, Virginia's financial statements are free from 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 or other matters that are required to be reported under *Government 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 26, 2025



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Purcellville, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Purcellville, Virginia's major federal programs for the year ended June 30, 2025. Town of Purcellville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Purcellville, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 26, 2025

TOWN OF PURCELLVILLE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amounts Passed Thru to Sub-recipients	Cluster Amounts	Federal Expenditures
U.S. Department of Transportation:					
Pass Through Payments:					
Virginia Department of Transportation Highway Planning and Construction	20.205	Unavailable	N/A	N/A	\$ <u>237,667</u>
Total Department of Transportation					\$ <u>237,667</u>
U.S. Department of the Treasury:					
Pass Through Payments:					
Virginia Department of Accounts COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unavailable	N/A	N/A	\$ <u>3,340,106</u>
Total Department of the Treasury					\$ <u>3,340,106</u>
U.S. Department of Justice:					
Pass Through Payments:					
Virginia Department of Criminal Justice Services Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	N/A	N/A	\$ <u>30,922</u>
Total Department of Justice					\$ <u>30,922</u>
U.S. Environmental Protection Agency:					
Pass Through Payments:					
Virginia Department of Health Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442	95326101	N/A	N/A	\$ <u>222,871</u>
Drinking Water State Revolving Fund	66.468	BIL 003C-23	N/A	N/A	\$ <u>208,966</u>
Total Environmental Protection Agency					\$ <u>431,837</u>
Total Expenditures of Federal Awards					\$ <u><u>4,040,532</u></u>

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Purcellville, Virginia under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of Town of Purcellville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Purcellville, Virginia.

NOTE 2 - DE MINIMIS INDIRECT COST RATE:

The entity did not elect to use the 15% de minimis indirect cost rate.

NOTE 3 - SUBRECIPIENT MONITORING:

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

NOTE 4 - OUTSTANDING LOAN BALANCES:

At June 30, 2025, the Town of Purcellville had no outstanding loan balances requiring continuing disclosure.

TOWN OF PURCELLVILLE, VIRGINIA

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

There were no prior year findings.