



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2022**

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



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# INTRODUCTORY SECTION

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

**June 30, 2022**

**TOWN COUNCIL**

Carter Nevill, Mayor  
James Hartman III, Vice Mayor

Renard Carlos, At Large  
Heather Sutphin, Ward 1  
William Semple II, Ward 2  
Brett Hamby, Ward 3  
Sean Polster, At Large  
Kevin Carter, Ward 5

**APPOINTED OFFICIALS**

Christopher Martino..... Interim Town Manager  
Martin Crim ..... Town Attorney  
Christopher Martino..... Town Clerk  
Stephanie Miller..... Finance/Personnel Director  
Tommy Cureton..... Parks & Recreation Director  
Rob Walton ..... Community Development Director  
Frank Cassidy. .... Public Works/Utilities Director  
Michael Kochis ..... Chief of Police



December 8, 2022

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Town of Warrenton for the fiscal year ended June 30, 2022. The *Code of Virginia* requires that localities have their accounts and records audited annually as of June 30 by an independent certified public accountant, and that a detailed written report be presented to the local governing body within six months of the close of the fiscal year.

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

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

The Town's financial statements have been audited by Brown, Edwards and Company, LLP, a firm of licensed certified public accountants. The audit was conducted in accordance with generally accepted auditing standards. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by Town management; and evaluating the overall financial statement presentation. The independent auditors' report expresses an unmodified opinion on the fair presentation of the financial statements and is presented as the first part of the Financial Section of this report.

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

## PROFILE OF THE TOWN

The Town of Warrenton, the County Seat and the largest town in Fauquier County, is located in the Upper Piedmont region of Virginia at the foot of the Blue Ridge mountains about 45 miles southwest of Washington, DC. The Town encompasses 4.25 square miles and has a population of 10,109. Settled in the late seventeenth century, the Town of Warrenton, then known as Courthouse Village, was formally incorporated in 1810. Since 1992, Warrenton has been considered part of the Washington-Baltimore Metropolitan Statistical Area. Warrenton is easily accessible via four U.S. primary routes – 17, 15, 29 and 211. These routes provide access to Interstates 66, 64, 95 and 81 which link Warrenton to major trade routes across the Nation.

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

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

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

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

## ECONOMIC CONDITION AND OUTLOOK

### *The Local Economy*

While record inflation in 2021 and 2022 rattled the U.S. economy, the Town's local revenue sources rebounded quickly and exceeded expectations. The influx of Federal stimulus funding has afforded opportunities to support the community and to address deferred maintenance of some capital assets. The Northern Virginia region is highly competitive and influenced by changing economic forces. Warrenton has historically remained on the fringe but continues to capitalize on its gateway location to Shenandoah National Park, wine and horse country, and its recreational opportunities. The Town's guiding principles include a robust strategy for housing and employment coupled with proactive business retention and recruitment, all while maintaining small-town character.

Warrenton continues to strive for inclusive and attainable housing for all ages, incomes, and needs that preserve established residential neighborhoods, while supporting infill development. Housing is not often seen as an economic driver, but it serves as a balance in the overall quality of life for Warrenton by catering to the needs of a diverse community. This seeks to include young families, professionals early in their careers, essential workforce (e.g. teachers and police officers), and retirees. This creates a diverse and circular housing need. As a result of the pandemic, Warrenton has reduced the percentage of Town residents out-commuting for work. This shift to working from home for these employees had a positive impact on our local economy. While many workers continue to work remotely, the long-term impacts remain to be seen.

With a strategic transportation location, the Town enjoys two major retail economic corridors in a series of shopping centers along the by-pass and big box stores along the most southern point of Town. The shopping centers are focal points for revitalization. Allowing for mixed-use and multi-family development will transform aging commercial corridors into vibrant neighborhoods. This effort is creating the ability to significantly grow property tax revenue and particularly meals tax and sales tax to solidify stability of the commercial corridor for years to come. In addition to the major retail developments, the Town has provisions for health care services in Fauquier Hospital and the recent investments in enhanced offerings in the devoted cancer treatment center. Fauquier Hospital continues to add services to meet demands, as do other local providers demonstrating ongoing economic potential. This serves as an attractive feature for those looking to relocate to Warrenton.

While not located directly in the Town, the presence of Laurel Ridge Community College continues to positively impact the economy of the Town of Warrenton. Recent investments in an expanded science and technology building for hands-on trade workforce training represents ongoing economic success.

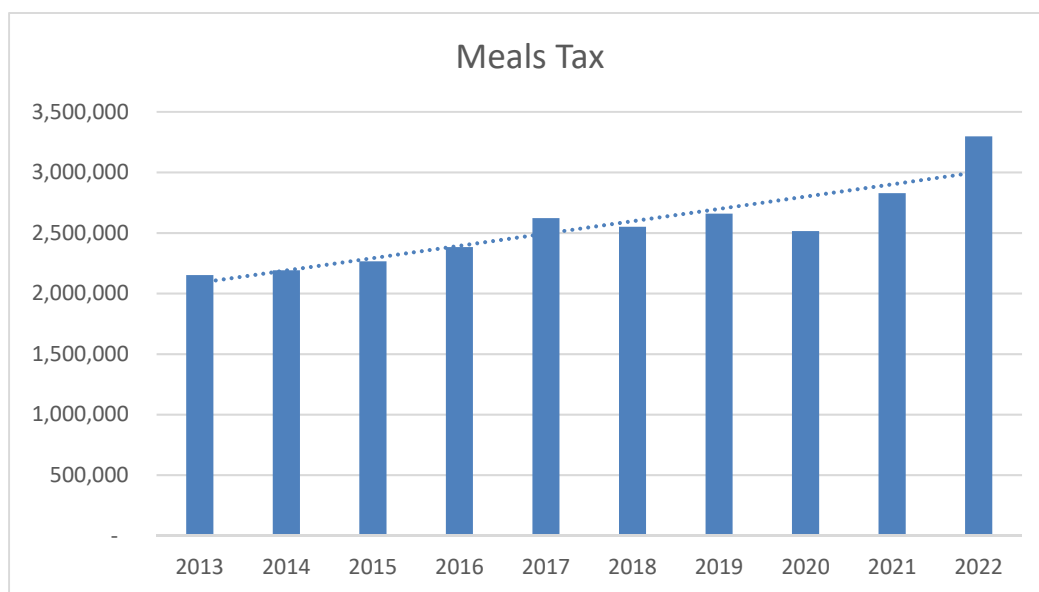
The Old Town Historic District is a mainstay of the Town and serves as an economic driver when considering the small land footprint compared to economic output. The per acre economic output of Old Town is often overlooked, but during the pandemic, the heart of the Town was on display. Providing a safe place to gather outdoors during the pandemic resulted in reimagining Old Town to include enhanced outdoor seating for all businesses. This sustained these smaller businesses

and, in some instances, resulted in greater economic output. The Town relocated the Town Hall from Court Street, to a location directly on Main Street. The Visitor's Center was relocated to the new Town Hall, providing a more central and accessible location. The relocation to new Town Hall also resulted in the addition of 54 parking spaces for public use to facilitate access to Old Town businesses.

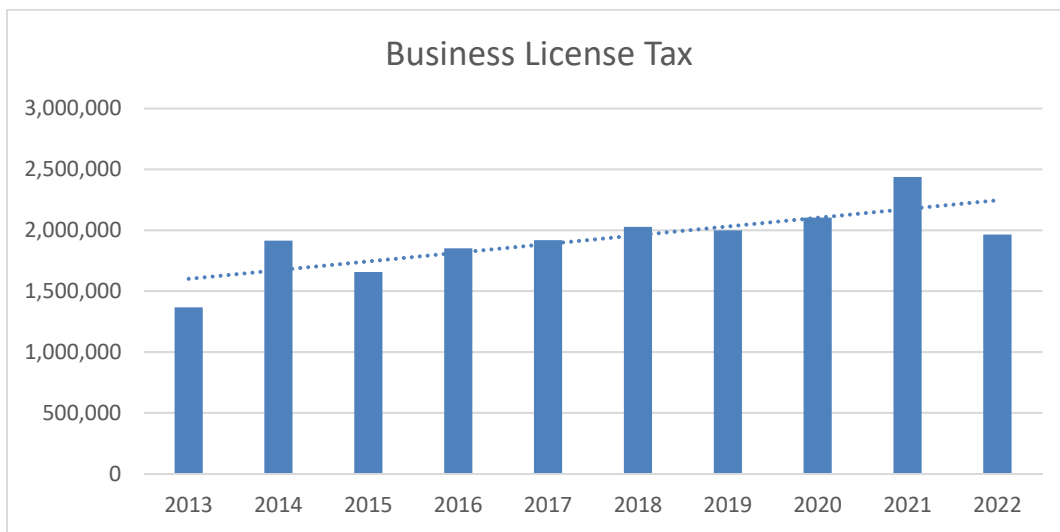
Outside of the retail corridors and Old Town, there has been enhanced effort on industrial land and the ability to attract diverse tax base as the Town approaches build out using designated incentive zones. The economic activity options are found in the remaining large industrial parcels, as well as redevelopment opportunities. The announcement of an Amazon Data Center on 42-acres is one of the largest per acre economic investments to date and presents ongoing opportunity that will help incentivize other capital investments. This will ensure that Warrenton will maintain its status as the center for commerce, contributing quality development with balanced economic opportunity.

Primary local revenue sources for the Town continue to be meals tax, which accounts for 21.1%, and business, professional, and occupational license tax, representing 12.6%, of general fund revenue for fiscal year 2022. In fiscal year 2022, the Town continued the support undertaken during the pandemic based on the positive outcomes and the desire by citizens and businesses alike to continue to enjoy expanded use of outdoor spaces. Main Street was closed to traffic on weekend evenings during the warmer months to allow pedestrians and patrons to dine and enjoy the entertainment provided by the restaurants. Parklets were assembled by Town staff to convert parking spaces for community and business use during the pandemic. Many of these efforts have been well-received by the community. The Farmers Market utilizes the public space behind Town Hall on Saturdays and is a big draw for downtown businesses on the weekends.

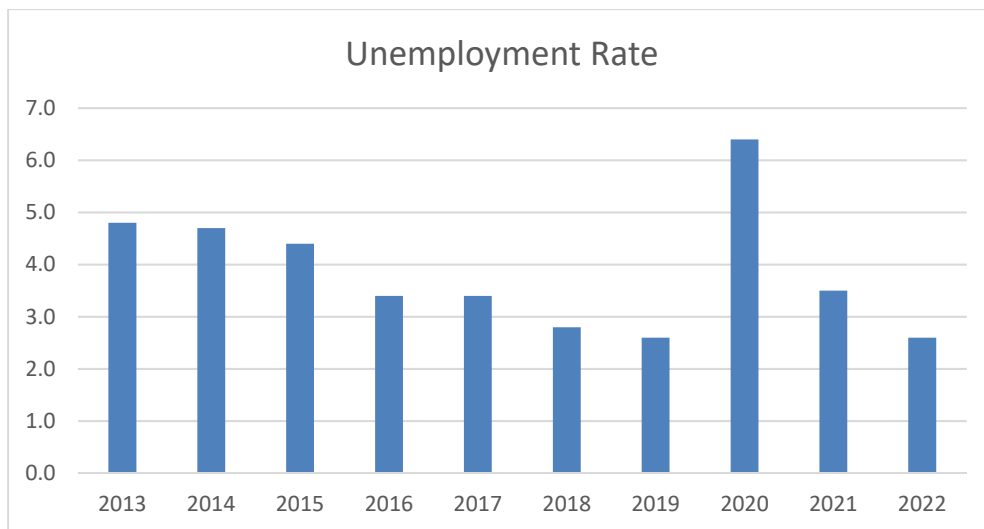
Over the past ten years, Meals Tax has risen by 53.2% and has been the most consistent other local tax source for the town. The average annual increase is 5.1%. Fiscal year 2020 reflects a decrease compared to the overall trend due to the impact of pandemic quarantine restrictions.



Business license tax is based on reported prior calendar year gross receipts. This means that the amount collected for fiscal year 2022 reflects the performance of local businesses in calendar year 2021. This revenue source decreased by 19.4% compared to fiscal year 2021. Certain large categories, such as car dealerships and service industries, were impacted by the pandemic and that was reflected in their return filings. It is expected that this category will return to the pre-pandemic trend within the next year or two. The average annual increase over the past 10 years is 5.3%.



Unemployment rates are not available for the Town. The rate for Fauquier County as of June 2022 was 2.6%. This was a 0.9% decrease from 2021. The June 2022 unemployment rate compares favorably to the 2.8% reported for Virginia and 3.6% reported nationally. As can be seen from the chart below, the unemployment rate for Fauquier County has been trending down for the past two years following the initial onset of COVID-19.



Every four years, the County of Fauquier conducts a general real estate reassessment in accordance with Section 58.1-3252 of the Code of Virginia. The current assessments went into effect on January 1, 2022 and reflected an increase of approximately 22%. The increase in taxable assessed

value for properties located in the town is directly correlated with the increased sale prices of homes as interest rates on mortgage rates hit historic lows in recent years. The next reassessment will be conducted during 2024 and 2025 and will become effective January 1, 2026.

The local real estate market has slowed recently. Rising mortgage interest rates are likely to blame for market cooling. The Greater Piedmont Realtors Association published the following statistics for Fauquier County for October 2022 compared to October 2021:

- sales activity is down 36%
- the median sales price has increased 1% from 2021
- the average number of days on the market decreased by 10% from 32 days to 29 days

### *Long-term Financial Planning*

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

The CIP is reviewed by the Planning Commission to determine that projects are consistent with the Town's long-range Comprehensive Plan. The Comprehensive Plan, referred to as Plan 2040, is a powerful tool to optimize the whole planning process. Its role in the CIP allows jurisdictions to be strategic in their programming, budgeting, and resource allocation. All CIP projects should be tied to a goal or implementation strategy in the Comprehensive Plan. This enables the Town to prioritize projects in view of the needs of the community, while remaining mindful of fiscal constraints related to debt service expenditures and available cash funding.

The Town updated the Comprehensive Plan on April 13, 2021. The updated plan ensures funding allocation is relevant to present goals and contemplates the life cycle costs of projects. It is financially prudent to ensure decision makers are aware of the financial commitment beyond the capital project. Life Cycle costs consider the impact of items like the estimated useful life of vehicles, buildings, equipment, and other capital investments. The Comprehensive Plan will include scenarios of growth for the Town so that elected officials can understand all budgetary impacts of projected capital projects. A fiscal impact model was developed in conjunction with Plan 2040 so that the impact of new development or expansion can be adequately estimated.

The Town is currently working with our financial advisors to develop a five-year financial projection model to assist in adequately balancing current revenue with debt financing for anticipated future needs. The Town Council holds an annual fiscal retreat to align the budget development with the Town's long-term vision and strategic priorities. A review of fiscal trends and upcoming capital needs serves to quantify the fiscal impact.

### *Relevant Financial Policies*

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

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

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

Town staff consolidated the approved financial policies listed above along with other policies in one document. The Comprehensive Financial Policies were adopted by the Town Council at the July 2021 meeting and will serve the Town by providing a sound basis for prudent financial decision-making.

### *Major Initiatives*

During fiscal year 2022, the Town wrapped up renovations on Town Hall, which was purchased in 2019. The renovations sought to create public spaces and meeting areas that could be used by other organizations, such as the Farmers Market. These improvements will continue to serve the community and maintain economic vitality.

The Town is focusing on necessary capital investments that provide services to the community, particularly in the area of Water and Sewer, with an eye to supporting the Town Council's stated Mission, Vision and Values Statements. The Mission Statement of the Town is "In cooperation with and for our citizens, the Mayor, Town Council, and the staff of Warrenton are dedicated to providing public safety, economic opportunity, and quality public services in an attractive, well-planned community with historic character for the benefit, enjoyment and accessibility of all." The Town has dedicated \$4.5 million in ARPA funding and issued a 2022 General Obligation bond in the amount of \$5 million in support of priority Water and Sewer projects.

The Town is currently pursuing a boundary line adjustment that has been contemplated for many years. The proposed adjustment would incorporate 1,744 acres on all sides of Town and is largely driven by a desire for economic expansion and to include many parcels that are already served by the Town's Water and Sewer system. The proposed boundary adjustment on the northern side of the town will provide a desirable source of revenue since it contains an established commercial corridor. The proposed boundary adjustment on the eastern side of town may serve for relocation of Town facilities that have reached capacity.

Attracting visitors and ensuring easy access around Town continues to be a Council priority. Investments in signage and gateways will promote existing businesses and make the Town more attractive for potential businesses to locate. Plan 2040 will help guide the Town through the implementation of the Council's priorities and creation of the annual budget.

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

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

The Parks and Recreation Department operates the Warrenton Aquatic and Recreation Facility (WARF), a 59,738 square foot aquatic and fitness facility, along with six parks throughout town. After closing in March of 2020 due to the pandemic, the department reopened the WARF in July of 2020 and fully returned to pre-pandemic operations during the current fiscal year. The department oversaw the installation and opening of the Eva Walker Commemorative Garden in the Spring of 2022. In collaboration with the Town's Public Works Department, the Virginia Department of Transportation, and Fauquier County Public Schools, the department recently oversaw the construction and opening of the first phase of Timber Fence Trail. This project was funded 80% by Federal funds awarded by the Commonwealth Transportation Board and Fauquier County has agreed to contribute 10% of the project costs. Once phase two is completed, the trail will connect the Gold Cup subdivision to the WARF along property owned by the Fauquier County School Board.

In July 2021, the Town refunded all of its existing General Obligation debt to take advantage of historically low interest rates. This resulted in net present value savings of \$1,669,781.

## IMPLEMENTATION OF NEW ACCOUNTING REQUIREMENTS

During Fiscal Year 2023, the Town will analyze the impact of the following GASB Statements:

- GASB Statement No. 91, *Conduit Debt Obligations*.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- GASB Statement No. 99, *Omnibus 2022*.



- GASB Statement No. 100, *Accounting Changes and Error Corrections*.
- GASB Statement No. 101, *Compensated Absences*.

Note 13 provides details regarding new accounting standards.

## AWARDS

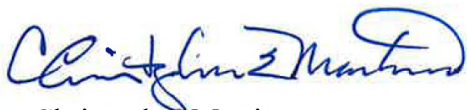
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Warrenton for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## ACKNOWLEDGMENTS

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

Respectfully submitted,



Christopher Martino  
Interim Town Manager



Stephanie E. Miller  
Director of Finance and Human Resources



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Warrenton  
Virginia**

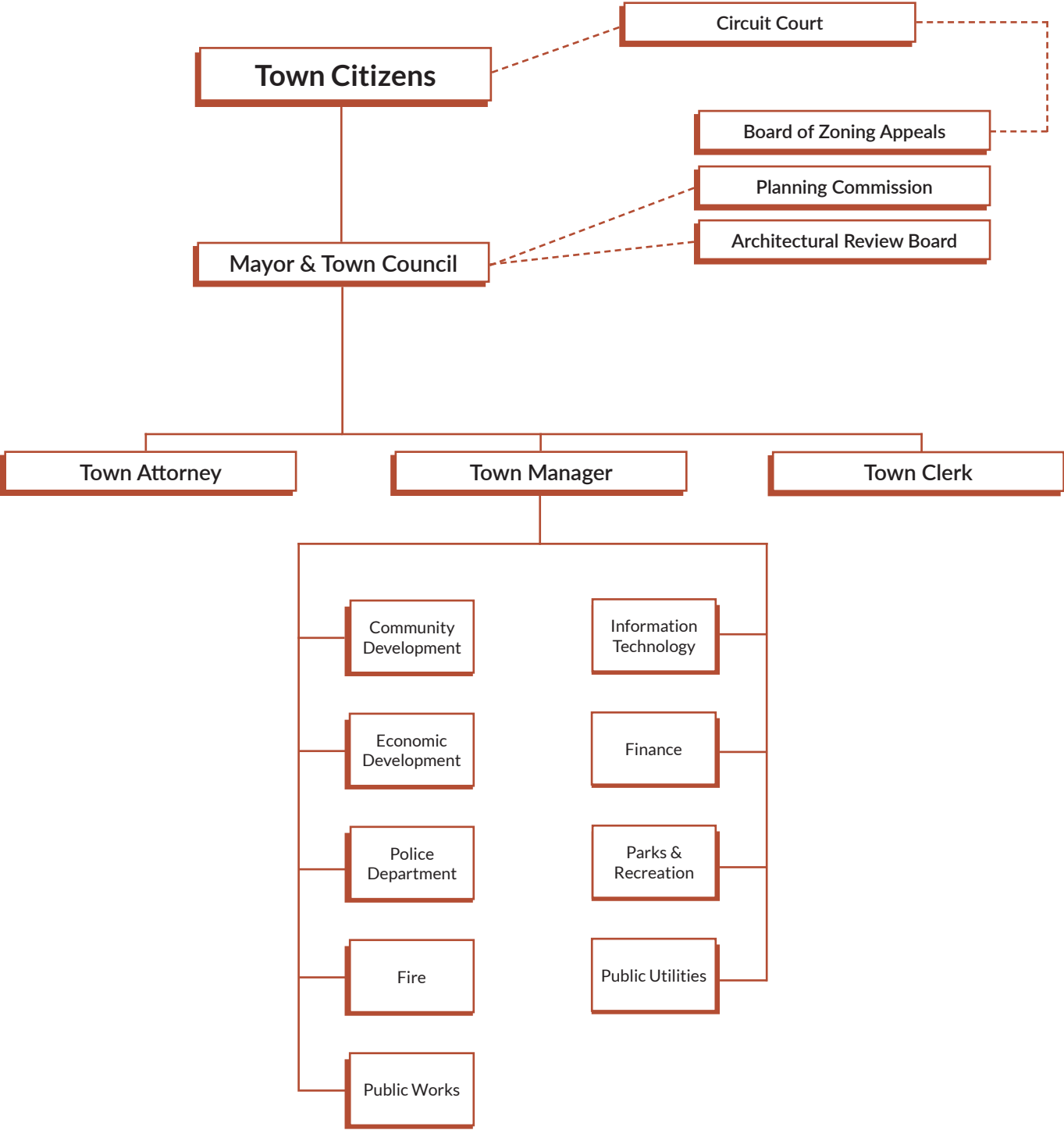
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# ORGANIZATIONAL CHART



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of Town Council  
Town of Warrenton, Virginia  
Warrenton, 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, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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 *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Warrenton, 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 Notes 5, 6, and 7 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warrenton's basic financial statements. The other supplementary information 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 other supplementary information 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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 8, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management of the Town of Warrenton, Virginia presents the following discussion and analysis of the Town's financial activities for the fiscal year ended June 30, 2022. This analysis is intended to be read in conjunction with the Letter of Transmittal in the Introductory Section of this report and the Financial Statements, Notes, and other required supplementary information, which follow this discussion and analysis.

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

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

- The Introductory Section includes a listing of Principal Town Officials, the Letter of Transmittal, a copy of the Fiscal Year 2021 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, and the Town's organizational chart.
- The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, other supplementary information, and supporting schedules.
- The Statistical Section provides selected financial and demographic data related to the Town presented on a multi-year basis.
- The Compliance Section includes the auditors' report on compliance and internal controls.

### **Financial Section Overview**

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

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

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

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

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

## Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

- **Governmental Funds** - Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. There are two governmental funds for the Town: the General Fund and the Perpetual Care Fund, which is a permanent fund established for the maintenance of the Warrenton Cemetery. The Town of Warrenton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.
- **Proprietary Funds** - There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business. Proprietary funds

provide the same type of information as the government-wide financial statements, only in more detail. The Town of Warrenton has two proprietary funds, the Water and Sewer Fund and the Stormwater Fund. The Water and Sewer Fund accounts for all revenues and expenses related to water production, billing, and sewage treatment. The Stormwater Fund accounts for the fees and expenses related to the management of the Town's designation as a small Municipal Separate Storm Sewer System (MS4), in accordance with the requirements of the Virginia Stormwater Management Act.

- ***Fiduciary Funds*** - Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statements because the funds are not available to support the Town's own activities.

## **FISCAL YEAR 2022 FINANCIAL HIGHLIGHTS**

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

		<u>June 30, 2022</u>	<u>June 30, 2021</u>
Net Position	\$	73,453,846	\$ 73,339,573
Unrestricted		19,794,215	16,910,762

The Town's total net position increased \$114,263 in fiscal year 2022. Business-type activities increased net position by \$203,736 due to an increase in charges for services related to planned Water and Sewer rate increases and the implementation of a new Stormwater Management Utility fee. Governmental activities decreased net position by \$89,473, due to increases in parks and recreation spending and investment in information technology related to Federal stimulus funding. The unrestricted portion of net position increased by \$2,883,453. Slowed capital spending over the past two years due to pandemic restrictions coupled with the refunding of outstanding debt has shifted the balance from net investment in capital assets to unrestricted.

Governmental revenues increased by \$1,036,788 compared to fiscal year 2021 and expenses increased by \$340,230. The bulk of the revenue increase is related to the parks and recreation function. The Town operates a 59,738 square foot aquatic facility that was more severely impacted by the COVID-19 pandemic than other functions. Approximately 47% of the revenue increase, or \$484,757, is related to WARF charges for services as the facility has rebounded from the impacts of the pandemic. Capital grant revenue in the amount of \$285,512 for the construction of a trail accounts for another 28% of the increase. Other areas driving the increase in governmental revenues included the sale of a surplus parcel and the increase in assessed values of property due to the quadrennial real estate reassessment and the impact of market conditions on used car values. On the expense side for governmental activities, parks and recreation showed the largest increase at \$368,489 due to the restoration of pre-pandemic service levels. Spending on information technology increased during the pandemic to facilitate remote work, public access, and convenience. These expenses come with ongoing costs for maintenance and licensing.

Revenues for business-type activities increased by \$288,690. Water and Sewer charges for services increased by 2.8%, which follows the planned rate increase. Connection fees for Water and Sewer service decreased by \$713,755. This was offset by the collection of the new Stormwater Management Utility fee. Expenses increased by \$850,914 compared to fiscal year 2021, split evenly between Water and Sewer and Stormwater. The increase in Water and Sewer expenses is related to general increases due to inflation for items such as chemicals. There were also several major repairs to equipment. The other half of the increase is related to the newly established Stormwater Management Utility fund.

Fund balance for governmental funds increased by \$119,561 for the fiscal year. Unassigned fund balance decreased by \$2,033,583 due to approximately \$2,500,000 in transportation commitments made by Council for cost-shares of Virginia Department of Transportation projects. Unassigned fund balance represents 58.8% of total fund balance. Note 12 provides more details regarding the classification of fund balance.

		June 30, 2022	June 30, 2021
Fund balance, ending	\$	16,216,654	\$ 16,097,093
Increase (decrease) from prior year		119,561	382,722
Unassigned fund balance	\$	9,542,190	\$ 11,575,773
Percentage unassigned		58.8%	71.9%

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As previously noted, net position may serve as a useful indicator of a government's financial condition. For the Town of Warrenton, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$73,453,836 at June 30, 2022.

**Table 1**

<b>Town of Warrenton Summary of Net Position</b>						
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Assets:</b>						
Current and other assets	\$ 22,822,759	\$ 23,032,388	\$ 10,716,535	\$ 8,198,710	\$ 33,539,924	\$ 31,231,098
Capital assets	43,482,031	44,658,938	30,320,987	30,948,398	73,803,018	75,607,336
Total assets	\$ 66,304,790	\$ 67,691,326	\$ 41,037,522	\$ 39,147,108	\$ 107,342,312	\$ 106,838,434
<b>Deferred outflows of resources:</b>						
Deferred charge on refunding	\$ 341,684	\$ 381,176	\$ -	\$ -	\$ 341,684	\$ 381,176
Pension-related deferred outflows	1,064,251	1,267,539	378,130	412,497	1,442,381	1,680,036
OPEB-related deferred outflows	100,805	109,163	27,688	31,361	128,493	140,524
Total deferred outflows of resources	\$ 1,506,740	\$ 1,757,878	\$ 405,818	\$ 443,858	\$ 1,912,558	\$ 2,201,736
Total assets and deferred outflows of resources	\$ 67,811,530	\$ 69,449,204	\$ 41,443,340	\$ 39,590,966	\$ 109,254,870	\$ 109,040,170
<b>Liabilities:</b>						
Long-term liabilities	\$ 10,723,613	\$ 14,432,109	\$ 11,394,139	\$ 12,730,108	\$ 22,117,752	\$ 27,162,217
Other liabilities	6,415,912	7,040,360	896,414	1,183,508	7,312,326	8,223,868
Total liabilities	\$ 17,139,525	\$ 21,472,469	\$ 12,290,553	\$ 13,913,616	\$ 29,430,078	\$ 35,386,085
<b>Deferred inflows of resources:</b>						
Property taxes	\$ 670	\$ 670	\$ -	\$ -	\$ 670	\$ 670
Pension-related deferred inflows	2,901,123	213,367	1,030,775	69,436	3,931,898	282,803
OPEB-related deferred inflows	121,091	24,104	33,260	6,925	154,351	31,029
Lease-related deferred inflows	-	-	2,284,027	-	2,284,027	-
Total deferred inflows of resources	\$ 3,022,884	\$ 238,141	\$ 3,348,062	\$ 76,361	\$ 6,370,946	\$ 314,502
<b>Net position:</b>						
Net investment in capital assets	\$ 34,401,208	\$ 35,719,844	\$ 19,194,441	\$ 19,595,398	\$ 53,595,649	\$ 55,315,242
Restricted	1,123,916	879,148	331,724	234,421	1,455,640	1,113,569
Unrestricted	12,123,997	11,139,602	6,278,560	5,771,170	18,402,557	16,910,772
Total net position	\$ 47,649,121	\$ 47,738,594	\$ 25,804,725	\$ 25,600,989	\$ 73,453,846	\$ 73,339,583
Total liabilities and deferred inflows of resources and net position	\$ 67,811,530	\$ 69,449,204	\$ 41,443,340	\$ 39,590,966	\$ 109,254,870	\$ 109,040,170

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

**Net Investment in Capital Assets:** The net investment in capital assets represents the Town's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Town uses capital assets to provide services to citizens. For the Town, the net investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure) as of June 30, 2022 is \$53,595,649 and represents 72.97 % of total net position. This is a decrease of \$1,719,593 compared to fiscal year 2021. Capital spending slowed during the pandemic. In fiscal year 2023, the Town has several major capital projects underway to address deferred maintenance and other capital needs.

**Restricted Net Position:** Restricted net position represents resources that are subject to external restrictions on how they may be used. The restricted net position includes amounts reserved for perpetual care of the Warrenton Cemetery, which the Town maintains. Also, restrictions for the net pension asset. The Town's restricted net position is \$1,455,640, or 2.0 % of total net position.

**Unrestricted Net Position:** The remaining balance of unrestricted net position at June 30, 2022 is \$18,402,557, or 25.03 % of total net position, and may be used to meet the government's ongoing obligations to citizens and creditors.

**Total Net Position:** During fiscal year 2022, the net position of the government increased by \$114,263 primarily due to increases in charges for services across governmental and business-type activities.

## **CHANGE IN NET POSITION**

Table 2 outlines the key elements of the change in net position for the reporting entity for the year ended June 30, 2022.

Table 2

Town of Warrenton Changes in Net Position						
	Governmental activities		Business-type activities		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,359,770	\$ 875,013	\$ 6,744,715	\$ 6,512,562	\$ 8,104,485	\$ 7,387,575
Operating grants & contributions	1,759,873	1,740,112	-	-	1,759,873	1,740,112
Capital grants & contributions	285,212	-	-	-	285,212	-
General revenues:						
General property taxes	1,497,352	1,373,058	-	-	1,497,352	1,373,058
Other local taxes	8,785,869	8,658,389	-	-	8,785,869	8,658,389
Intergovernmental revenue, unrestricted	547,734	594,955	34,757	69,249	582,491	664,204
Use of money and property	(95,166)	25,995	255,914	164,885	160,748	190,880
Gain on sale of property	175,275	-	-	-	175,275	-
Miscellaneous	238,715	264,835	-	-	238,715	264,835
Grants and contributions not restricted to specific programs	1,246,772	1,232,261	-	-	1,246,772	1,232,261
Total revenues	\$ 15,801,406	\$ 14,764,618	\$ 7,035,386	\$ 6,746,696	\$ 22,836,792	\$ 21,511,314

**Expenses:**

General government	\$ 2,186,451	\$ 1,860,468	\$ -	\$ -	\$ 2,186,451	\$ 1,860,468
Public safety	4,715,140	4,683,874	-	-	4,715,140	4,683,874
Public works	4,779,200	5,058,972	-	-	4,779,200	5,058,972
Health and welfare	173,245	183,565	-	-	173,245	183,565
Parks, recreation and cultural	2,871,147	2,502,658	-	-	2,871,147	2,502,658
Community development	713,617	923,715	-	-	713,617	923,715
Water and Sewer	-	-	6,070,323	5,597,855	6,070,323	5,597,855
Stormwater	-	-	462,033	-	462,033	-
Interest on long-term debt	<u>452,079</u>	<u>337,397</u>	<u>299,294</u>	<u>382,881</u>	<u>751,373</u>	<u>720,278</u>
Total expenses	\$ <u>15,890,879</u>	\$ <u>15,550,649</u>	\$ <u>6,831,650</u>	\$ <u>5,980,736</u>	\$ <u>22,722,529</u>	\$ <u>21,531,385</u>
Change in net position	\$ (89,473)	\$ (786,031)	\$ 203,736	\$ 765,960	\$ 114,263	\$ (20,071)
Net position, beginning of year	<u>47,738,594</u>	<u>48,524,625</u>	<u>25,600,989</u>	<u>24,835,029</u>	<u>73,339,583</u>	<u>73,359,654</u>
Net position, end of year	\$ <u><u>47,649,121</u></u>	\$ <u><u>47,738,594</u></u>	\$ <u><u>25,804,725</u></u>	\$ <u><u>25,600,989</u></u>	\$ <u><u>73,453,846</u></u>	\$ <u><u>73,339,583</u></u>

**Governmental Activities:** For the year ended June 30, 2022, Governmental activities decreased net position by \$89,473. In fiscal year 2021, net position for governmental activities decreased by \$786,031. This year's improvement was driven by an increase in revenues of \$1,036,788 which was partially offset by an increase of \$340,230 in expenses.

For revenues, the largest increases were in charges for services, capital grants and gain on the sale of property.

- Charges for services increased by \$484,757. This category reflects charges for access to the Warrenton Aquatic and Recreation Facility (WARF), which suffered from the effects of the pandemic more than other functional areas but reopened to the public in stages beginning in July 2020. The facility has continued a positive trend and restored services to a pre-pandemic level.
- The capital grants category increased by \$285,212. This represents the grant-funded portion of the construction of a trail across the road from the WARF.
- Gain on the sale of property represents an unusual item for the Town. In fiscal year 2022, the Town sold a surplus parcel for an increase in that category of \$175,275.
- Other areas of increase:
  - General property taxes increased by \$124,294 due to increases in assessed values. 2022 was a reassessment year for real estate. The used car market impacted the valuation of personal property.
  - The other local taxes category increased by \$127,480 as meals tax, lodging tax, and sales tax continued their positive trend upward.

Total expenses increased by \$340,230 partially due to the Federal funds received to support the response to COVID-19 and due to parks and recreation spending as previously noted. Coronavirus Relief Funds (CRF) were used for general government administration and public safety. A small amount of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) were spent in fiscal year 2022.

- General government administration spending increased by \$325,983. Information technology improvements made with Federal funding during the pandemic have ongoing maintenance and licensing costs.
- Parks and recreation expenses increased by \$368,489 as pre-pandemic service levels were restored.

***Business-type Activities:*** Business-type activities increased net position by \$203,736. On the revenue side, charges for services increased by \$232,153 due to the implementation of a new Stormwater Management Utility fee. In fiscal year 2022, the Town collected \$774,127 in Stormwater Management Utility fees. This new revenue source was offset by a decrease in the amount of connection fees collected for the Water and Sewer fund, due to fewer housing projects underway in fiscal year 2022. Water and Sewer expenses increased by \$472,468 compared to the prior year due to inflation. The newly established Stormwater Management Utility fund recorded total expenses of \$462,033. Interest on long-term debt decreased by \$83,587.

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

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

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$16,216,654, an increase of \$119,561 compared to the prior year. Approximately 58.8%, or \$9,542,190, of total fund balance is unassigned, which is available for spending at the government's discretion. The remainder of fund balance is classified as nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

***Proprietary Funds:*** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. The Town reports two proprietary funds - the Water and Sewer Fund and the newly established Stormwater Fund.

For the Water and Sewer Fund, total net position as of June 30, 2022 is \$25,480,871, a decrease of \$120,108 compared to June 30, 2021. The net investment in capital assets is \$19,194,441, which reflects a decrease of \$400,957. The Town has recently completed two major projects for the Water Treatment Plant and the Wastewater Treatment Plant that drove the increase in the net investment in capital assets. Unrestricted net position of the Water and Sewer Fund at the end of the year was \$5,964,457, or 23.4 %, of the fund's net position. This reflects an increase in unrestricted net position from fiscal year 2021 of \$193,297, which is mostly related to the refunding of outstanding debt accomplished during the fiscal year.

The greatest impact year after year for the proprietary fund is depreciation expense. Depreciation expense for the fiscal year ended June 30, 2022 was \$1,133,289 for the Water and Sewer Fund. The activity of this fund is capital intensive, requiring extensive ongoing annual maintenance expenses and a proactive capital improvement program.

For the Stormwater Fund, total net position as of June 30, 2022 is \$323,854. This is a newly established fund and there is no investment in capital assets as of the end of the fiscal year. The unrestricted portion of net position is \$314,103, which represents 96.9% of net position.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the original budgeted appropriation and the final amended budgeted appropriation for the general fund was \$3,636,366, or 21.7%, of the total original budget. Final actual expenditures were \$4,259,643, or 20.9 %, less than final amended appropriations. The two functional areas that realized the greatest variation



with the budget were capital outlay and public works. For capital outlay, there were multi-year projects that were carried over into the next fiscal year. For public works, multiple projects suffered from delays in scheduling contractors and long-lead times related to asset purchases that stem from the current global economic conditions.

Final actual revenue exceeded the final amended budget amounts by \$766,343. This was largely due to the extremely conservative revenue estimates used to develop the Fiscal Year 2022 budget. The largest variances were in the other local taxes category, in particular bank stock taxes and restaurant food taxes. Bank stock taxes exceeded the budget by \$530,962. This is a difficult category to predict because of limited insight into the nature of the banks operations and the deductions allowed on the return filed with the Virginia Department of Taxation. Restaurant food tax exceeded the budget by \$676,359. This category was conservatively estimated due to concerns over the potential for additional waves of COVID-19; however, this category trended higher throughout the pandemic, most likely due to the availability of take-out, curbside delivery, and home delivery options.

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

### **Capital assets**

The Town's capital asset classes include land, utility plant in service, buildings, infrastructure, machinery and equipment, and construction in progress. The total value of capital assets reported for the entity was \$73,803,018, which is a decrease of \$1,804,318 compared to fiscal year 2021. It should be noted that the totals reported in this section are net of accumulated depreciation but not of related debt, and as a result vary from the net investment in capital assets reported earlier in this discussion and analysis.

Capital assets for the Town's governmental activities as of June 30, 2022, total \$43,482,031 (net of accumulated depreciation). As noted in Table 3, the largest class of assets for governmental activities is buildings and improvements. This asset class includes the Warrenton Aquatic and Recreation Facility (WARF), Town Hall, the Public Safety Facility, and the Public Works Facility. The total net decrease in governmental activities capital assets for the current fiscal year was \$1,176,907. Depreciation expense charged for governmental activities for the period ended June 30, 2022 was \$2,678,970.

Capital asset additions during fiscal year 2022 for governmental activities totaled \$1,506,129. The following are some of the major additions in this category:

- Construction of Timber Fence Trail - \$423,188
- Town Hall renovations and upgrades - \$324,029
- Public safety vehicle acquisition and replacements - \$97,587
- Public works equipment replacements - \$635,020

The Town's business-type activity capital assets total \$30,320,987 (net of accumulated depreciation) which reflects a net decrease of \$627,411 from the prior year. The largest class of assets for business-type activities is Utility plant in service, which includes the Water Treatment Plant, the Wastewater Treatment Plant, and the transmission and distribution lines for the system. Depreciation expense for business-type activities for the period ended June 30, 2022 was \$1,133,289.

For business-type activities, capital asset additions totaled \$505,878, including the following major items:

- Ultraviolet Disinfector Update at Wastewater Plant - \$202,678
- 2023 Kenworth T880 - \$136,960
- CAT Excavator - \$85,001

Table 3

Town of Warrenton						
Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Land	\$ 4,627,473	\$ 4,640,673	\$ 665,660	\$ 665,660	\$ 5,293,133	\$ 5,306,333
Construction in progress	82,167	195,456	2,753,784	2,712,024	2,835,951	2,907,480
Utility plant in service	-	-	25,915,279	26,655,538	25,915,279	26,655,538
Buildings and improvements	21,540,136	22,248,515	-	-	21,540,136	22,248,515
Infrastructure	12,970,590	13,756,269	-	-	12,970,590	13,756,269
Furniture, equipment, and vehicles	4,120,438	3,818,025	986,264	915,176	5,106,702	4,733,201
Right of use leased asset	141,227	-	-	-	141,227	-
Total	\$ 43,482,031	\$ 44,658,938	\$ 30,320,987	\$ 30,948,398	\$ 73,803,018	\$ 75,607,336

Additional information on the Town's capital assets may be found in Note 6 to the financial statements.

### Long-term Obligations

At the end of the fiscal year, the Town had \$22.1 million in outstanding obligations. This represents a decrease of \$5,044,465 from the prior year. Table 4 summarizes the outstanding obligations of the Town:

Table 4

Town of Warrenton						
Long-term Obligations						
	Governmental activities		Business-type activities		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
General obligation bonds	\$ 8,165,000	\$ 10,097,000	\$ 10,583,000	\$ 11,353,000	\$ 18,748,000	\$ 21,450,000
Premium on refunding	1,532,885	-	543,546	-	2,076,431	-
Financial purchases	31,383	99,433	-	-	31,383	99,433
Net pension liability	-	3,201,087	-	1,041,735	-	4,242,822
Net OPEB liability	291,829	406,809	80,156	116,872	371,985	523,681
Lease liability	141,227	-	-	-	141,227	-
Compensated absences	561,289	627,780	187,437	218,501	748,726	846,281
Total	\$ 10,723,613	\$ 14,432,109	\$ 11,394,139	\$ 12,730,108	\$ 22,117,752	\$ 27,162,217

In July 2021, the Town refunded its outstanding debt. This achieved total net present value savings of \$1,669,781. This is composed of \$787,953 for governmental activities and \$881,828 for business-type activities. Additional information on the Town's long-term debt can be found in Note 7 to the financial statements. Details regarding the Town's net pension liability can be found in Note 8 and information on the net other postemployment benefits liability can be found in Note 9.

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

### **Economic Factors**

The following economic factors were considered in the preparation of the budget for Fiscal Year 2023:

- The Town monitors monthly receipts in the areas of Meals Tax, Lodging Tax, and Sales Tax to gauge the impact on our local economy. Several revenue categories continued positive upward trends in 2022 compared to fiscal year 2021:
  - Meals tax – revenue increased by \$468,428, or 16.6%
  - Transient occupancy tax – revenue increased by \$64,166, or 32.6%
  - Sales tax – revenue increased by \$53,678, or 5.8%
- The unemployment rate for Fauquier County improved from 3.5% in June 2021 to 2.6% in June 2022 and per capita personal income rose from \$37,031 to \$38,543.

### **Fiscal Year 2023 Budget and Rates**

- The Fiscal Year 2023 Adopted Budget included tax rate increases for two categories and one tax rate decrease.
  - Meals tax was increased from 4% to 6%.
  - Cigarette tax was increased from \$0.20 to \$0.40 per pack.
  - The Fauquier County Commissioner of the Revenue serves as the assessor for property located in Town. Every four years, a reassessment of real estate is conducted. The values from the latest reassessment went into effect on January 1, 2022. The level of increase in the reassessment triggered the requirement for a public hearing on the effective rate increase. During that public hearing, the rate was equalized from \$0.05 to \$0.0401 per \$100 of assessed value.
- The total appropriation for all funds is \$31,180,630, which is an increase of \$4,677,605, or 17.6%, from the Fiscal Year 2022 Adopted Budget.
- The Town Council adopted a Stormwater Management Utility Fee during fiscal year 2021 but chose to delay implementation until fiscal year 2022. The fee is added to real estate bills, which are due twice a year in June and December. A Stormwater Utility Fund was established effective July 1, 2021 to account for all fee revenue and stormwater management operating and capital expenses. The fee was collected for the first time in December 2021.
- The adopted General Fund budget for fiscal year 2023 is \$16,413,084, an increase of only \$70,855, or 0.4%, from the adopted budget for fiscal year 2022. The budget reduced full-time equivalent positions by 1.57 FTEs.
- General capital projects are budgeted in a separate fund, and total \$50,000 for fiscal year 2023. The general fund capital projects contemplated in the Capital Improvement Plan are funded by the American Rescue Plan Act (ARPA) funds for fiscal year 2023.
- The Town maintains asset replacement funds for both general and water and sewer funds to address ongoing major repairs, maintenance, and replacement of capital assets. For fiscal year 2023, the general asset replacement fund totals \$150,000, supported fully by a transfer from the general fund. General asset replacements will be funded by ARPA in fiscal year 2023.

- The largest revenue categories for the general fund are the other local taxes category at 61%, which includes the Town's two largest revenue sources - business license taxes and meals taxes; State revenue at 19%, which consists primarily of funding for the maintenance of Town streets and roads; and general property taxes at 8.9%. Charges for services account for 4.6% of general fund revenue and represent user fees for the Warrenton Aquatic and Recreation Facility (WARF). The charges for services budget increased by 9.5% for the fiscal year 2023 budget based on revenue trends at the time the budget was developed.
- The largest functional expenditure areas for the general fund are public works at 27.8% and public safety at 25.9%.
- The fiscal year 2023 adopted budget for the general fund plans for the use of \$440,232 of fund balance. Fund balance is utilized to support capital expenditures. The use of fund balance for this purpose is in line with the Town Council's adopted policy.
- The fiscal year 2023 adopted budget includes water and sewer rate increases effective July 1, 2022 consistent with a rate study conducted by NewGen Strategies in 2021. The Water and sewer operating fund budget totals \$6,596,935, an increase of \$291,061, or 4.6%, compared to the prior year.
- The Water and sewer capital program totals \$4,111,102. Capital projects total \$1,348,102 and asset replacements total \$2,763,000.

## **REQUESTS FOR INFORMATION**

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

# **BASIC FINANCIAL STATEMENTS**

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## TOWN OF WARRENTON, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents (Note 2)	\$ 16,992,979	\$ 6,652,997	\$ 23,645,976
Cash and cash equivalent, restricted (Note 2)	699,326	326,115	1,025,441
Investments (Note 2)	3,674,230	-	3,674,230
Receivables, net (Note 3)	542,632	1,058,690	1,601,322
Due from other governmental units (Note 4)	349,644	-	349,644
Lease receivables (Note 5)	-	2,353,526	2,353,526
Inventories	205,580	240,212	445,792
Prepays	119,150	-	119,150
Capital assets: (Note 6)			
Nondepreciable	4,709,640	3,419,444	8,129,084
Depreciable, net	38,772,391	26,901,543	65,673,934
Net pension asset (Note 8)	239,218	84,995	324,213
Total assets	66,304,790	41,037,522	107,342,312
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	341,684	-	341,684
Deferred outflows related to pensions (Note 8)	1,064,251	378,130	1,442,381
Deferred outflows related to other postemployment benefits (Note 9)	100,805	27,688	128,493
Total deferred outflows of resources	1,506,740	405,818	1,912,558
<b>LIABILITIES</b>			
Accounts payable	620,508	329,330	949,838
Accrued payroll and related liabilities	556,495	263,013	819,508
Customer deposits	-	104,839	104,839
Accrued interest payable	89,345	119,846	209,191
Unearned revenue	5,149,564	79,386	5,228,950
Long-term liabilities:			
Due within one year (Note 7)	812,404	514,563	1,326,967
Due in more than one year (Note 7)	9,619,380	10,799,420	20,418,800
Net other postemployment benefit liability (Note 9)	291,829	80,156	371,985
Total liabilities	17,139,525	12,290,553	29,430,078
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	670	-	670
Deferred inflows related to pensions (Note 8)	2,901,123	1,030,775	3,931,898
Deferred inflows related to other postemployment benefits (Note 9)	121,091	33,260	154,351
Deferred inflows related to leases (Note 5)	-	2,284,027	2,284,027
Total deferred inflows of resources	3,022,884	3,348,062	6,370,946
<b>NET POSITION</b>			
Net investment in capital assets	34,401,208	19,194,441	53,595,649
Restricted:			
Net pension asset	239,218	84,995	324,213
Unspent maintenance funds	-	246,729	246,729
Capital outlay	251,338	-	251,338
Perpetual Care – nonexpendable	633,360	-	633,360
Unrestricted	12,123,997	6,278,560	18,402,557
Total net position	\$ 47,649,121	\$ 25,804,725	\$ 73,453,846

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

**EXHIBIT 2**
**TOWN OF WARRENTON, VIRGINIA**
**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities							
General government administration	\$ 2,186,451	\$ 207,878	\$ -	\$ -	\$ (1,978,573)		\$ (1,978,573)
Public safety	4,715,140	76,229	270,663	-	(4,368,248)		(4,368,248)
Public works	4,779,200	-	1,489,210	280,712	(3,009,278)		(3,009,278)
Health and welfare	173,245	-	-	-	(173,245)		(173,245)
Parks, recreation, and cultural	2,871,147	1,075,663	-	4,500	(1,790,984)		(1,790,984)
Community development	713,617	-	-	-	(713,617)		(713,617)
Interest on long-term debt	452,079	-	-	-	(452,079)		(452,079)
Total governmental activities	15,890,879	1,359,770	1,759,873	285,212	(12,486,024)		(12,486,024)
Business-type activities							
Water and sewer	6,369,617	5,970,588	-	-		(399,029)	(399,029)
Stormwater	462,033	774,127	-	-		312,094	312,094
Total business-type activities	6,831,650	6,744,715	-	-		(86,935)	(86,935)
Total primary government	\$ 22,722,529	\$ 8,104,485	\$ 1,759,873	\$ 285,212	(12,486,024)	(86,935)	(12,572,959)
		General revenues:					
		Property taxes			1,497,352	-	1,497,352
		Sales and use taxes			978,837	-	978,837
		Consumers' utility taxes			499,103	-	499,103
		Business license taxes			1,964,786	-	1,964,786
		Meals taxes			3,296,859	-	3,296,859
		Bank stock taxes			1,330,962	-	1,330,962
		Other local taxes			715,322	-	715,322
		Intergovernmental revenue, unrestricted			547,734	34,757	582,491
		Unrestricted revenues (loss) from use of money and property			(95,166)	255,914	160,748
		Gain on sale of assets			175,275	-	175,275
		Miscellaneous			238,715	-	238,715
		Grants and contributions not restricted to specific programs			1,246,772	-	1,246,772
		Total general revenues			12,396,551	290,671	12,687,222
		Change in net position			(89,473)	203,736	114,263
		NET POSITION AT JULY 1			47,738,594	25,600,989	73,339,583
		NET POSITION AT JUNE 30			\$ 47,649,121	\$ 25,804,725	\$ 73,453,846

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

## TOWN OF WARRENTON, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<u>General Fund</u>	<u>Permanent Perpetual Care Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents (Note 2)	\$ 16,359,619	\$ 633,360	\$ 16,992,979
Cash and cash equivalents, restricted (Note 2)	699,326	-	699,326
Investments (Note 2)	3,674,230	-	3,674,230
Receivables, net (Note 3)	542,632	-	542,632
Due from other governmental units (Note 4)	349,644	-	349,644
Inventories	205,580	-	205,580
Prepays	119,150	-	119,150
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 21,950,181</u>	<u>\$ 633,360</u>	<u>\$ 22,583,541</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 620,508	\$ -	\$ 620,508
Accrued payroll and related liabilities	556,495	-	556,495
Unearned revenue	5,149,564	-	5,149,564
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>6,326,567</u>	<u>-</u>	<u>6,326,567</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>40,320</u>	<u>-</u>	<u>40,320</u>
<b>FUND BALANCES (Note 12)</b>			
Nonspendable	324,730	633,360	958,090
Restricted	699,326	-	699,326
Committed	2,528,550	-	2,528,550
Assigned	2,488,498	-	2,488,498
Unassigned	9,542,190	-	9,542,190
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>15,583,294</u>	<u>633,360</u>	<u>16,216,654</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,950,181</u>	<u>\$ 633,360</u>	<u>\$ 22,583,541</u>

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



## TOWN OF WARRENTON, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2022**

**Ending fund balance – governmental fund** \$ 16,216,654

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

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

Governmental capital assets	\$ 91,570,782	
Less: accumulated depreciation	(48,088,751)	
		43,482,031

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		39,650
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Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of related to:		
Pensions	1,064,251	
Other postemployment benefits	100,805	
Deferred inflows related to:		
Pensions	(2,901,123)	
Other postemployment benefits	(121,091)	
Net pension asset	239,218	
Net other postemployment benefit liability	(291,829)	(1,909,769)

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

General obligation bonds, including unamortized premium	(9,697,885)	
Financed purchases	(31,383)	
Deferred charge on refunding	341,684	
Lease liabilities	(141,227)	
Accrued interest payable	(89,345)	
Compensated absences	(561,289)	(10,179,445)

**Total net position – governmental activities** \$ 47,649,121

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Permanent Perpetual Care Fund</b>	<b>Total</b>
<b>REVENUES</b>			
General property taxes	\$ 1,461,261	\$ -	\$ 1,461,261
Other local taxes	8,785,869	-	8,785,869
Permits, privilege fees, and regulatory licenses	207,878	-	207,878
Fines and forfeitures	76,229	-	76,229
Revenue (loss) from use of money and property	(96,717)	1,551	(95,166)
Charges for services	1,075,663	-	1,075,663
Miscellaneous	238,715	-	238,715
Intergovernmental			
Commonwealth	2,999,607	-	2,999,607
Federal	839,985	-	839,985
Total revenues	<u>15,588,490</u>	<u>1,551</u>	<u>15,590,041</u>
<b>EXPENDITURES</b>			
Current			
General government administration	1,716,121	-	1,716,121
Public safety	4,488,739	-	4,488,739
Public works	3,466,980	-	3,466,980
Health and welfare	173,361	-	173,361
Parks, recreation, and cultural	2,216,458	-	2,216,458
Community development	714,724	-	714,724
Capital outlay	2,124,098	-	2,124,098
Debt service			
Principal retirement	623,050	-	623,050
Interest and other fiscal charges	606,120	-	606,120
Total expenditures	<u>16,129,651</u>	<u>-</u>	<u>16,129,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(541,161)</u>	<u>1,551</u>	<u>(539,610)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of lease	141,227	-	141,227
Proceeds from issuance of debt	8,720,000	-	8,720,000
Payments to escrow agent	(10,097,000)	-	(10,097,000)
Premium on debt issuance	1,706,469	-	1,706,469
Proceeds from sale of capital assets	188,475	-	188,475
Total other financing sources (uses)	<u>659,171</u>	<u>-</u>	<u>659,171</u>
Net change in fund balance	118,010	1,551	119,561
<b>FUND BALANCE AT JULY 1</b>	<u>15,465,284</u>	<u>631,809</u>	<u>16,097,093</u>
<b>FUND BALANCE AT JUNE 30</b>	<u><u>\$ 15,583,294</u></u>	<u><u>\$ 633,360</u></u>	<u><u>\$ 16,216,654</u></u>

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

## TOWN OF WARRENTON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022**

**Net change in fund balance – total governmental fund** \$ 119,561

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

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 1,515,263	
Book value of capital assets disposed	(13,200)	
Depreciation expense	<u>(2,678,970)</u>	
		(1,176,907)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		36,091
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Governmental funds report employer contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	469,699	
Pension expense net of employer contributions	<u>79,562</u>	
		549,261

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

Employer life insurance contributions	27,948	
Life insurance expense	<u>(18,313)</u>	
		9,635

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 there amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Details supporting this adjustment are as follows:

Issuance of debt	(10,567,696)	
Amortization of deferred amounts	(39,492)	
Amortization of premium	173,584	
Principal retired on general obligation bonds	10,652,000	
Principal retired on financed purchases	<u>68,050</u>	
		286,446

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This adjustment combines the net changes of the following:

Change in compensated absences	66,491	
Change in accrued interest payable	<u>19,949</u>	
		86,440

<b>Change in net position of governmental activities</b>		<b>\$ (89,473)</b>
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The Notes to Financial Statements are an integral part of this statement.

## TOWN OF WARRENTON, VIRGINIA

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General property taxes	\$ 1,414,274	\$ 1,414,274	\$ 1,461,261	\$ 46,987
Other local taxes	7,452,169	7,452,169	8,785,869	1,333,700
Permits, privilege fees, and regulatory licenses	181,150	181,150	207,878	26,728
Fines and forfeitures	185,000	185,000	76,229	(108,771)
Revenue from use of money and property	200,000	200,000	(96,717)	(296,717)
Charges for services	695,154	695,154	1,075,663	380,509
Miscellaneous	268,828	283,011	238,715	(44,296)
Intergovernmental				
Commonwealth	3,004,142	3,012,937	2,999,607	(13,330)
Federal	361,127	1,398,452	839,985	(558,467)
Total revenues	<u>13,761,844</u>	<u>14,822,147</u>	<u>15,588,490</u>	<u>766,343</u>
<b>EXPENDITURES</b>				
Current				
General government administration	2,986,683	3,155,665	2,986,849	168,816
Public safety	3,956,844	3,961,298	3,893,392	67,906
Public works	3,662,452	5,020,542	3,030,491	1,990,051
Health and welfare	173,361	173,361	173,361	-
Parks, recreation, and cultural	2,114,792	2,336,792	2,073,699	263,093
Community development	740,038	869,463	618,591	250,872
Capital outlay	2,152,278	3,905,693	2,124,098	1,781,595
Debt service				
Principal retirement	709,050	709,050	623,050	86,000
Interest and other fiscal charges	257,430	257,430	606,120	(348,690)
Total expenditures	<u>16,752,928</u>	<u>20,389,294</u>	<u>16,129,651</u>	<u>4,259,643</u>
Excess (deficiency) of revenues over expenditures	<u>(2,991,084)</u>	<u>(5,567,147)</u>	<u>(541,161)</u>	<u>5,025,986</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of lease	-	-	141,227	141,227
Proceeds from issuance of debt	-	-	8,720,000	8,720,000
Payments to escrow agent	-	-	(10,097,000)	(10,097,000)
Premium on debt	-	-	1,706,469	1,706,469
Proceeds from sale of capital assets	-	-	188,475	188,475
Total other financing sources	<u>-</u>	<u>-</u>	<u>659,171</u>	<u>659,171</u>
Net change in fund balance	<u>\$ (2,991,084)</u>	<u>\$ (5,567,147)</u>	<u>\$ 118,010</u>	<u>\$ 5,685,157</u>

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

## TOWN OF WARRENTON, VIRGINIA

STATEMENT OF NET POSITION –  
PROPRIETARY FUND

June 30, 2022

	Business-Type Activities - Enterprise Fund		
	Water and Sewer	Stormwater	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 2)	\$ 6,287,203	\$ 365,794	\$ 6,652,997
Cash and cash equivalents, restricted (Note 2)	326,115	-	326,115
Receivables, net (Note 3)	978,957	79,733	1,058,690
Lease receivables (Note 5)	83,940	-	83,940
Inventories	240,143	69	240,212
Total current assets	7,916,358	445,596	8,361,954
<b>NONCURRENT ASSETS</b>			
Lease receivables (Note 5)	2,269,586	-	2,269,586
Capital assets (Note 6)			
Non-depreciable	3,419,444	-	3,419,444
Depreciable, net	26,901,543	-	26,901,543
Net pension asset (Note 8)	75,244	9,751	84,995
Total noncurrent assets	32,665,817	9,751	32,675,568
Total assets	40,582,175	455,347	41,037,522
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions (Note 8)	334,751	43,379	378,130
Deferred outflows related to other postemployment benefits (Note 9)	24,632	3,056	27,688
Total deferred inflows of resources	359,383	46,435	405,818
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	317,429	11,901	329,330
Accrued payroll and related liabilities	227,755	35,258	263,013
Customer deposits	104,839	-	104,839
Accrued interest payable	119,846	-	119,846
Current portion of unearned revenue	11,446	-	11,446
Long-term liabilities – due within one year (Note 7)	514,563	-	514,563
Total current liabilities	1,295,878	47,159	1,343,037
<b>NONCURRENT LIABILITIES</b>			
Unearned revenue – net of current portion	67,940	-	67,940
Net other postemployment benefit liability (Note 9)	71,309	8,847	80,156
Long-term liabilities – due in more than one year (Note 7)	10,799,420	-	10,799,420
Total noncurrent liabilities	10,938,669	8,847	10,947,516
Total liabilities	12,234,547	56,006	12,290,553
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions (Note 8)	912,524	118,251	1,030,775
Deferred inflows related to other postemployment benefits (Note 9)	29,589	3,671	33,260
Deferred inflows related to leases (Note 5)	2,284,027	-	2,284,027
Total deferred inflows of resources	3,226,140	121,922	3,348,062
<b>NET POSITION</b>			
Net investment in capital assets	19,194,441	-	19,194,441
Restricted for net pension asset	75,244	9,751	84,995
Restricted for maintenance	246,729	-	246,729
Unrestricted	5,964,457	314,103	6,278,560
Total net position	\$ 25,480,871	\$ 323,854	\$ 25,804,725

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

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION – PROPRIETARY FUND  
Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Fund		
	Water and Sewer	Stormwater	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Sale of water	\$ 2,140,716	\$ -	\$ 2,140,716
Sewer service charges	3,384,176	-	3,384,176
Stormwater service charges	-	773,629	773,629
Connection fees	336,545	-	336,545
Other fees	109,151	498	109,649
	<u>5,970,588</u>	<u>774,127</u>	<u>6,744,715</u>
Total operating revenues			
<b>OPERATING EXPENSES</b>			
Source of supply	1,074,607	-	1,074,607
Transmission and distribution	661,796	-	661,796
Meter reading	162,769	-	162,769
Wastewater treatment operation	2,036,536	-	2,036,536
Public utilities administration	840,477	462,033	1,302,510
Maintenance and repairs	22,053	-	22,053
Depreciation	1,133,289	-	1,133,289
	<u>5,931,527</u>	<u>462,033</u>	<u>6,393,560</u>
Total operating expenses			
Operating income	<u>39,061</u>	<u>312,094</u>	<u>351,155</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Federal grants	23,007	11,750	34,757
Bond issuance cost	(138,796)	-	(138,796)
Interest revenue	167,892	-	167,892
Lease revenue	77,847	-	77,847
Rental revenue	10,175	-	10,175
Interest expense	(299,294)	-	(299,294)
	<u>(159,169)</u>	<u>11,750</u>	<u>(147,419)</u>
Net non-operating revenues (expenses)			
Change in net position	(120,108)	323,844	203,736
<b>NET POSITION AT JULY 1</b>	<u>25,600,979</u>	<u>10</u>	<u>25,600,989</u>
<b>NET POSITION AT JUNE 30</b>	<u>\$ 25,480,871</u>	<u>\$ 323,854</u>	<u>\$ 25,804,725</u>

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

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**Year Ended June 30, 2022**

	<b>Business-Type Activities – Enterprise Fund</b>		
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 5,853,189	\$ 694,394	\$ 6,547,583
Payments to employees	(2,634,831)	(287,566)	(2,922,397)
Payments to suppliers	(2,637,951)	(52,784)	(2,690,735)
Other receipts	109,151	-	109,151
	<u>689,558</u>	<u>354,044</u>	<u>1,043,602</u>
Net cash provided by operating activities			
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Federal grants	23,007	11,750	34,757
	<u>23,007</u>	<u>11,750</u>	<u>34,757</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(505,878)	-	(505,878)
Proceeds from debt issued	11,453,546	-	11,453,546
Principal paid on debt	(11,680,000)	-	(11,680,000)
Bond issuance costs	(138,796)	-	(138,796)
Interest paid on capital debt	(352,348)	-	(352,348)
	<u>(1,223,476)</u>	<u>-</u>	<u>(1,223,476)</u>
Net cash used in capital and related financing activities			
<b>INVESTING ACTIVITIES</b>			
Interest revenue	167,892	-	167,892
Rental and other income	18,523	-	18,523
	<u>186,415</u>	<u>-</u>	<u>186,415</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(324,496)	365,794	41,298
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning at July 1	6,937,814	-	6,937,814
Ending at June 30	<u>\$ 6,613,318</u>	<u>\$ 365,794</u>	<u>\$ 6,979,112</u>
<b>RECONCILIATION TO EXHIBIT 8</b>			
Cash and cash equivalents	\$ 6,287,203	\$ 365,794	\$ 6,652,997
Cash and cash equivalent, restricted	326,115	-	326,115
	<u>\$ 6,613,318</u>	<u>\$ 365,794</u>	<u>\$ 6,979,112</u>

(Continued)

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

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**Year Ended June 30, 2022**

	<b>Business-Type Activities – Enterprise Fund</b>		
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 39,061	\$ 312,094	\$ 351,155
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,133,289	-	1,133,289
Pension expense net of employer contribution	(196,145)	83,719	(112,426)
Other postemployment benefit expense net of employer contribution	(16,170)	(9,136)	(25,306)
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	12,030	(79,733)	(67,703)
Lease receivable	-	-	-
Inventories	29,756	(69)	29,687
Increase (decrease) in:			
Accounts payable	(239,234)	11,901	(227,333)
Accrued payroll and related liabilities	(21,687)	35,268	13,581
Customer deposits	(8,850)	-	(8,850)
Unearned revenue	(11,428)	-	(11,428)
Compensated absences	(31,064)	-	(31,064)
Net cash provided by operating activities	<u>\$ 689,558</u>	<u>\$ 354,044</u>	<u>\$ 1,043,602</u>

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



## TOWN OF WARRENTON, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS  
June 30, 2022

	General Custodial Fund	Retirement Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 349,346	\$ 10,346	\$ 359,692
<b>LIABILITIES</b>			
Accounts payable	490	-	490
<b>NET POSITION</b>			
Restricted for:			
Employees	-	10,346	10,346
Benefit of individuals	348,856	-	348,856
	<u>\$ 348,856</u>	<u>\$ 10,346</u>	<u>\$ 359,202</u>

## TOWN OF WARRENTON, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS**  
**Year Ended June 30, 2022**

	<b>General Custodial Fund</b>	<b>Retirement Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions for the benefit of individuals	\$ 4,088	\$ -	\$ 4,088
Interest earnings	-	27	27
Total additions	<u>4,088</u>	<u>27</u>	<u>4,115</u>
<b>DEDUCTIONS</b>			
Payments to benefit individuals	<u>32,446</u>	<u>-</u>	<u>32,446</u>
Total deductions	<u>32,446</u>	<u>-</u>	<u>32,446</u>
Increase (decrease) in fiduciary net position	<u>(28,358)</u>	<u>27</u>	<u>(28,331)</u>
<b>NET POSITION – beginning</b>	<u>377,214</u>	<u>10,319</u>	<u>387,533</u>
<b>NET POSITION – ending</b>	<u><u>\$ 348,856</u></u>	<u><u>\$ 10,346</u></u>	<u><u>\$ 359,202</u></u>

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**A. The Financial Reporting Entity**

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

The *stormwater fund* accounts for the operations and maintenance of the storm sewer collection.

Additionally, the Town reports the following fund type:

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. Operating expenses of the water and sewer fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**D. Budgets and Budgetary Accounting**

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

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

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

**E. Cash and Cash Equivalents**

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

**F. Investments and Fair Measurement**

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

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**G. Inventories**

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

**H. Prepaid Items**

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

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Infrastructure assets capitalized have an original cost of \$25,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

**J. Allowance for Uncollectible Accounts**

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

Real estate taxes – general fund	\$ 11,565
Personal property taxes – general fund	33,135
Water and sewer fund receivables – water and sewer fund	<u>30,386</u>
	<u>\$ 75,086</u>

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

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

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

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

- Deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the remaining service life of the employees subject to the plan, and may be reported as a deferred inflow or outflow as applicable.
- Changes in assumptions on pension plan or OPEB investments. This difference will be recognized in pension or OPEB expense over the remaining service life of the employees subject to the plan, and may be reported as a deferred inflow or outflow as appropriate.
- Differences between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five year period and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportionate share between measurement dates on OPEB liability. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan, and is reflected as a deferred inflow or outflow as appropriate.
- Contributions subsequent to the measurement date for pensions and other postemployment benefits (OPEB); this will be applied to the net pension or OPEB liability in the next fiscal year and is reflected as a deferred outflow.
- The governmental funds report unavailable revenue from delinquent property taxes not collected within 60 days of year end. These amounts are deferred and recognized in the period that the amounts become available.
- On the government-wide statements, amounts prepaid on the 2nd half installment of property taxes. These amounts are deferred and recognized in the following period.
- Lease-related amounts are recognized at the inception of leases in which the Town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**L. Pensions and Other Postemployment Benefits (OPEB)**

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

**M. Compensated Absences**

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

**N. Long-Term Obligations**

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

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

**O. Unearned/Unavailable Revenue**

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

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



**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**P. Net Position/Fund Balance**

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

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

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

**Q. Restricted Resources**

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

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**R. Minimum Fund Balance Policy**

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

**S. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances as of June 30<sup>th</sup> total \$2,488,498 in the general fund.

**T. Estimates**

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

**Note 2. Deposits and Investments**

**Deposits**

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

**Investments**

**Investment policy**

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

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**Investments (Continued)**

**Investment policy (Continued)**

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

<u>Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity*</u>	<u>Percent of Portfolio</u>
Demand deposits	\$ 8,436,939	N/A	N/A	29.39 %
LGIP	16,143,602	AAAm	0.07	56.24
SNAP	447,988	AAAm	1 day	1.56
Virginia Investment Pool	3,674,230	AAAm	1.80	12.80
Cash on hand	2,580	N/A	N/A	0.01
	<u>\$ 28,705,339</u>			<u>100.00%</u>

\*Average maturity in years

Reconciliation of deposits and investments  
to Exhibit 1:

Cash and cash equivalents	\$ 23,645,976
Cash and cash equivalents, restricted	1,025,441
Investments	<u>3,674,230</u>

Total Exhibit 1 deposits and investments	<u>28,345,647</u>
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Exhibit 11:

Cash and cash equivalents	<u>359,692</u>
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Total Exhibit 11 deposits and investments	<u>359,692</u>
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Total Exhibits deposits and investments	<u>\$ 28,705,339</u>
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(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**Investments (Continued)**

**Credit risk**

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

**Concentration of credit risk**

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

**Interest rate risk**

In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting its weighted average maturity of its investment portfolio to less than five years.

**Custodial credit risk**

The policy requires that all investment securities purchased be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, investments are held in a bank’s trust department in the Town’s name.

**Restricted cash and cash equivalents**

The water and sewer fund has restricted cash that consists of \$326,115 to maintain water lines for the Warrenton Training Center. Restricted cash in the general fund consists of \$251,338 in funds designated for capital outlay and \$447,988 in unspent bond proceeds.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 3. Receivables**

Receivables are as follows:

	<u>General</u>	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 478,240	\$ -	\$ -	\$ 478,240
Other local taxes	109,092	-	-	109,092
Accounts	<u>-</u>	<u>1,009,343</u>	<u>79,733</u>	<u>1,089,076</u>
	587,332	1,009,343	79,733	1,676,408
Gross receivables				
Less: allowance for uncollectibles	<u>(44,700)</u>	<u>(30,386)</u>	<u>-</u>	<u>(75,086)</u>
Net receivables	<u>\$ 542,632</u>	<u>\$ 978,957</u>	<u>\$ 79,733</u>	<u>\$ 1,601,322</u>

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

Amounts due from other governmental units are as follows:

Commonwealth of Virginia:	
Sales tax	\$ 163,973
Communications tax	61,577
Utility tax	35,088
Other	<u>89,006</u>
	<u>\$ 349,644</u>

**Note 5. Lease Receivable**

The water and sewer fund is the lessor of cell tower land usage for five year terms through 2045. Monthly payments are \$13,075 through 2045, at which time the guaranteed residual value is due.

The lease receivable is due as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 83,940	\$ 73,686
2024	90,348	70,922
2025	97,301	67,950
2026	105,710	64,732
2027	114,560	61,241
2028 and beyond	<u>1,861,667</u>	<u>503,451</u>
	<u>\$ 2,353,526</u>	<u>\$ 841,982</u>

Lease and interest revenue was \$77,847 and \$76,251, respectively, for 2022.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 6. Capital Assets**

Capital asset activity for the year was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not depreciated:				
Land	\$ 4,640,673	\$ -	\$ (13,200)	\$ 4,627,473
Construction in progress	195,456	18,804	(132,093)	82,167
Total capital assets, not depreciated	4,836,129	18,804	(145,293)	4,709,640
Capital assets, depreciated:				
Buildings and improvements	32,544,267	105,822	(26,800)	32,623,289
Infrastructure	42,538,424	423,188	-	42,961,612
Furniture, equipment, and vehicles	10,282,439	958,315	(105,740)	11,135,014
Total capital assets, depreciated	85,365,130	1,487,325	(132,540)	86,719,915
Less accumulated depreciation for:				
Buildings and improvements	10,295,752	787,401	-	11,083,153
Infrastructure	28,782,155	1,208,867	-	29,991,022
Furniture, equipment, and vehicles	6,464,414	682,702	(132,540)	7,014,576
Total accumulated, depreciation	45,542,321	2,678,970	(132,540)	48,088,751
Total capital assets, depreciated, net	39,822,809	(1,191,645)	-	38,631,164
Right-of-use leased assets				
Equipment	-	141,227	-	141,227
Governmental activities capital assets, net	<u>\$ 44,658,938</u>	<u>\$ (1,031,614)</u>	<u>\$ (145,293)</u>	<u>\$ 43,482,031</u>

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 6. Capital Assets (Continued)**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 665,660	\$ -	\$ -	\$ 665,660
Construction in progress	<u>2,712,024</u>	<u>54,610</u>	<u>(12,850)</u>	<u>2,753,784</u>
Total capital assets, not depreciated	<u>3,377,684</u>	<u>54,610</u>	<u>(12,850)</u>	<u>3,419,444</u>
Utility plant in service	55,899,723	242,158	-	56,141,881
Furniture, equipment, and vehicles	<u>3,277,926</u>	<u>221,960</u>	<u>(18,037)</u>	<u>3,481,849</u>
Total capital assets, depreciated	<u>59,177,649</u>	<u>464,118</u>	<u>(18,037)</u>	<u>59,623,730</u>
Less accumulated depreciation for:				
Utility plant in service	29,244,185	982,417	-	30,226,602
Furniture, equipment, and vehicles	<u>2,362,750</u>	<u>150,872</u>	<u>(18,037)</u>	<u>2,495,585</u>
Total accumulated depreciation	<u>31,606,935</u>	<u>1,133,289</u>	<u>(18,037)</u>	<u>32,722,187</u>
Total capital assets, depreciated, net	<u>27,570,714</u>	<u>(669,171)</u>	<u>-</u>	<u>26,901,543</u>
Business-type activities capital assets, net	<u>\$ 30,948,398</u>	<u>\$ (614,561)</u>	<u>\$ (12,850)</u>	<u>\$ 30,320,987</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Public works	\$ 1,495,347
Public safety	334,107
Parks, recreation, and cultural	697,902
General government	123,538
Community development	<u>28,076</u>
Total depreciation expense – governmental activities	<u>\$ 2,678,970</u>
Business-type activities	
Water and sewer	<u>\$ 1,133,289</u>

(Continued)

### Note 7. Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds –					
direct borrowings	\$ 10,097,000	\$ 8,720,000	\$ (10,652,000)	\$ 8,165,000	\$ 475,000
Premium on refunding	-	1,706,469	(173,584)	1,532,885	220,840
Financed purchases	99,433	-	(68,050)	31,383	31,383
Lease liability	-	141,227	-	141,227	29,052
Compensated absences	627,780	62,778	(129,269)	561,289	56,129
	<u>\$ 10,824,213</u>	<u>\$ 10,630,474</u>	<u>\$ 11,022,903</u>	<u>\$ 10,431,784</u>	<u>\$ 812,404</u>
Business-type activities:					
General obligation bonds –					
direct borrowings	\$ 11,353,000	\$ 10,910,000	\$ (11,680,000)	\$ 10,583,000	\$ 432,000
Premium on refunding	-	592,795	(49,249)	543,546	63,819
Compensated absences	218,501	21,850	(52,914)	187,437	18,744
	<u>\$ 11,571,501</u>	<u>\$ 11,524,645</u>	<u>\$ 11,782,163</u>	<u>\$ 11,313,983</u>	<u>\$ 514,563</u>

	Governmental Activities				Business-Type Activities	
	General Obligation Bond		Lease Liabilities		General Obligation Bond	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 475,000	\$ 349,222	\$ 29,052	\$ 4,084	\$ 432,000	\$ 323,189
2024	500,000	324,238	29,989	3,147	502,000	307,728
2025	525,000	297,972	30,956	2,179	522,000	290,104
2026	560,000	270,169	26,340	1,247	538,000	271,821
2027	585,000	240,828	24,890	398	557,000	252,851
2028-2032	3,420,000	708,938	-	-	3,087,000	953,870
2033-2037	1,270,000	160,434	-	-	3,620,000	427,179
2038-2040	830,000	26,659	-	-	1,325,000	40,078
	\$ 8,165,000	\$ 2,378,460	\$ 141,227	\$ 11,055	\$ 10,583,000	\$ 2,866,820

	Financed Purchases	
	Principal	Interest
2023	\$ 31,383	\$ 352



**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 7. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

	<b>Interest Rates</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
General obligation bonds:						
Refunding Series 2021A	2.75%	6/8/2021	2/15/2038	\$ 7,100,000	\$ -	\$ 6,728,000
Refunding Series 2021B	5.125%	11/1/2021	6/30/2040	\$ 12,695,000	8,165,000	3,855,000
					<u>\$ 8,165,000</u>	<u>\$ 10,583,000</u>
Financial purchase						
U.S. Bancorp – vehicles	2.035%	7/28/2017	7/28/2022	\$ 326,709	<u>\$ 31,383</u>	<u>\$ -</u>
Lease liabilities:						
Canon	3.180%	6/30/2022	5/1/2027	\$ 125,413	\$ 125,413	-
Pitney Bowes	3.180%	6/30/2022	6/30/2025	\$ 15,814	15,814	-
					<u>\$ 141,227</u>	<u>\$ -</u>

**Refunding**

In August 2021, the Town issued \$12,695,000 of general obligation bonds to provide the refunding of the Town's Series 2012, 2016 and 2018 bonds in the amount of \$14,585,000. This refunding was undertaken to reduce total debt service payments over the next eighteen years by \$1,903,781, resulting in an economic gain of \$1,669,781.

**Note 8. Defined Benefit Pension Plan**

**Plan Description**

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

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

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

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Defined Benefit Pension Plan (Continued)**

**Employees Covered by Benefit Terms**

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Members</u></b>
Inactive members or their beneficiaries currently receiving benefits	92
Inactive members:	
Vested inactive members	23
Non-vested inactive members	39
Inactive members active elsewhere in VRS	43
Total inactive members	105
Active members	114
Total covered employees	311

**Contributions**

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2022 was 9.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$636,584 and \$595,096 for the years ended June 30, 2022 and June 30, 2021, respectively.

**Net Pension Liability**

The political subdivision's net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability for General Employees, Public Safety Employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2010 Mortality Table with various set backs or set forwards for both males and females.

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

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

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

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Defined Benefit Pension Plan (Continued)**

**Long-Term Expected Rate of Return**

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public equity	34.00 %	5.00 %	1.70 %
Fixed income	15.00	0.57	0.09
Credit strategies	14.00	4.49	0.63
Real assets	14.00	4.76	0.67
Private equity	14.00	9.94	1.39
MAPS –Multi-asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
<b>Total</b>	<b>100.00 %</b>		<b>4.89 %</b>
	<b>Inflation</b>		<b>2.50</b>
	<b>*Expected arithmetic nominal return</b>		<b>7.39 %</b>

- \* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Defined Benefit Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2019, actuarial valuations, whichever is greater. From July 1, 2021 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 (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balances at June 30, 2020	\$ 31,709,597	\$ 27,466,775	\$ 4,242,822
Changes for the year:			
Service cost	667,621	-	667,621
Interest	2,072,646	-	2,072,646
Change in assumptions	1,239,023	-	1,239,023
Differences between expected and actual experience	(256,376)	-	(256,376)
Contributions – employer	-	543,391	(543,391)
Contributions – employee	-	363,817	(363,817)
Net investment income	-	7,401,000	(7,401,000)
Benefit payments, including refunds of employee contributions	(2,007,467)	(2,007,467)	-
Administrative expenses	-	(18,952)	18,952
Other changes	-	693	(693)
Net changes	1,715,447	6,282,482	(4,567,035)
Balances at June 30, 2021	\$ 33,425,044	\$ 33,749,257	\$ (324,213)

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Defined Benefit Pension Plan (Continued)**

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

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

	<b><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
Political subdivision's net pension Liability (asset)	\$ 3,742,295	\$ (324,213)	\$ (3,714,938)

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

For the year ended June 30, 2022, the political subdivision recognized pension benefit of \$95,407. At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 263,156
Change in assumptions	805,797	-
Net difference between projected and actual earnings on pension plan investments	-	3,668,742
Employer contributions subsequent to the measurement date	<u>636,584</u>	<u>-</u>
Total	<u>\$ 1,442,381</u>	<u>\$ 3,931,898</u>

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Defined Benefit Pension Plan (Continued)**

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

The \$636,584 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Reduction to Pension Expense</b>
2023	\$ (612,239)
2024	(542,554)
2025	(854,360)
2026	(1,116,948)
2027	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Pension Plan**

At June 30, 2022, \$76,174 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans**

In addition to their participation in the pension plans offered through the VRS, the Town also participates in a cost-sharing multi-employer other postemployment benefit plan, described as follows:

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Plan Descriptions**

Group Life Insurance Program

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

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

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

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

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$35,624
June 30, 2021 Contribution	\$33,582

(Continued)



**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

**Group Life Insurance Program**

June 30, 2022 proportionate share of liability	\$	371,985
June 30, 2021 proportion		0.03195 %
June 30, 2020 proportion		0.03138 %
June 30, 2022 expense	\$	21,417

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

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

**Group Life Insurance Program**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 42,426	\$ 2,834
Change in assumptions	20,507	50,895
Net difference between projected and actual earnings on OPEB plan investments	-	88,785
Changes in proportion	29,936	11,837
Employer contributions subsequent to the measurement date	<u>35,624</u>	<u>-</u>
Total	<u>\$ 128,493</u>	<u>\$ 154,351</u>

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

Group Life Insurance Program

<b>Year Ended June 30,</b>	<b>Reduction to OPEB Expense</b>
2023	\$ (12,148)
2024	(10,000)
2025	(12,470)
2026	(23,853)
2027	(3,011)
Thereafter	-

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.5%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b><u>Group Life Insurance Program</u></b>
Total OPEB liability	\$ 3,577,346
Plan fiduciary net position	2,413,074
Employers' net OPEB liability	\$ 1,164,272
Plan fiduciary net position as a percentage of total OPEB liability	67.45 %

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

**Long-Term Expected Rate of Return**

**Group Life Insurance Program**

The long-term expected rate of return on VRS investments was determined using the method described in Note 8.

**Discount Rate**

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
GLI Net OPEB liability	\$ 543,483	\$ 371,985	\$ 233,492

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the OPEB Plan**

At June 30, 2022, \$8,078 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

**Note 10. Property Taxes**

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

The effective tax rates per \$100 of assessed value for the year ended June 30, 2022 were as follows:

Real estate	\$ 0.05
Personal property	1.00

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 11. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

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

Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The Town pays VRSA contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

The Town has a contingent liability to pay for two acres of donated land. The Town is currently in discussions with that entity to determine an acceptable price and has engaged the services of a land appraiser. As the value is not yet known, the asset and related liability has not been recorded. This amount would presumably be paid from utility department funds.

**Note 12. Fund Balance**

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

	<u>General Fund</u>	<u>Perpetual Care Fund</u>
Nonspendable:		
Inventories	\$ 205,580	\$ -
Prepays	119,150	-
Permanent fund principal	-	633,360
	<hr/>	<hr/>
Total nonspendable	324,730	633,360
	<hr/>	<hr/>
Restricted for:		
General government administration	6,995	-
Public safety	9,587	-
Public works	103,197	-
Parks, recreation, and cultural	131,559	-
2019 GO Bond	447,988	-
	<hr/>	<hr/>
Total restricted	699,326	-
	<hr/>	<hr/>

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 12. Fund Balance (Continued)**

	<u>General Fund</u>	<u>Perpetual Care Fund</u>
Committed to:		
Public safety	\$ 28,096	\$ -
Public works	454	-
Community development	<u>2,500,000</u>	<u>-</u>
Total committed	<u>2,528,550</u>	<u>-</u>
Assigned for:		
General government administration	124,406	-
Public safety	11,044	-
Public works	1,430,715	-
Parks, recreation, and cultural	228,754	-
Community development	<u>693,579</u>	<u>-</u>
Total assigned	<u>2,488,498</u>	<u>-</u>
Unassigned	<u>9,542,190</u>	<u>-</u>
Total fund balance	<u><u>\$ 15,583,294</u></u>	<u><u>\$ 633,360</u></u>

**Note 13. New Accounting Standards**

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

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

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

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

(Continued)

**TOWN OF WARRENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 13. New Accounting Standards (Continued)**

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

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

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

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

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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## TOWN OF WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**June 30, 2022**

	Plan Year							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service cost	\$ 667,621	\$ 602,517	\$ 597,882	\$ 609,378	\$ 626,535	\$ 549,156	\$ 554,234	\$ 547,287
Interest on total pension liability	2,072,646	2,035,384	1,988,551	1,928,572	1,867,389	1,757,379	1,735,822	1,655,265
Difference between expected and actual experience	(256,376)	(343,660)	(197,736)	(257,353)	(115,353)	546,204	(714,305)	-
Changes in assumptions	1,239,023	-	831,502	-	(242,841)	-	-	-
Benefit payments, including refunds of employee contributions	(2,007,467)	(1,476,964)	(1,471,488)	(1,376,036)	(1,147,327)	(1,415,015)	(1,120,580)	(982,889)
Net change in total pension liability	1,715,447	817,277	1,748,711	904,561	988,403	1,437,724	455,171	1,219,663
<b>Total pension liability – beginning</b>	<b>31,709,597</b>	<b>30,892,320</b>	<b>29,143,609</b>	<b>28,239,048</b>	<b>27,250,645</b>	<b>25,812,921</b>	<b>25,357,750</b>	<b>24,138,087</b>
<b>Total pension liability – ending</b>	<b>33,425,044</b>	<b>31,709,597</b>	<b>30,892,320</b>	<b>29,143,609</b>	<b>28,239,048</b>	<b>27,250,645</b>	<b>25,812,921</b>	<b>25,357,750</b>
<b>Plan Fiduciary Net Position</b>								
Contributions – employer	543,391	595,698	548,360	624,250	599,222	674,647	626,449	613,537
Contributions – employee	363,817	303,368	276,647	288,459	287,136	272,659	244,243	241,581
Net investment income	7,401,000	525,712	1,746,991	1,846,307	2,751,413	387,291	1,004,740	3,009,233
Benefit payments, including refunds of employee contributions	(2,007,467)	(1,476,964)	(1,471,488)	(1,376,036)	(1,147,327)	(1,415,015)	(1,120,580)	(982,889)
Administrative expenses	(18,952)	(17,954)	(17,517)	(16,001)	(15,827)	(14,267)	(13,787)	(16,182)
Other	693	(619)	(1,099)	(1,642)	(2,452)	(166)	(211)	159
Net change in plan fiduciary net position	6,282,482	(70,759)	1,081,894	1,365,337	2,472,165	(94,851)	740,854	2,865,439
<b>Plan fiduciary net position – beginning</b>	<b>27,466,775</b>	<b>27,537,534</b>	<b>26,455,640</b>	<b>25,090,303</b>	<b>22,618,138</b>	<b>22,712,989</b>	<b>21,972,135</b>	<b>19,106,696</b>
<b>Plan fiduciary net position – ending</b>	<b>33,749,257</b>	<b>27,466,775</b>	<b>27,537,534</b>	<b>26,455,640</b>	<b>25,090,303</b>	<b>22,618,138</b>	<b>22,712,989</b>	<b>21,972,135</b>
<b>Net pension liability (asset) – ending</b>	<b>\$ (324,213)</b>	<b>\$ 4,242,822</b>	<b>\$ 3,354,786</b>	<b>\$ 2,687,969</b>	<b>\$ 3,148,745</b>	<b>\$ 4,632,507</b>	<b>\$ 3,099,932</b>	<b>\$ 3,385,615</b>
Plan fiduciary net position as a percentage of total pension liability	100.97%	86.62%	89.14%	90.78%	88.85%	83.00%	87.99%	86.65%
Covered payroll	\$ 6,575,385	\$ 6,450,476	\$ 5,882,031	\$ 5,992,800	\$ 5,666,307	\$ 5,278,343	\$ 4,878,431	\$ 4,785,081
Net pension liability as a percentage of covered payroll	-4.93%	65.78%	57.03%	44.85%	55.57%	87.76%	63.54%	70.75%

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

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

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

## TOWN OF WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**June 30, 2022**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2022	\$ 636,584	\$ 636,584	\$ -	\$ 7,024,502	9.06 %
2021	595,096	595,096	-	6,575,385	9.05
2020	595,698	595,698	-	6,450,476	9.23
2019	548,360	548,360	-	5,882,031	9.32
2018	624,250	624,250	-	5,992,800	10.42
2017	599,222	599,222	-	5,666,307	10.58
2016	679,851	679,851	-	5,278,343	12.88
2015	628,342	628,342	-	4,878,431	12.88

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

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

## TOWN OF WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI**  
**June 30, 2022**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Employer's Proportion of the Net OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Virginia Retirement System – Group Life Insurance – General Employees</b>					
2022	0.03 %	\$ 371,985	\$ 6,575,385	5.66 %	67.45 %
2021	0.03	523,681	6,450,476	8.12	52.64
2020	0.03	488,994	5,882,031	8.31	52.00
2019	0.03	478,000	5,992,800	7.98	51.22
2018	0.03	463,000	5,666,307	8.17	48.86

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

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

## TOWN OF WARRENTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – VRS GLI**  
**June 30, 2022**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Virginia Retirement System – Group Life Insurance – General Employees</b>					
2022	\$ 35,624	\$ 35,624	\$ -	\$ 7,024,502	0.51 %
2021	33,582	33,582	-	6,575,385	0.51
2020	30,628	30,628	-	6,450,476	0.47
2019	30,000	30,000	-	5,882,031	0.51
2018	31,120	31,120	-	5,992,800	0.52

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

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

## TOWN OF WARRENTON, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

#### Note 1. Changes of Benefit Terms

##### Pension

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

##### Other Postemployment Benefits (OPEB)

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

#### Note 2. Changes of Assumptions

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

##### Largest 10 – Non-Hazardous Duty:

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

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

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

(Continued)

## **TOWN OF WARRENTON, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2022**

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

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

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

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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**OTHER  
SUPPLEMENTARY INFORMATION**

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## TOWN OF WARRENTON, VIRGINIA

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

**Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 880,274	\$ 880,274	\$ 851,111	\$ (29,163)
Real and personal public service corporation taxes	20,000	20,000	14,073	(5,927)
Personal property taxes	490,000	490,000	561,380	71,380
Penalties	10,000	10,000	26,136	16,136
Interest	14,000	14,000	8,561	(5,439)
Total general property taxes	<u>1,414,274</u>	<u>1,414,274</u>	<u>1,461,261</u>	<u>46,987</u>
Other local taxes:				
Local sales and use taxes	859,814	859,814	978,837	119,023
Consumers' utility taxes	504,000	504,000	499,103	(4,897)
Business license taxes	2,002,000	2,002,000	1,964,786	(37,214)
Consumption taxes	71,230	71,230	60,354	(10,876)
Motor vehicle licenses	225,000	225,000	219,887	(5,113)
Bank stock taxes	800,000	800,000	1,330,962	530,962
Hotel and motel room taxes	169,625	169,625	261,215	91,590
Restaurant food tax	2,620,500	2,620,500	3,296,859	676,359
Cigarette tax	200,000	200,000	173,866	(26,134)
Total other local taxes	<u>7,452,169</u>	<u>7,452,169</u>	<u>8,785,869</u>	<u>1,333,700</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	<u>181,150</u>	<u>181,150</u>	<u>207,878</u>	<u>26,728</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>185,000</u>	<u>185,000</u>	<u>76,229</u>	<u>(108,771)</u>
Loss from use of money:				
Loss from use of money	200,000	200,000	(96,717)	(296,717)
Charges for services:				
Warf – recreation	<u>695,154</u>	<u>695,154</u>	<u>1,075,663</u>	<u>380,509</u>
Total charges for services	<u>695,154</u>	<u>695,154</u>	<u>1,075,663</u>	<u>380,509</u>
Miscellaneous revenue:				
Miscellaneous	<u>268,828</u>	<u>283,011</u>	<u>238,715</u>	<u>(44,296)</u>
Total revenue from local sources	<u>10,396,575</u>	<u>10,410,758</u>	<u>11,748,898</u>	<u>1,338,140</u>

(Continued)

## TOWN OF WARRENTON, VIRGINIA

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

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue from the Commonwealth:				
Non-categorical aid:				
Motor vehicle rental tax	\$ 115,000	\$ 115,000	\$ 143,280	\$ 28,280
Rolling stock tax	150	150	53	(97)
Communications tax	455,000	455,000	384,948	(70,052)
Personal property tax relief funds	718,492	718,492	718,492	-
Total non-categorical aid	1,288,642	1,288,642	1,246,773	(41,869)
Categorical aid:				
Other categorical aid:				
Litter control grant	5,000	13,795	8,795	(5,000)
DCJS grants for law enforcement	220,000	220,000	219,681	(319)
Bluemont series grant	4,500	4,500	-	(4,500)
Street and highway maintenance	1,450,000	1,450,000	1,480,415	30,415
State forfeiture proceeds	-	-	3,731	3,731
Police department	-	-	1,312	1,312
Fire program	36,000	36,000	38,900	2,900
Total categorical aid	1,715,500	1,724,295	1,752,834	28,539
Total revenue from the Commonwealth	3,004,142	3,012,937	2,999,607	(13,330)
Revenue from the Federal Government:				
Categorical aid:				
Department of justice grant	-	-	11,539	11,539
CARES funding	-	1,033,325	547,734	(485,591)
Other federal categorical aid	361,127	365,127	280,712	(84,415)
Total revenue from the Federal Government	361,127	1,398,452	839,985	(558,467)
Other financing sources:				
Issuance of lease	-	-	141,227	141,227
Proceeds from issuance of debt	-	-	8,720,000	8,720,000
Premium on debt	-	-	1,706,469	1,706,469
Proceeds from sale of capital assets	-	-	188,475	188,475
Total other financing sources	-	-	10,756,171	10,756,171
Total general fund	\$ 13,761,844	\$ 14,822,147	\$ 26,344,661	\$ 11,522,514

## TOWN OF WARRENTON, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –  
GENERAL FUND (BUDGETARY BASIS)  
Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
General government administration:				
Legislative	\$ 187,882	\$ 186,082	\$ 162,496	\$ 23,586
Executive	295,652	326,752	291,000	35,752
Legal services	212,285	309,785	310,536	(751)
Finance	664,919	696,831	693,946	2,885
Memberships and dues	9,342	9,342	8,030	1,312
Health & welfare	102,629	111,732	104,142	7,590
Electoral board	15,950	-	-	-
Data processing	1,035,639	976,256	878,090	98,166
Motor pool	462,385	538,885	538,609	276
Total general government administration	2,986,683	3,155,665	2,986,849	168,816
Public safety:				
Department of police	3,071,017	3,078,421	3,116,368	(37,947)
Fire and rescue services	269,529	264,979	248,394	16,585
Bureau of building inspections	483,300	484,900	426,946	57,954
Emergency services	132,998	132,998	101,684	31,314
Total public safety	3,956,844	3,961,298	3,893,392	67,906
Public works:				
Public works administration	468,952	470,076	424,962	45,114
Bureau of street maintenance	826,550	831,550	798,664	32,886
Arterial street maintenance	411,281	1,278,098	232,017	1,046,081
Collector street maintenance	693,022	1,065,856	257,038	808,818
Refuse collection	410,046	410,046	449,963	(39,917)
Cemetery maintenance	-	-	19,988	(19,988)
Recycling program	106,109	114,904	79,040	35,864
Maintenance, buildings, and grounds	746,492	850,012	768,819	81,193
Total public works	3,662,452	5,020,542	3,030,491	1,990,051
Health and welfare:				
Welfare/social services	173,361	173,361	173,361	-
Parks, recreation, and cultural:				
Aquatic center	1,376,473	1,375,473	1,498,646	(123,173)
Parks	215,279	447,279	126,156	321,123
Parks and recreation – administration	440,702	431,702	366,559	65,143
Cultural enrichment	82,338	82,338	82,338	-
Total parks, recreation, and cultural	2,114,792	2,336,792	2,073,699	263,093

(Continued)

## TOWN OF WARRENTON, VIRGINIA

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –  
GENERAL FUND (BUDGETARY BASIS)  
Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Community development:				
Planning and zoning	\$ 480,126	\$ 461,422	\$ 426,830	\$ 34,592
Visitor's center	56,191	51,691	22,390	29,301
Zoning appeals board	3,000	3,000	2,980	20
Economic development	192,627	345,256	163,066	182,190
Architectural review board	8,094	8,094	3,325	4,769
Total community development	<u>740,038</u>	<u>869,463</u>	<u>618,591</u>	<u>250,872</u>
Capital outlay:				
Capital outlay	<u>2,152,278</u>	<u>3,905,693</u>	<u>2,124,098</u>	<u>1,781,595</u>
Debt service:				
Principal	709,050	709,050	623,050	86,000
Interest	<u>257,430</u>	<u>257,430</u>	<u>606,120</u>	<u>(348,690)</u>
Total debt service	<u>966,480</u>	<u>966,480</u>	<u>1,229,170</u>	<u>(262,690)</u>
Other financing uses:				
Payments to escrow agent	<u>-</u>	<u>-</u>	<u>10,097,000</u>	<u>(10,097,000)</u>
Total general fund	<u>\$ 16,752,928</u>	<u>\$ 20,389,294</u>	<u>\$ 26,226,651</u>	<u>\$ (5,837,357)</u>

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# STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Table</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	<b>1-4</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the factors affecting the Town’s ability to generate its property and sales taxes.	<b>5-12</b>
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.	<b>13-16</b>
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place and to help make comparisons over time and with other governments.	<b>17-18</b>
<b>Operating Information</b> These schedules contain information about the Town’s operations and resources to help the reader understand how the Town’s financial information relates to the services it provides and the activities it performs.	<b>19-21</b>

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

TABLE 1

## TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 25,993,382	\$ 25,272,376	\$ 42,200,589	\$ 40,859,457	\$ 39,510,889	\$ 38,788,308	\$ 38,111,853	\$ 37,683,553	\$ 35,719,844	\$ 34,401,208
Restricted	591,797	592,370	592,995	594,800	1,159,023	1,154,623	910,053	920,523	879,148	1,123,916
Unrestricted	9,716,926	11,120,437	9,734,918	9,737,204	9,348,761	9,197,065	9,902,354	9,920,549	11,139,602	12,123,997
Total governmental activities net position	<u>\$ 36,302,105</u>	<u>\$ 36,985,183</u>	<u>\$ 52,528,502</u>	<u>\$ 51,191,461</u>	<u>\$ 50,018,673</u>	<u>\$ 49,139,996</u>	<u>\$ 48,924,260</u>	<u>\$ 48,524,625</u>	<u>\$ 47,738,594</u>	<u>\$ 47,649,121</u>
Business-type activities										
Net investment in capital assets	\$ 39,058,157	\$ 38,898,827	\$ 19,807,462	\$ 18,957,111	\$ 18,022,962	\$ 17,336,839	\$ 18,259,451	\$ 17,364,417	\$ 19,595,398	\$ 19,194,441
Restricted	-	-	-	-	157,747	174,636	205,247	222,456	234,421	331,724
Unrestricted	8,853,470	7,141,893	4,262,278	4,097,907	5,958,671	6,664,583	6,163,356	7,248,156	5,771,160	6,278,560
Total business-type activities net position	<u>\$ 47,911,627</u>	<u>\$ 46,040,720</u>	<u>\$ 24,069,740</u>	<u>\$ 23,055,018</u>	<u>\$ 24,139,380</u>	<u>\$ 24,176,058</u>	<u>\$ 24,628,054</u>	<u>\$ 24,835,029</u>	<u>\$ 25,600,979</u>	<u>\$ 25,804,725</u>
Primary government										
Net investment in capital assets	\$ 65,051,539	\$ 64,171,203	\$ 62,008,051	\$ 59,816,568	\$ 57,533,851	\$ 56,125,147	\$ 56,371,304	\$ 55,047,970	\$ 55,315,242	\$ 53,595,649
Restricted	591,797	592,370	592,995	594,800	1,316,770	1,329,259	1,115,300	1,142,979	1,113,569	1,455,640
Unrestricted	18,570,396	18,262,330	13,997,196	13,835,111	15,307,432	15,861,648	16,065,710	17,168,705	16,910,762	18,402,557
Total primary government net position	<u>\$ 84,213,732</u>	<u>\$ 83,025,903</u>	<u>\$ 76,598,242</u>	<u>\$ 74,246,479</u>	<u>\$ 74,158,053</u>	<u>\$ 73,316,054</u>	<u>\$ 73,552,314</u>	<u>\$ 73,359,654</u>	<u>\$ 73,339,573</u>	<u>\$ 73,453,846</u>

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



TABLE 2

## TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,591,497	\$ 1,741,519	\$ 1,670,785	\$ 1,753,257	\$ 1,065,479	\$ 1,245,681	\$ 1,373,604	\$ 1,597,253	\$ 1,860,468	\$ 2,186,451
Public safety	2,760,751	2,887,360	2,950,483	3,612,887	4,118,389	4,070,378	3,754,801	4,116,850	4,683,874	4,715,140
Public works	4,253,156	3,621,458	4,101,334	4,727,802	5,062,855	4,890,072	5,925,684	5,351,067	5,058,972	4,779,200
Heath and welfare	88,278	88,400	89,291	120,505	117,164	133,891	161,934	177,910	183,565	173,245
Parks, recreation, and cultural	134,279	124,834	2,867,135	2,366,743	3,155,724	2,719,536	2,782,463	2,569,659	2,502,658	2,871,147
Community development	432,674	408,615	447,025	638,788	803,021	935,243	995,959	1,062,002	923,715	713,617
Interest on long-term debt	4,766	4,572	3,656	286,949	269,932	269,121	264,935	391,806	337,397	452,079
Total governmental activities expenses	9,265,401	8,876,758	12,129,709	13,506,931	14,592,564	14,263,922	15,259,380	15,266,547	15,550,649	15,890,879
Business-type activities:										
Water and sewer	5,479,541	5,300,755	5,514,237	5,492,546	5,211,692	5,625,153	5,826,426	6,027,732	5,980,736	6,369,617
Stormwater	-	-	-	-	-	-	-	-	-	462,033
Parks and recreation	2,811,590	2,675,844	-	-	-	-	-	-	-	-
Total business-type activities expenses	8,291,131	7,976,599	5,514,237	5,492,546	5,211,692	5,625,153	5,826,426	6,027,732	5,980,736	6,831,650
Total primary government expenses	\$ 17,556,532	\$ 16,853,357	\$ 17,643,946	\$ 18,999,477	\$ 19,804,256	\$ 19,889,075	\$ 21,085,806	\$ 21,294,279	\$ 21,531,385	\$ 22,722,529
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 136,496	\$ 170,563	\$ 354,325	\$ 292,415	\$ 166,562	\$ 170,336	\$ 257,969	\$ 226,685	\$ 294,301	\$ 207,878
Public safety	280,842	387,684	185,186	128,499	125,169	166,622	188,749	155,478	112,113	76,229
Public works	182,847	-	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	-	-	1,191,345	1,137,892	1,187,054	1,229,165	1,203,731	871,183	468,599	1,075,663
Operating grants and contributions	1,485,397	1,531,049	1,585,610	1,693,950	2,034,936	1,649,969	1,738,537	2,024,402	1,740,112	1,759,873
Capital grants and contributions	-	199,425	51,617	136,235	7,882	109,830	469,948	42,637	-	285,212
Total governmental activities program revenues	2,085,582	2,288,721	3,368,083	3,388,991	3,521,603	3,325,922	3,858,934	3,320,385	2,615,125	3,404,855
Business-type activities:										
Charges for services:										
Water and sewer	3,627,141	3,638,503	3,588,448	3,948,790	5,652,278	5,485,203	5,785,979	5,887,602	6,512,552	5,970,588
Stormwater	-	-	-	-	-	-	-	-	-	774,127
Parks and recreation	1,216,343	1,203,153	-	-	-	-	-	-	-	-
Capital grants and contributions	345,066	123,914	175,350	363,519	-	-	-	-	-	-
Total business-type activities program revenues	5,188,550	4,965,570	3,763,798	4,312,309	5,652,278	5,485,203	5,785,979	5,887,602	6,512,552	6,744,715
Total primary government program revenues	\$ 7,274,132	\$ 7,254,291	\$ 7,131,881	\$ 7,701,300	\$ 9,173,881	\$ 8,811,125	\$ 9,644,913	\$ 9,207,987	\$ 9,127,677	\$ 10,149,570

(Continued)

TABLE 2

## TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	\$ (7,179,819)	\$ (6,588,037)	\$ (8,761,626)	\$ (10,117,940)	\$ (11,070,961)	\$ (10,938,000)	\$ (11,400,446)	\$ (11,946,162)	\$ (12,935,524)	\$ (12,486,024)
Business-type activities	(3,102,581)	(3,011,029)	(1,750,439)	(1,180,237)	440,586	(139,950)	(40,447)	(140,130)	531,816	(86,935)
Total primary government net expense	<u>\$ (10,282,400)</u>	<u>\$ (9,599,066)</u>	<u>\$ (10,512,065)</u>	<u>\$ (11,298,177)</u>	<u>\$ (10,630,375)</u>	<u>\$ (11,077,950)</u>	<u>\$ (11,440,893)</u>	<u>\$ (12,086,292)</u>	<u>\$ (12,403,708)</u>	<u>\$ (12,572,959)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 513,896	\$ 605,047	\$ 678,228	\$ 670,016	\$ 1,234,762	\$ 1,267,738	\$ 1,302,786	\$ 1,340,665	\$ 1,373,058	\$ 1,497,352
Sales and use taxes	530,836	561,084	595,653	673,700	732,197	709,036	709,173	781,649	925,159	978,837
Consumer's utility taxes	493,720	500,111	498,312	512,780	503,001	510,053	498,267	501,059	495,402	499,103
Business license taxes	1,366,360	1,914,525	1,656,923	1,851,067	1,918,233	2,026,990	1,998,815	2,103,568	2,438,043	1,964,786
Meals taxes	2,152,237	2,191,572	2,265,639	2,383,067	2,621,782	2,550,799	2,659,254	2,515,018	2,828,431	3,296,859
Bank stock taxes	463,135	496,445	581,150	521,997	690,566	849,887	932,498	830,298	1,292,086	1,330,962
Other local taxes	545,009	549,569	535,802	571,268	465,684	667,790	692,749	690,228	679,268	715,322
Intergovernmental revenue, unrestricted	-	-	-	-	-	-	-	602,073	594,955	547,734
Unrestricted revenues (loss) from use of										
money and property	30,021	21,663	21,392	46,417	96,515	137,843	348,274	329,960	25,995	(95,166)
Gain on sale of assets	-	-	-	-	-	-	105,508	-	-	175,275
Miscellaneous	128,931	96,910	110,473	207,646	346,308	367,596	635,866	574,273	264,835	238,715
Unrestricted grants and contributions	1,358,220	1,310,350	1,407,566	1,342,941	1,344,815	1,332,320	1,301,520	1,277,736	1,232,261	1,246,772
Transfers	(670,395)	(976,161)	-	-	(55,690)	-	-	-	-	-
Total governmental activities	<u>6,911,970</u>	<u>7,271,115</u>	<u>8,351,138</u>	<u>8,780,899</u>	<u>9,898,173</u>	<u>10,420,052</u>	<u>11,184,710</u>	<u>11,546,527</u>	<u>12,149,493</u>	<u>12,396,551</u>
Business-type activities:										
Intergovernmental revenue, unrestricted	-	-	-	-	-	-	-	-	69,249	34,757
Unrestricted revenues from use of										
money and property	144,451	163,961	151,120	165,515	214,130	303,371	492,443	347,105	164,885	255,914
Miscellaneous	-	-	-	-	8,500	-	-	-	-	-
Transfers	670,395	976,161	-	-	55,690	-	-	-	-	-
Total business-type activities	<u>814,846</u>	<u>1,140,122</u>	<u>151,120</u>	<u>165,515</u>	<u>278,320</u>	<u>303,371</u>	<u>492,443</u>	<u>347,105</u>	<u>234,134</u>	<u>290,671</u>
Total primary government	<u>\$ 7,726,816</u>	<u>\$ 8,411,237</u>	<u>\$ 8,502,258</u>	<u>\$ 8,946,414</u>	<u>\$ 10,176,493</u>	<u>\$ 10,723,423</u>	<u>\$ 11,677,153</u>	<u>\$ 11,893,632</u>	<u>\$ 12,383,627</u>	<u>\$ 12,687,222</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (267,849)	\$ 683,078	\$ (410,488)	\$ (1,337,041)	\$ (1,172,788)	\$ (517,948)	\$ (215,736)	\$ (399,635)	\$ (786,031)	\$ (89,473)
Business-type activities	(2,287,735)	(1,870,907)	(1,599,319)	(1,014,722)	718,906	163,421	451,996	206,975	765,950	203,736
Total primary government	<u>\$ (2,555,584)</u>	<u>\$ (1,187,829)</u>	<u>\$ (2,009,807)</u>	<u>\$ (2,351,763)</u>	<u>\$ (453,882)</u>	<u>\$ (354,527)</u>	<u>\$ 236,260</u>	<u>\$ (192,660)</u>	<u>\$ (20,081)</u>	<u>\$ 114,263</u>

TABLE 3

## TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 103,517	\$ 125,799	\$ 210,061	\$ 204,273	\$ 152,391	\$ 255,897	\$ 308,386	\$ 251,130	\$ 259,787	\$ 324,730
Restricted	-	-	-	-	559,987	547,191	288,726	2,168,746	1,123,502	699,326
Committed	302,662	828,454	493,043	976,809	370,451	1,139,682	770,262	93,287	28,035	2,528,550
Assigned	-	-	-	-	-	-	113,000	2,391,574	2,478,187	2,488,498
Unassigned	9,909,063	10,593,545	11,914,259	11,521,316	11,871,309	10,894,756	11,611,907	10,178,740	11,575,773	9,542,190
Total general fund	<u>\$ 10,315,242</u>	<u>\$ 11,547,798</u>	<u>\$ 12,617,363</u>	<u>\$ 12,702,398</u>	<u>\$ 12,954,138</u>	<u>\$ 12,837,526</u>	<u>\$ 13,092,281</u>	<u>\$ 15,083,477</u>	<u>\$ 15,465,284</u>	<u>\$ 15,583,294</u>
All other governmental funds										
Nonspendable, reported in:										
Permanent funds	\$ 591,797	\$ 592,370	\$ 592,995	\$ 592,995	\$ 599,036	\$ 607,432	\$ 621,327	\$ 630,894	\$ 631,809	\$ 633,360
Total all other governmental funds	<u>\$ 591,797</u>	<u>\$ 592,370</u>	<u>\$ 592,995</u>	<u>\$ 592,995</u>	<u>\$ 599,036</u>	<u>\$ 607,432</u>	<u>\$ 621,327</u>	<u>\$ 630,894</u>	<u>\$ 631,809</u>	<u>\$ 633,360</u>

TABLE 4

## TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
General property taxes	\$ 539,313	\$ 589,341	\$ 674,372	\$ 677,081	\$ 1,248,466	\$ 1,261,220	\$ 1,312,429	\$ 1,342,789	\$ 1,379,006	\$ 1,461,261
Other local taxes	5,551,297	6,213,306	6,133,479	6,513,879	6,931,463	7,314,555	7,490,756	7,421,820	8,658,389	8,785,869
Permits, privilege fees, and regulatory licenses	182,847	128,220	203,476	177,739	166,562	170,336	257,969	226,685	294,301	207,878
Fines and forfeitures	280,842	259,464	185,186	128,499	125,169	166,622	188,749	155,478	112,113	76,229
Revenue (loss) from use of money and property	30,021	21,663	21,392	46,417	96,515	137,843	348,274	329,960	25,995	(95,166)
Charges for services	136,496	170,563	1,342,194	1,252,568	1,187,054	1,229,165	1,203,731	871,183	468,599	1,075,663
Miscellaneous	128,931	96,910	110,473	207,646	346,308	367,596	1,060,766	887,871	264,835	238,715
Intergovernmental										
Commonwealth	2,829,793	2,991,893	3,042,804	3,081,912	2,993,657	3,087,912	3,243,275	3,004,887	2,970,530	2,999,607
Federal	13,824	48,931	1,989	91,214	393,976	4,207	266,730	628,363	596,798	839,985
Total revenues	9,693,364	10,520,291	11,715,365	12,176,955	13,489,170	13,739,456	15,372,679	14,869,036	14,770,566	15,590,041
<b>Expenditures</b>										
General government administration	1,528,394	1,724,504	1,625,564	1,782,114	957,937	1,242,131	1,292,870	1,346,561	1,543,266	1,716,121
Public safety	2,666,012	2,586,897	2,915,874	3,485,482	3,647,869	3,912,693	3,536,374	3,731,363	4,316,166	4,488,739
Public works	2,754,566	2,387,155	2,765,710	3,296,769	3,991,747	3,370,708	3,796,095	3,443,271	3,498,257	3,466,980
Health and welfare	88,278	88,400	89,291	120,505	117,164	133,891	161,934	177,910	183,554	173,361
Parks, recreation, and cultural	133,755	120,826	1,848,203	1,899,681	2,068,860	2,042,098	2,040,281	1,855,164	1,851,122	2,216,458
Community development	411,295	401,399	451,940	656,908	806,044	941,537	998,655	956,701	893,149	714,724
Capital outlay	591,719	821,485	238,836	606,109	951,293	1,862,979	2,560,188	4,639,737	1,134,734	2,124,098
Debt service										
Principal	86,808	174,880	594,679	521,158	448,000	489,537	527,040	541,350	692,349	623,050
Interest and other fiscal charges	3,883	5,455	222,390	203,958	188,590	178,807	190,592	198,125	275,247	606,120
Bond issuance costs	-	-	-	-	-	-	-	78,091	-	-
Total expenditures	8,264,710	8,311,001	10,752,487	12,572,684	13,177,504	14,174,381	15,104,029	16,968,273	14,387,844	16,129,651
<b>Excess of revenues over (under) expenditures</b>	1,428,654	2,209,290	962,878	(395,729)	311,666	(434,925)	268,650	(2,099,237)	382,722	(539,610)
<b>Other financing sources (uses)</b>										
Transfers out	(670,395)	(976,161)	-	-	(55,690)	-	-	-	-	-
Proceeds from issuance of debt	528,525	-	-	-	-	326,709	-	4,100,000	-	8,720,000
Issuance of lease	-	-	-	-	-	-	-	-	-	141,227
Payments to escrow agent	-	-	-	-	-	-	-	-	-	(10,097,000)
Premium on debt issuance	-	-	-	-	-	-	-	-	-	1,706,469
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	188,475
Total other financing sources (uses)	(141,870)	(976,161)	-	-	(55,690)	326,709	-	4,100,000	-	659,171
<b>Net change in fund balances</b>	\$ 1,286,784	\$ 1,233,129	\$ 962,878	\$ (395,729)	\$ 255,976	\$ (108,216)	\$ 268,650	\$ 2,000,763	\$ 382,722	\$ 119,561
<b>Debt service as a percentage of noncapital expenditures</b>	0.00%	2.47%	8.43%	6.04%	4.83%	5.38%	5.37%	5.72%	7.35%	8.41%

TABLE 5

## TOWN OF WARRENTON, VIRGINIA

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

<b>Calendar Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Machinery and Tools</b>	<b>Public Service</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (1)</b>
2022	\$ 2,146,350,500	\$ 141,771,009	\$ 452,805	\$ 30,915,674	\$ 2,319,489,988	0.108
2021	1,735,031,400	119,184,134	511,075	30,341,699	1,885,068,308	0.110
2020	1,711,588,500	121,035,613	314,281	32,388,996	1,865,327,390	0.112
2019	1,704,181,500	112,782,292	358,690	30,080,458	1,847,402,940	0.108
2018	1,707,497,200	111,426,844	381,478	26,933,972	1,846,239,494	0.108
2017	1,555,378,500	111,836,351	350,166	26,222,252	1,693,787,269	0.114
2016	1,559,784,700	110,382,101	362,252	26,233,712	1,696,762,765	0.079
2015	1,548,458,500	110,060,306	379,240	26,169,523	1,685,067,569	0.080
2014	1,554,110,600	99,076,256	362,438	26,004,347	1,679,553,641	0.073
2013	1,388,763,400	93,279,002	366,978	26,002,462	1,508,411,842	0.076

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

Source: Commissioner of the Revenue

TABLE 6

## TOWN OF WARRENTON, VIRGINIA

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

Calendar Year	Direct Rates				Direct Tax Rate	Overlapping Rates	
	Real Estate	Personal Property	Machinery and Tools	County of Fauquier			
				Real Estate		Personal Property	
2022	\$ 0.0401	\$ 1.00	\$ 1.00	\$ 0.108	\$ 0.903	\$ 3.45	
2021	0.0500	1.00	1.00	0.110	0.994	4.65	
2020	0.0500	1.00	1.00	0.112	0.994	4.65	
2019	0.0500	1.00	1.00	0.108	0.994	4.65	
2018	0.0500	1.00	1.00	0.108	0.982	4.65	
2017	0.0500	1.00	1.00	0.114	1.039	4.65	
2016	0.0150	1.00	1.00	0.079	0.999	4.65	
2015	0.0150	1.00	1.00	0.080	0.999	4.65	
2014	0.0150	1.00	1.00	0.073	0.992	4.65	
2013	0.0150	1.00	1.00	0.076	0.980	4.65	

(1) Per \$100 of assessed value.

TABLE 7

**TOWN OF WARRENTON, VIRGINIA**  
**GENERAL GOVERNMENT TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Utility Taxes</b>	<b>Franchise Taxes</b>	<b>Meals Taxes</b>	<b>Transient Occupancy Taxes</b>	<b>Business Licenses</b>	<b>Motor Vehicle Licenses</b>	<b>Other Taxes</b>	<b>Cigarette Taxes</b>	<b>Total</b>
2022	\$ 1,497,352	\$ 978,837	\$ 499,103	\$ 1,330,962	\$ 3,296,859	\$ 261,215	\$ 1,964,786	\$ 219,887	\$ 24,263	\$ 173,866	\$ 10,247,130
2021	1,379,006	925,159	495,402	1,292,086	2,828,431	197,050	2,438,043	239,788	61,994	180,436	10,037,395
2020	1,342,789	781,649	501,059	830,298	2,515,018	182,606	2,103,568	237,353	68,131	202,138	8,764,609
2019	1,312,429	709,173	498,267	932,498	2,659,254	220,994	1,998,815	216,600	70,212	184,943	8,803,185
2018	1,261,220	709,036	510,053	849,887	2,550,799	232,628	2,026,990	195,750	67,713	171,699	8,575,775
2017	1,248,466	732,197	503,001	690,566	2,621,782	232,629	1,918,233	4,479	69,787	158,789	8,179,929
2016	677,081	673,700	512,780	521,997	2,383,067	238,418	1,851,067	95,652	72,938	164,260	7,190,960
2015	678,228	595,653	498,312	581,150	2,265,639	190,005	1,656,923	102,855	72,152	170,790	6,811,707
2014	605,047	561,084	500,111	496,445	2,191,572	190,233	1,914,525	101,969	75,647	181,720	6,818,353
2013	539,313	530,836	541,096	479,590	2,152,237	187,263	1,366,360	104,047	-	189,868	6,090,610

(1) Includes general fund and special revenue funds.

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

<b>Fiscal Year</b>	<b>Tax Rate</b>		<b>Gross Receipts</b>	<b>Meals Tax Revenue</b>	
2022	\$	0.04	\$ 82,421,475	\$	3,296,859
2021		0.04	70,710,775		2,828,431
2020		0.04	62,875,450		2,515,018
2019		0.04	68,860,412		2,659,254
2018		0.04	63,769,475		2,550,779
2017		0.04	65,544,550		2,621,782
2016		0.04	59,576,675		2,383,067
2015		0.04	56,640,975		2,265,639
2014		0.04	54,789,300		2,191,572
2013		0.04	53,805,925		2,152,237

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



TABLE 9

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

Taxpayer	Type Business	2022			2013		
		Total Assessed Value	Rank	Percentage of Total Assessed Value	Total Assessed Value	Rank	Percentage of Total Assessed Value
Fauquier Medical Center LLC	Medical Center	\$ 53,924,900	1	0.025 %	\$ -		- %
Warrenton Center LLC	Shopping Center	33,606,000	2	0.016	29,666,400	1	2.110
Amazon Data Services Inc	Data Services	31,282,500	3	0.015	-		-
Wal-Mart Real Estate Business Tr	Retail Store	17,177,600	4	0.008	17,309,400	3	1.330
Sreit Highland Warrenton LLC	Developer	15,708,700	5	0.007	-		-
Warrenton Development Company	Developer	14,991,400	6	0.007	16,802,500	4	1.160
Northrock Center LLC	Shopping Center	14,967,700	7	0.007	-		-
Hd Development of Maryland Inc	Retail Store	12,349,600	8	0.006	-		-
Warrenton VA Real Estate LLC	Senior Livng Center	12,004,100	9	0.006	-		-
Warrenton Village LLC	Shopping Center	10,367,500	10	0.005	14,379,700	6	1.020
Warrenton Volunteer Fire Company	Fire Company	10,166,700	11	0.005	-		-
Warrenton Professional Center Lc	Medical Center	9,853,400	12	0.005	11,127,500	7	0.830
Seritage SRC Finance LLC	Shopping Center	9,700,200	13	0.005	10,298,500	10	0.730
Fauquier Long-Term Care LLC	Senior Livng Center	9,311,700	14	0.004	-		-
Highlands Of Warrenton LLC	Developer	8,792,600	15	0.004	-		-
		<u>\$ 264,204,600</u>		<u>0.123 %</u>	<u>\$ 99,584,000</u>		<u>7.180 %</u>

Source: Fauquier County Commissioner of the Revenue.

TABLE 10

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

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Year of Levy</b>	<b>Percentage of Levy Collected in Year of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	<b>Percentage of Total Collection to Date of Levy</b>
2022	\$ 2,164,750	\$ 2,138,535	98.79 %	\$ -	\$ 2,138,535	98.79 %
2021	2,052,174	2,014,603	98.17	16,742	2,031,345	98.99
2020	2,047,706	2,019,070	98.60	20,210	2,039,280	99.59
2019	1,890,241	1,862,971	98.56	27,108	1,890,079	99.99
2018	1,873,452	1,843,214	98.39	3,959	1,847,173	98.60
2017	1,896,053	1,865,815	98.41	28,220	1,894,035	99.89
2016	1,277,669	1,126,746	88.19	3,359	1,130,105	88.45
2015	1,267,260	1,246,135	98.33	4,523	1,250,658	98.69
2014	1,223,273	1,139,748	93.17	7,965	1,147,713	93.82
2013	1,122,476	1,074,859	95.76	4,465	1,079,324	96.16

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

TABLE 11

## TOWN OF WARRENTON, VIRGINIA

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

Fiscal Year	Direct Rates	Overlapping Rates
	County of Fauquier (1)	
	Meals Tax Percent of Gross	Meals Tax Percent of Gross
2022	4.00 %	0.00 %
2021	4.00	0.00
2020	4.00	0.00
2019	4.00	0.00
2018	4.00	0.00
2017	4.00	0.00
2016	4.00	0.00
2015	4.00	0.00
2014	4.00	0.00
2013	4.00	0.00

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

(1) Fauquier County does not have meals tax.

TABLE 12

**TOWN OF WARRENTON, VIRGINIA**

**PRINCIPAL MEALS TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

<b>Type of Establishment</b>	<b>2022</b>		<b>2013*</b>	
	<b>Total Assessed Value</b>	<b>Percentage of Total Assessed Value</b>	<b>Total Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
Fast Food Restaurants	\$ 32,125,139	38.98 %	\$ -	- %
Sit-Down Restaurants	37,577,722	45.59	-	-
Convenience Stores	12,718,614	15.43	-	-
	<u>\$ 82,421,475</u>	<u>100.00 %</u>	<u>\$ -</u>	<u>- %</u>

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

\* Data not available for fiscal year 2013.

TABLE 13

## TOWN OF WARRENTON, VIRGINIA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Financed Purchases	General Obligation Bonds	Premium on Bond Refunding	Lease Liability	General Obligation Bonds	Premium on Bond Refunding			
2022	\$ 31,383	\$ 8,165,000	\$ 1,532,885	\$ 141,227	\$ 10,583,000	\$ 543,546	\$ 20,997,041	5.39 %	\$ 2,077
2021	99,433	10,097,000	-	-	11,353,000	-	21,549,433	5.79	2,143
2020	165,782	10,723,000	-	-	11,686,000	-	22,574,782	5.68	2,243
2019	231,132	7,099,000	-	-	12,007,000	-	19,337,132	5.03	1,946
2018	295,172	7,562,000	-	-	12,180,000	-	20,037,172	5.39	2,029
2017	-	8,020,000	-	-	5,020,000	-	13,040,000	3.31	1,322
2016	-	8,468,000	-	-	5,020,000	-	13,488,000	3.34	1,363
2015	90,158	8,899,000	-	-	-	-	8,989,158	2.27	907
2014	266,837	-	-	-	9,317,000	-	9,583,837	2.77	980
2013	441,717	-	-	-	9,717,000	-	10,158,717	2.68	1,036

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

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

TABLE 14

## TOWN OF WARRENTON, VIRGINIA

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

<b>Fiscal Year Ended June 30,</b>	<b>Gross Bonded Debt</b>	<b>Premium on Bond Refunding</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt Per Capita (1)</b>
2022	\$ 18,748,000	\$ 2,076,431	\$ 20,824,431	0.90 %	\$ 2,060
2021	21,450,000	-	21,450,000	1.14	2,133
2020	22,409,000	-	22,409,000	1.20	2,226
2019	19,106,000	-	19,106,000	1.03	1,923
2018	19,742,000	-	19,742,000	1.07	1,999
2017	13,040,000	-	13,040,000	0.77	1,322
2016	13,488,000	-	13,488,000	0.79	1,363
2015	8,899,000	-	8,899,000	0.53	898
2014	9,317,000	-	9,317,000	0.55	953
2013	9,717,000	-	9,717,000	0.64	991

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

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

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

TABLE 15

## TOWN OF WARRENTON, VIRGINIA

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Town of Warrenton	\$ 123,407,871	13.2 %	\$ 16,249,058
Subtotal, overlapping debt			
Town of Warrenton, direct debt			<u>8,196,383</u>
Total direct and overlapping debt			<u><u>\$ 24,445,441</u></u>

Source: County of Fauquier June 30, 2022 Comprehensive Annual Financial Report.

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

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

Total real and personal property assessed value, Fauquier County Table 5-A	\$ 17,615,994,348
Total Taxable Assessed Value Table 5	2,319,489,988
	13.2%

**TABLE 16**

**TOWN OF WARRENTON, VIRGINIA**

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 151,876,864	\$ 169,176,644	\$ 169,555,067	\$ 170,785,097	\$ 169,871,947	\$ 185,103,909	\$ 185,220,254	\$ 187,004,889	\$ 188,973,071	\$ 232,384,949
Total net debt applicable to limit	9,717,000	9,317,000	8,899,000	13,488,000	13,040,000	20,037,172	19,337,132	22,574,782	21,549,433	20,997,041
Legal debt margin	<u>\$ 142,159,864</u>	<u>\$ 159,859,644</u>	<u>\$ 160,656,067</u>	<u>\$ 157,297,097</u>	<u>\$ 156,831,947</u>	<u>\$ 165,066,737</u>	<u>\$ 165,883,122</u>	<u>\$ 164,430,107</u>	<u>\$ 167,423,638</u>	<u>\$ 211,387,908</u>
Total net debt applicable to the limit as a percentage of debt limit	6.40%	5.51%	5.25%	7.90%	7.68%	10.82%	10.44%	12.07%	11.40%	9.04%

Legal debt margin calculation for fiscal year 2022

Assessed value	\$ 2,319,489,988
Add back: exempt real property	<u>4,359,500</u>
Total assessed value	<u>\$ 2,323,849,488</u>
Debt limit (10% of total assessed value)	\$ 232,384,949
Net debt applicable to limit	<u>20,997,041</u>
Legal debt margin	<u>\$ 211,387,908</u>



TABLE 17

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

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2022	10,109	\$389,631,187	\$ 38,543	39	1,950	2.6 %
2021	10,057	372,420,767	37,031	39	1,950	3.5
2020	10,065	397,134,705	39,457	39	1,960	6.4
2019	9,937	384,472,467	38,691	39	1,939	2.6
2018	9,875	371,882,625	37,659	40	2,053	2.8
2017	9,861	394,026,784	39,958	43	1,633	3.4
2016	9,897	403,781,098	40,366	41	1,560	3.4
2015	9,907	395,170,416	39,888	40	2,138	4.4
2014	9,775	346,044,775	35,401	41	2,008	4.7
2013	9,803	379,474,130	38,710	38	2,008	4.8

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

TABLE 18

**TOWN OF WARRENTON, VIRGINIA**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2022		Fiscal Year 2013	
	Rank	Employees	Rank	Employees
Fauquier County School Board	1	1,000 and over	1	1,000 and over
County of Fauquier	2	1,000 and over	3	500 to 999
Fauquier Health System	3	1,000 and over	2	1,000 and over
Wal-mart	4	250 to 499	4	250 to 499
Town of Warrenton	5	100 to 249	5	100 to 249
Blue Ridge Orthopaedic	6	100 to 249	10	100 to 249
Home Depot	7	100 to 249	8	100 to 249
Country Chevrolet	8	100 to 249		
Harris Teeter	9	100 to 249		
Appleton Campbell	10	100 to 249		
The Fauquier Bank			7	100 to 249
Oak Springs Nursing Home			6	100 to 249
Fauquier Health				
Giant			9	100 to 249

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

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

TABLE 19

## TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 <sup>(1)</sup>
General and financial administration	6	6	6	6	6	7	8	8	8	11
Legislative	1	1	1	1	1	2	2	2	1	1
Public safety										
Police department	25	25	25	26	28	23	23	27	28	29
Fire and rescue	1	1	2	2	2	2	2	2	2	-*
Building inspections	2	2	2	2	3	3	4	4	5	6
Emergency services	-	-	-	-	-	-	-	-	-	1
Public works										
General maintenance	23	23	23	23	22	20	21	21	25	28
Administration	5	5	5	5	5	6	5	4	3	4
Culture and recreation	3	3	3	4	6	7	7	7	5	23
Planning and community development	3	3	4	5	6	6	9	9	6	3
Public Utilities										
Water	14	14	14	14	14	12	12	13	15	14
Wastewater	7	7	7	7	7	7	7	7	9	12
Administration	6	6	6	6	6	6	5	5	5	8
Stormwater	-	-	-	-	-	-	-	-	-	4
Motor pool	3	3	3	3	3	3	3	3	3	2
Information technology	-	-	-	1	1	1	1	2	4	5
	99	99	101	105	110	105	109	114	119	151

Source: Department of Finance and Human Resources.

\*During fiscal year 2022 the Fire and Rescue Function was transferred to the County. As such, the employee count related to the function is no longer reported herein.

(1) Beginning with fiscal year 2022, this table reflects full-time equivalents. Prior years reflect only full-time employees.

TABLE 20

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety:										
Police department:										
Physical arrests	390	248	295	194	164	320	307	232	239	218
Traffic violations	6,557	5,355	3,317	3,375	2,022	2,290	3,725	2,668	1,757	933
Fire and rescue:										
Number of calls answered	2,100	2,601	2,819	2,811	2,982	3,028	3,785	1,834	4,399	-*
Building inspections:										
Permits issued	671	585	649	745	622	641	641	609	273	414
Public works:										
Refuse collected (tons/year)	3,746	3,761	3,822	361	3,709	3,616	3,754	3,796	3,895	3,973
Recycling (tons/year)	4,539	1,244	1,253	963	994	1,298	889	1,021	814	499
Community development:										
Planning:										
Zoning permits issued	150	170	180	174	202	187	241	263	127	233

Source: Individual Town departments.

\*During fiscal year 2022 the Fire and Rescue Function was transferred to the County. As such, the operating indicator related to the function is no longer reported herein.

TABLE 21

**TOWN OF WARRENTON, VIRGINIA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21	21	22	24	29
Fire stations	1	1	1	1	1	1	1	1	1	—*
Sanitation:										
Collection trucks	2	3	3	3	4	4	4	4	4	4
Highway and streets:										
Streets (miles)	94.52	94.52	93.47	93.47	93.47	93.47	93.47	93.47	93.47	91.87
Streetlights	795	810	810	810	810	810	824	824	823	823
Traffic signals	11	11	12	12	12	12	12	12	11	10
Culture and recreation:										
Parks acreage	88.69	88.69	88.69	88.69	88.69	88.69	88.94	88.94	88.94	88.94
Parks	5	5	5	5	5	5	7	7	7	7
Water:										
Water mains (miles)	86.00	86.00	86.00	86.00	86.00	88.00	89.00	89.00	89.00	89.00
Fire hydrants	725	725	725	731	731	743.00	749.00	751.00	751	751
Sewer:										
Sanitary sewers	66.00	66.00	66.00	68.00	68.00	69.00	69.00	69.00	69	69
Storm sewers (miles)	15.44	15.44	15.44	38.00	39.70	40.00	40.00	40.00	40.00	40.00

Source: Individual Town departments.

\*During fiscal year 2022 the Fire and Rescue Function was transferred to the County. As such, the capital asset statistic related to the function is no longer reported herein.

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## **COMPLIANCE SECTION**

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**TOWN OF WARRENTON, VIRGINIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022**

<b>Federal Grantor/Pass – Through Grantor/ Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
Department of the Treasury:		
Pass Through Payments:		
Virginia Department of Accounts		
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 52,026
COVID-19 – Coronavirus Relief Fund	21.019	495,707
		<hr/>
Total Department of the Treasury		547,733
Department of Justice:		
Direct Payments:		
Department of Criminal Justice Services		
Missing and Exploited Children (MEC) Program	16.543	2,927
Bulletproof Vest Partnership Program	16.607	4,112
		<hr/>
Total Department of Justice		7,039
National Endowment for the Arts		
Pass Through Payments:		
Virginia Commission for the Arts		
Creative Communities Partnership Grant	45.024	4,500
		<hr/>
Department of Transportation:		
Pass Through Payments:		
Virginia Department of Transportation		
Highway Planning and Construction	20.205	280,713
		<hr/>
Total Expenditures of Federal Awards		\$ 839,985
		<hr/> <hr/>



## **TOWN OF WARRENTON, VIRGINIA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2022**

#### **Basis of Presentation**

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

#### **De Minimis Indirect Cost Rate**

The Town did not elect to utilize the 10 % de minimis indirect cost rate

#### **Subrecipient Monitoring**

The Town provided no amounts to subrecipients during fiscal year 2022.

#### **Outstanding Loan Balances**

At June 30, 2022, the Town had no outstanding loan balances requiring continuing disclosure.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 8, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 8, 2022



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

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

**Report on Compliance for Each Major Federal Program**

*Opinion on Compliance for Each Major Federal Program*

We have audited the Town of Warrenton, Virginia's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2022. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

*Basis for Opinion on Each Major Federal Program*

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

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

*Responsibilities of Management for Compliance*

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

## **Report on Compliance for Each Major Federal Program (Continued)**

### *Auditor's Responsibilities for the Audit of Compliance*

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

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

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

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

### **Report on Internal Control over Compliance**

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

### **Report on Internal Control over Compliance (Continued)**

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 8, 2022

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

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

**STATE COMPLIANCE MATTERS**

*Code of Virginia*

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Highway Maintenance

Fire Program Aid

**FEDERAL COMPLIANCE MATTERS**

Compliance Supplement for Single Audits of State and Local Governments

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

**LOCAL COMPLIANCE MATTERS**

Town Charter

**TOWN OF WARRENTON, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2022**

**A. SUMMARY OF AUDITOR'S RESULTS**

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

<u>Name of Program</u>	<u>Assistance Listing #</u>
COVID-19 Coronavirus Relief Fund	21.019

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

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS – COMMONWEALTH OF VIRGINIA**

None.

**D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.