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Town of Purcellville

Comprehensive Annual Financial Report

Year Ending June 30, 2021

TOWN OF PURCELLVILLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

Prepared by:
Town of Purcellville
Finance Department

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INTRODUCTORY SECTION

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2021

TOWN COUNCIL

Kwasi A. Fraser, Mayor
Mary Jane Williams, Vice Mayor

Christopher Bertaut
Joel D. Grewe
Stanley J. Milan, Sr.
Tip Stinnette

OFFICIALS

David A. Mekarski..... Town Manager
Sally Hankins..... Town Attorney
Elizabeth B. Krens Director of Finance
Vadah B. McCann..... Director of Administration
Dale Lehnig..... Director of Engineering, Planning & Development
Jason Didawick Director of Public Works
Cynthia McAlister..... Chief of Police
Sharon Rauch..... Director of Human Resources
Shannon Bohince Director of Information Technology
Don Dooley..... Director of Planning & Economic Development



November 24, 2021

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

I am pleased to present the Town of Purcellville's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. These statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

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

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

The Town Charter and Code of Virginia §15.2-2511 requires an annual audit of the Town's financial affairs performed by independent certified public accountants. The Town has contracted with Brown, Edwards & Company, LLP, Certified Public Accountants to provide audit services. Brown Edwards has issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2021. The independent auditor's report is located on page 1 and 2 of this report.

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

Profile of the Town:

Purcellville is located in western Loudoun County, Virginia, about 40 miles west of Washington, D.C. with a footprint of 3.42 square miles. Incorporated in 1908, Purcellville has retained its attractive small town and historic agrarian attributes, while being a home to many, key economic center and educational/cultural destination. It is a popular tourist destination for antiquing, farmer's markets, wineries, breweries, distilleries, restaurants and recreation along the W&OD trail.

The Town experienced significant population growth over the last 25 years, with a 116% increase from 2000 to 2010 but slowing to a 16% increase from 2010 to 2020. The Town's current population is 8,929 according to the 2020 Census data provided U.S. Bureau of Census.

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

Financial Condition and Economic Outlook:

The novel coronavirus emerged in early 2020 and continued to have worldwide public health and economic impacts into 2021. In order to weather the fiscal and economic uncertainties created by the pandemic, the Town's FY21 budget used conservative revenue forecasts and restricted discretionary spending. Each department modified operational plans to enhance workplace safety to mitigate virus spread and, where possible, technology was deployed for remote operations. The Coronavirus Aid, Relief, and Economic Security Act (CARES) also provided federal support for costs incurred to mitigate the virus, funding for essential public safety personnel and funding for business and non-profits grants. These factors allowed the Town to end FY21 in sound financial condition in spite of the disruptions caused by the public health emergency.

At the end of fiscal year 2021, the Town's total net position increased by \$7,751,388 of which \$4,706,125 was from governmental activities and \$3,045,263 was from business-type or utility activities. A large driver of this increase was associated with developer contributions in the form of roads and utility infrastructure. The governmental fund's total fund balance at the end of fiscal year 2021 was \$8.3 million. Of this amount, \$7.9 million, or 69% of general fund expenditures, was unassigned and available for future spending. This was a \$1.5 million increase from the prior year largely driven by revenue bolstered by economic recovery, federal stimulus and reductions to non-essential spending.

The Town's assessed value of taxable real property totaling \$1.5 billion increased by 3.46% in 2021. Early forecasts indicate residential property valuations will continue to increase into 2022. The real property tax rate of \$.22 per \$100 of assessed value and the Fireman's Field Service tax rate of \$.03 per \$100 of assessed value remained unchanged in 2020 and 2021. The utility rates were not changed in FY21 due to the uncertainties of the pandemic. A new utility rate structure was implemented in July 2021 in accordance with recommendations from the Stantec Utility Rate and Cost of Service Study, including a 3% water rate increase and a 5% sewer rate increase. Future rate increases are expected to offset slowing availability revenue and increased debt service.

In March 2021, the Town benefited from historically low interest rates by restructuring utility debt for cash flow savings providing additional time to raise user rates and develop other revenue initiatives. The Town maintained strong investment grade credit ratings: AAA with a "stable outlook" by Standard & Poor's, Aa2 from Moody's Investors Services and AA+ with a "stable outlook" from Fitch Ratings (rating upgrade from AA to AA+ in November 2019). As the Town plans to utilize a significant portion of its \$10.5 million allocation of Coronavirus State and Local Fiscal Recovery Funds to improve utility infrastructure, no additional debt issuances are anticipated in the near term.

Long-Term Financial Planning:

The Town Council has adopted Fiscal Policy Guidelines that provide accounting, budgeting and financial management directives. The reserve management policy requires the general fund's unassigned fund balance to exceed 30% of general fund revenues and utility enterprise fund unrestricted cash and equivalents to exceed 100% of total operating expenditure and debt service. The policy also indicates general fund debt service should not exceed 15% of expenditures and the total bonded debt of the Town should not exceed 2% of total assessed value of taxable property. At the end of FY21, the Town meets or exceeds all policy guidelines.

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

Major Awards and Initiatives:

The following is a partial listing of a significant initiatives and achievements accomplished across all departments in fiscal year 2021:

- Received 11th consecutive GFOA Distinguished Budget Presentation Award for fiscal year beginning July 1, 2021.
- Received 13th consecutive GFOA Certificate of Achievement for fiscal year 2020 Comprehensive Annual Financial Report.
- Maintained strong investment grade credit ratings from the three national credit rating agencies: AAA from Standard and Poor's, AA+ from Fitch Ratings and Aa2 from Moody's Investor Service.
- Rebate from new Purchasing Card program- August 2020
- Received 14th Annual Tree City USA designation from the Arbor Day Foundation.
- Received the 2020 Tree City USA Growth Award, for the 11th year, from the Arbor Day Foundation for demonstrating Education and Public Relations, Planning and Management, and Tree Planting and Maintenance at a high level.
- The Town of Purcellville has been awarded funding from the Virginia Department of Conservation and Recreation and the Federal Highway Administration through the Recreational Trails Program. Thirty-five applications were received of which nine, including the Town of Purcellville, were successful. The Town of Purcellville's project will establish a new multi-use trail through the Suzanne R. Kane Nature Preserve to improve accessibility and to establish connections between existing and planned trails and sidewalks. The grant award is for \$328,734, which is 80% of the total project estimate of \$410,918.
- Mothers Against Drunk Driving (MADD) Law Enforcement Officer Award given to Officer Raymond Starkey-October 2020
- Veterans of Foreign Wars (VFW) Law Enforcement Public Servant Citation awarded to Lieutenant Barry Dufek-March 2021
- Hosted two online Civilian Response and Casualty Care (CRCC) Classes-April 2021
- The Third Virginia Law Enforcement Professional Standards Commission (VLEPSC) Reaccreditation Awarded to Purcellville Police Department-May 2021
- Hosted first Bicycle Safety Rodeo for children and parents-May 2021
- Hosted Crime Prevention Seminar (online and in-person) for Burglary/Larceny-June 2021

- Loudoun Chamber's Annual Valor Awards- Officer Alexander Burkett- Bronze Medal of Valor, Corporal Paul Kakol- Lifesaving Award, and Officer Raymond Starkey- Certificate of Valor-July 2021
- Tyler/Munis ERP system – All major modules live as of Spring 2020
 - Kickoff in May 2016
 - Tax/Revenue Module- Live February 2017
 - Financials Module- Live October 2017 (2 months ahead of schedule)
 - Business License Module- Live January 2018
 - Open Finance Transparency Portal- Live November 2019
 - Meals Tax Module- Live January 2019
 - HR/Payroll- Live January 2020
 - Bank of America Purchase Card integration- March 2020
 - Utility Billing Module- Live April 2020
 - Employee Self Service- Live May 2020
 - General Billing Module- Target Winter 2022
 - Citizen Self Service for Utility Accounts- Target Spring 2022
- Munis Software Platform upgrade (version 2019.1) – March 2022
- Received 13th consecutive Water Treatment Plant Excellence in Granular Filter Media Performance Bronze Award.
- The Wastewater lab met the requirements to be approved as a Certified Environmental Laboratory.
- The Wastewater Department received three awards from the Virginia Rural Water Association-Jason Chapman-Operator of the year, Adam Bailey-Rookie of the year and Kristen Muller-Lab Technician of the year.
- The Planning Commission recommended two zoning code amendments this year to the Town Council. The first amendment concerned maximum building heights for buildings in the C-4 zone. The second amendment involved creating a greater level of scrutiny for demolition requests that involve razing historic resources in the Town and to create the Historic Preservation Overlay Zone.
- The Purcellville Planning Commission launched a project to rewrite the Zoning Ordinance for the purpose of implementing the 2030 Purcellville Comprehensive Plan. The Town is currently in the process of hiring a consultant to help with the work.
- The Economic Development Advisory Committee (EDAC) launched an initiative to develop a “Grand Strategy” for economic development in Purcellville. The Grand Strategy document is expected to be completed in 2022.
- The Board of Architectural Review processed three applications for new building construction in the Town in 2021.
- The Planning Department has continued to successfully process a variety of development applications and handle a variety of code enforcement issues to implement the Purcellville Zoning Code and Comprehensive Plan.
- The Town established a Nutrient Credit bank on the Aberdeen property (RFP process, contractor selection and negotiation, trees planted, completed bank accepted by DEQ allowing for the sale of credits). This project has the potential to create up to \$1 million in one-time, non-traditional revenue for the Town's Water fund.
- Village Case property – Removed unsafe structures.
- Infrastructure planning projects completed during FY21- Pavement Management plan completed in FY20. Multiple streets identified through the pavement management plan were paved in November 2020 and April 2021.

- Infrastructure projects completed during FY21- Nature Park Wells Connection Project, LVHS to Sutton Sidewalk, Hirst Road Improvements, all cellular carriers relocated from the temporary cellular tower to the water tower.
- Infrastructure projects under construction during FY21:
 - Nursery Avenue Improvements- Notice of Award 6/29/20. Notice to Proceed 7/10/20. Currently under construction, with construction completion November 2021.
 - Hatcher Avenue Sidewalk Improvements
 - Wastewater Plant- Installation of the LEAP Aeration, membrane cassette refurbishment and the membrane replacement.
- Infrastructure projects under design in FY21- 12th Street Drainage and Road Improvements, 32nd & Main Street Intersection Improvements, F Street Water Main Replacement, Hall Avenue & O Street Water Main Replacement, Hirst Reservoir Intake, Valve Replacement & Dredging, Phase 2 Main Street & Maple Avenue Intersection Improvements, West End Pump Station Improvements and East End Pump Station Generator.

Awards and Acknowledgements:

The Town received the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 from the Government Finance Officers Association (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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

Sincerely,



David A. Mekarski, AICP
Town Manager



Elizabeth B. Krens, MGT
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Purcellville
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

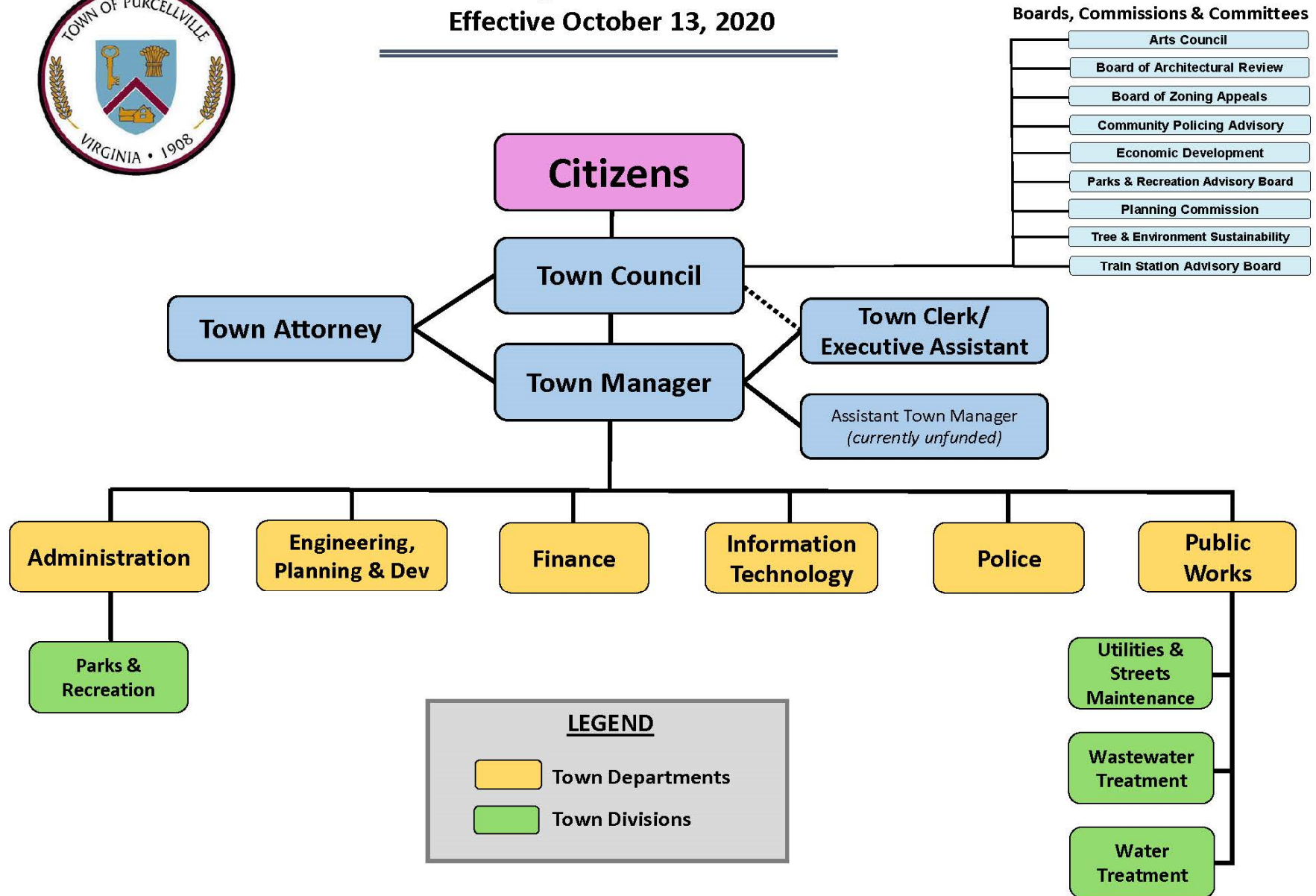
Christopher P. Morill

Executive Director/CEO



Town Organization Chart

Effective October 13, 2020



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 Matters (Continued)*Other Information (Continued)*

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 24, 2021

Town of Purcellville, Virginia
Management's Discussion and Analysis

As management of Town of Purcellville (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. Please read it in conjunction with the Town's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$81,920,832 (*net position*). Of this amount, \$15,867,123 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$7,751,388, of which the governmental activities accounted for \$4,706,125 of the increase and business-type activities accounted for \$3,045,263 of the increase.
- The ending fund balance of the Town's general fund was \$8,273,834, an increase of \$1,466,000 from the prior year.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,943,340, or 69% of the general fund expenditures.

- The Town's total long-term obligations decreased by \$203,510 during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government administration, public safety, and public works. The business-type activities are for public utilities. The government-wide financial statements can be found on pages 5 through 6 of this report.

Town of Purcellville, Virginia Management's Discussion and Analysis

Fund financial statements

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

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

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

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 49 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and schedules of funding progress relating to the Town's participation in its pension plan and other postemployment benefits. Required supplementary information can be found on pages 50 through 58 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$81,920,832 at the close of the most recent fiscal year. A large portion of the Town's net position (\$64,533,800 or 79% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital assets, net	\$ 56,172,516	\$ 52,496,712	\$ 59,377,088	\$ 52,225,999	\$115,549,604	\$104,722,711
Other assets	19,768,962	13,492,003	13,935,761	15,406,891	33,704,723	28,898,894
Total assets	<u>\$ 75,941,478</u>	<u>\$ 65,988,715</u>	<u>\$ 73,312,849</u>	<u>\$ 67,632,890</u>	<u>\$149,254,327</u>	<u>\$133,621,605</u>
Deferred outflows of resources	\$ 1,953,453	\$ 1,796,595	\$ 3,168,082	\$ 2,989,394	\$ 5,121,989	\$ 4,785,989
Long-term liabilities, net	\$ 19,593,453	\$ 20,125,883	\$ 42,425,076	\$ 42,096,156	\$ 62,018,529	\$ 62,222,039
Other liabilities	6,843,048	2,159,013	1,401,094	1,448,709	8,244,142	3,607,722
Total liabilities	<u>\$ 26,436,501</u>	<u>\$ 22,284,896</u>	<u>\$ 43,826,170</u>	<u>\$ 43,544,865</u>	<u>\$ 70,262,671</u>	<u>\$ 65,829,761</u>
Deferred inflows of resources	\$ 2,125,864	\$ 2,220,260	\$ 66,949	\$ 92,474	\$ 2,192,813	\$ 2,312,734
Net position:						
Net investment in capital assets	\$ 43,165,963	\$ 38,353,880	\$ 21,367,837	\$ 14,060,553	\$ 64,533,800	\$ 52,414,433
Restricted	1,519,909	1,959,705	-	-	1,519,909	1,959,705
Unrestricted	4,647,148	2,966,569	11,219,975	12,924,392	15,867,123	15,890,961
Total net position	<u>\$ 49,333,020</u>	<u>\$ 43,280,154</u>	<u>\$ 32,587,812</u>	<u>\$ 26,984,945</u>	<u>\$ 81,920,832</u>	<u>\$ 70,265,099</u>
PPA-developer contributions		1,346,741		2,557,604		3,904,345
Beginning net position as restated		<u>\$ 44,626,895</u>		<u>\$ 29,542,549</u>		<u>\$ 74,169,444</u>

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

As noted previously, the Town's overall (governmental and business-type activities) net position increased by \$7,751,388 during the current fiscal year. Of this total net position, the governmental activities reported an increase of \$4,706,125 and the business-type activities reported an increase of \$3,045,263, both areas benefiting from recognition of developer contributions.

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 330,571	\$ 335,299	\$ 5,471,261	\$ 5,528,146	\$ 5,801,832	\$ 5,863,445
Operating grants and contributions	1,208,177	1,210,658	-	-	1,208,177	1,295,989
Capital grants and contributions	3,869,206	1,866,644	5,028,229	639,279	8,897,435	2,505,923
General revenues:						
Property taxes	4,545,865	4,356,659	-	-	4,545,865	4,356,659
Other taxes	5,516,628	4,813,304	-	-	5,516,628	4,813,304
Coronavirus Aid, Relief and Security Act Funding	1,704,154	85,331	-	-	1,704,154	85,331
Unrestricted revenues from the use of money and property	27,000	68,890	247,833	193,317	274,833	262,207
Unrestricted investment	8,127	139,166	14,574	227,236	22,701	369,402
Miscellaneous	55,950	113,338	27,180	-	84,420	113,338
Total revenues	\$ 17,265,678	\$ 12,989,289	\$ 10,789,077	\$ 6,587,978	\$ 28,054,755	\$ 19,577,267
Expenses						
General government administration	\$ 5,409,541	\$ 4,083,075	\$ -	\$ -	\$ 5,409,541	\$ 4,083,075
Public safety	2,098,663	2,643,488	-	-	2,098,663	2,643,488
Public works	2,224,500	2,868,524	-	-	2,224,500	2,868,524
Parks, recreation and culture	373,998	312,666	-	-	373,998	312,666
Community development	2,143,612	1,399,905	-	-	2,143,612	1,399,905
Interest and other fiscal charges	309,239	468,726	-	-	309,239	468,726
Water	-	-	3,314,617	2,973,565	3,314,617	2,973,565
Sewer	-	-	4,429,197	3,845,912	4,429,197	3,845,912
Total expenses	\$ 12,559,553	\$ 11,776,384	7,743,814	6,819,477	20,303,367	18,595,861
Increase (decrease) in net position	\$ 4,706,125	\$ 1,212,905	\$ 3,045,263	\$ (231,499)	\$ 7,751,388	\$ 981,406
Beginning net position	43,280,154	42,067,249	26,984,945	27,216,444	70,265,099	69,283,693
PPA-developer contributions	1,346,741	-	2,557,604	-	3,904,345	-
Beginning net position as restated	44,626,895		29,542,549		74,169,444	
Ending net position	\$ 49,333,020	\$ 43,280,154	\$ 32,587,812	\$ 26,984,945	\$ 81,920,832	\$ 70,265,099

Generally, changes in net position reflect the difference between revenues and expenses. The Town reported an increase in net position of governmental activities by \$4,706,125. Governmental revenues increased over 2020 by \$4.276 million driven by increases in other local taxes (\$.703mil), recognition of developer contributions from Mayfair residential project (\$2.0mil) and receipt of \$1.7mil of Coronavirus Aid Relief and Security Act Funding (CARES). Governmental expenses increased by \$.783 million over 2020 primarily due to use of federal CARES funding to mitigate the health and economic impacts of the coronavirus.

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

Business-type activities increased the Town's net position by \$3,045,263 as revenues exceeded expenses. As a public utility function comprises the Town's business-type activities, there is more of a direct correlation to the revenues generated relative to expenses incurred because of service demands. Business-type revenues increased by \$4.201 million over 2020 as a result of recognition of developer contributions associated with the Mayfair residential project and availability fees. Business-type expenses increased by \$.924 million over 2020 due to bond issuance costs and increased interest expense associated with the 2021 debt restructure. Other areas of cost increase were personnel, plant and equipment, and depreciation expense associated with developer contributions.

Financial Analysis of the Town's Funds

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

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

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

General fund revenues totaled \$12,927,773 a \$2,412,698 increase over 2020. The largest driver of this increase was receipt of federal CARES funding totaling \$1,704,154. Additionally, other local taxes increased \$703,324 from 2020 due to increased meals and sales tax revenue as commerce began to reopen following the initial coronavirus shutdowns. General fund expenditures, excluding principal payments, totaled \$10,492,599, a \$303,640 increase over 2020. This difference included CARES funded business and non-profit grants totaling \$975,132 offset by reductions in interest expense and capital outlay.

Special parks and recreation fund revenues totaled \$464,924, a decrease of \$64,311 over 2020 due to coronavirus impacts including cancellation of community events and Bush Tabernacle rent abatement. Expenditures, excluding principal payments, totaled \$387,506, \$23,926 more than 2020 due largely to increased personnel, consulting and facility maintenance costs.

Capital projects fund revenues totaled \$1,827,179, a decrease of \$88,906 over 2020 due to decreased investment income and intergovernmental grants. Expenditures totaled \$1,722,619, \$636,598 less than 2020 due to project timing as three projects were completed in 2020 leaving only one project under construction in 2021.

The town's total governmental fund balance was \$10,970,371 at the end of 2021, an increase of \$1,562,978 from 2020. Of this amount, \$7,943,340 was unassigned and available for future spending, an increase of \$1,879,134 over 2020 as revenues exceeded expenditures.

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

Water fund operating revenues totaled \$2,391,149, an increase of \$54,712 over 2020 primarily due to state grants and reimbursements from cellular companies for water tower improvements needed to support their equipment. Operating expenses totaled \$2,808,681, an increase of \$234,262 over 2020. This increase was driven by personnel costs and additional depreciation expense associated with assets contributed by developers.

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

Non-operating revenues less expenses decreased by \$174,855 as investment revenue declined, interest costs increased and the town incurred bond issuance costs. Capital Contributions totaled \$2,203,330, an increase of \$1,623,865 over 2020 due to new utility connections and developer contributions. The water fund's ending net position for 2021 was \$15,341,152, of which \$5,755,901 was unrestricted. The 2021 decrease in unrestricted net position of \$866,526 is mainly due to a decrease in cash and investments.

Wastewater Fund operating revenues totaled \$3,080,112, a decrease of \$111,597 over 2020 primarily due to decreased user fee revenue given usage reductions and the Town's moratorium on non-payment penalties and service disconnects during the pandemic. Operating expenses totaled \$3,098,514, an increase of \$290,301 over 2020 due to increased personnel costs and plant and equipment repairs. Non-operating revenues less expenses decreased in 2021 by \$355,855 as investment revenue declined, interest costs increased and the town incurred bond issuance costs. Capital Contributions totaled \$2,824,899, an increase of \$2,765,085 over 2020 due to new utility connections and developer contributions. The sewer fund's ending net position for 2021 was \$17,246,660, of which \$5,464,074 was unrestricted. The 2021 decrease in unrestricted net position of \$837,891 is a result of a reduction in the fund's cash balance and increases in accounts payable, pension and OPEB liabilities.

The town's total net position at the end of 2021 for the two proprietary funds was \$32,587,812, of which \$11,219,975 was unrestricted.

General Fund Budgetary Highlights

As the Town was deliberating the FY21 budget in spring 2020, the Governor issued unprecedented emergency orders to shutdown non-essential businesses and schools in order to protect the health and safety of Virginians and mitigate the spread of the novel coronavirus. Given the economic uncertainties associated with the pandemic, there was an expectation that revenues would be significantly reduced and discretionary spending and some operating projects were eliminated or deferred in the FY21 budget. In order to provide greater fiscal flexibility, the Town Council adopted an Interim Emergency Budget limited to the First Quarter of FY21 on June 9, 2020. The balance of the FY21 budget was adopted on September 22, 2020.

Fortunately, economic recovery fared better than initial expectations, bolstered by federal stimulus programs and vaccine rollout, resulting in a FY21 General Fund budgetary surplus of \$1,466,000.

General fund revenues were above budget projections by \$656,962 in 2021. The largest positive trend was reported in the Other Local Tax category as meals and sales tax exceeded budget forecasts. Other categories such as investment income, communications tax, street revenue and arts grants fell below expectations. The federal CARES funding was fully utilized by December 30, 2020 in accordance with the legislation.

The 2021 expenditures were under budget by \$1,780,548. The largest area of savings was seen in Public Safety as \$454K of federal CARES funding was applied to personnel costs. Savings were also seen in Public Works, Engineering and administrative departments primarily due to personnel vacancies and program reductions as resources were reallocated to focus on the pandemic and CARES funded programs.

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

Capital Asset and Debt Administration

Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$115,549,604 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress.

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,310,764	\$ 4,310,764	\$ 3,039,509	\$ 3,039,509	\$ 7,350,273	\$ 7,350,273
Building	8,992,767	9,303,908	-	-	8,992,767	9,303,908
Improvements other than buildings	2,569,430	2,798,310	-	13,500	2,569,430	2,811,810
Machinery and equipment	315,920	366,252	664,486	732,190	980,406	1,098,442
Vehicles	495,377	502,994	123,621	152,781	618,998	655,775
Infrastructure	36,169,598	33,457,300	-	-	36,169,598	33,457,300
Utility plant in service	-	-	54,121,243	47,360,039	54,121,243	47,360,039
Construction in progress	3,318,660	1,757,184	1,428,229	927,980	4,746,889	2,685,164
Total	\$ 56,172,516	\$ 52,496,712	\$ 59,377,088	\$ 52,225,999	\$ 115,549,604	\$ 104,722,711

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

Long-term obligations: At the end of the current fiscal year, the Town had total outstanding obligations of \$62,018,529 and details are summarized in the following table:

**Town of Purcellville, Virginia
Outstanding Obligations
For the Year Ended June 30, 2021**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 12,481,066	\$ 13,459,981	\$ 40,623,257	\$ 40,663,000	\$ 53,104,323	\$ 54,122,981
Notes payable	510,000	595,000	-	-	510,000	595,000
Capital leases	416,429	501,603	91,810	150,748	508,239	652,351
Net pension liability	1,018,882	540,312	309,787	144,665	1,328,669	684,977
Net OPEB liabilities	4,615,917	4,552,713	1,319,652	1,049,781	5,935,569	5,602,494
Compensated absences	551,159	476,274	80,570	87,962	631,729	564,236
	\$ 19,593,453	\$ 20,125,883	\$ 42,425,076	\$ 42,096,156	\$ 62,018,529	\$ 62,222,039

Obligations associated with governmental activities decreased by \$532,430 in 2021 due to payment of principal totaling \$1.15mil less the increases in Net pension and OPEB liabilities.

Town of Purcellville, Virginia
Management's Discussion and Analysis

Obligations associated with business-type activities increased by \$328,920 in 2021 due to increases in Net pension liability and Net OPEB liabilities less decreases in debt and compensated absences. In March 2021, the Town took advantage of low interest rates to restructure utility debt to create cash flow savings providing additional time to raise user rates and develop other revenue initiatives.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total assessed value of taxed real property. The Town was compliant with Virginia debt limitation statutes as of June 30, 2021.

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

Economic Factors and Next Year's Budgets and Rates

The Town of Purcellville, population 8,929, is located in western Loudoun County at the base of the Blue Ridge Mountains approximately 50 miles west of Washington, DC. Once a stop along the W&OD rail line, Purcellville has maintained its historic old-town feel reflecting the Victorian architecture popular in the early 1900's while enjoying the economic benefits of the D.C. region. Today, Purcellville is the economic hub of western Loudoun County and a popular weekend destination for antiquing, equestrian activities, farmer's markets, wineries, breweries, distilleries and restaurants.

As detailed in the General Fund Budgetary Highlights above, the Town experienced a strong economic recovery in FY21 following the spring 2020 downturn caused by the novel coronavirus. This is evidenced by a strong rebound in meals and sales tax revenues. The Town leveraged federal CARES funding to help businesses and non-profits overcome pandemic challenges and stimulate local commerce.

Despite the pandemic, Purcellville's real property assessments increased by 3.46% in 2021, made up of a 2.28% increase in existing property values and a 1.18% increase in new construction and growth. Given the strong real estate market, the town expects to see continued growth in residential assessments in 2022, however, there is less certainty associated with commercial valuations. While new development has slowed as the Town approaches build-out, some new construction/growth is expected in 2022. The current residential/commercial tax base is split 82/18%. The property tax rates remained unchanged in 2021 with the real estate tax rate at \$0.22 per \$100 of assessed value and the Fireman's Field Service tax rate at \$0.03. The Fireman's Field special assessment is used to support recreational and cultural facilities and activities and is reported in the Parks and Recreation special revenue fund.

In 2022, the town's General Fund continues to benefit from a diversified revenue stream. The largest categories are property tax (32%), meals tax (19%), CARES (13%), sales tax (11%), revenue from the Commonwealth (9%), and business license (7%).

In the Proprietary funds, the Town has undertaken several studies to ensure the long-term health of the utility enterprise funds. The first was the Stantec Utility Rate and Cost of Service Study completed in December 2019 that resulted in implementation of a new utility rate structure in July 2021 to include a 3% water rate increase and a 5% sewer rate increase. The study also recommended additional annual rate increases of about 3% in water and 5-7% in sewer to offset slowing availability revenue as the Town reaches build-out and annual debt service escalations through 2026 following the restructure. In order to moderate user rate increases, the Town Council is exploring innovative revenue opportunities such as sale of nutrient credits, expanded cellular lease opportunities and forestry revenue. The Town also recently completed a Water Resources Study and plans to use a significant portion of its \$10.5 million allocation of federal Coronavirus State and Local Fiscal Recovery Funds on utility infrastructure projects over the next four to six years.

Town of Purcellville, Virginia
Management's Discussion and Analysis

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

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

Requests for Information

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

Town Manager
Town of Purcellville
221 S. Nursery Ave.
Purcellville, VA 20132

BASIC FINANCIAL STATEMENTS

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	\$ 6,952,885	\$ 5,851,008	\$ 12,803,893
Cash and cash equivalents, restricted (Note 2)	6,799,831	-	6,799,831
Investments (Note 2)	2,970,675	7,064,115	10,034,790
Receivables, net			
Taxes receivable	2,227,116	-	2,227,116
Accounts receivable	264,214	917,146	1,181,360
Due from other governmental units (Note 4)	383,743	5,011	388,754
Inventories	78,750	73,738	152,488
Prepaid expenses	91,748	24,743	116,491
Capital assets, net (Note 5)			
Land	4,310,764	3,039,509	7,350,273
Buildings and system	8,992,767	-	8,992,767
Improvements other than buildings	2,569,430	-	2,569,430
Machinery and equipment	315,920	664,486	980,406
Vehicles	495,377	123,621	618,998
Infrastructure	36,169,598	-	36,169,598
Utility plant in service	-	54,121,243	54,121,243
Construction in progress	3,318,660	1,428,229	4,746,889
Total assets	75,941,478	73,312,849	149,254,327
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	400,942	2,705,816	3,106,758
Deferred outflows related to pensions (Note 8)	951,149	289,193	1,240,342
Deferred outflows related to other postemployment benefits (Notes 9, 10 and 11)	601,816	173,073	774,889
Total deferred outflows of resources	1,953,907	3,168,082	5,121,989
LIABILITIES			
Accounts payable	682,948	400,289	1,083,237
Accrued liabilities	228,110	46,737	274,847
Customer deposits	520,096	535,570	1,055,666
Unearned revenue	5,279,922	-	5,279,922
Accrued interest payable	131,972	418,498	550,470
Noncurrent liabilities due within one year:			
Due within one year (Note 6)	1,324,617	158,141	1,482,758
Noncurrent liabilities due in more than one year:			
Net pension liability (Note 8)	1,018,882	309,787	1,328,669
Net other postemployment benefit liabilities (Notes 9, 10 and 11)	4,615,917	1,319,652	5,935,569
Other non current liabilities (Note 6)	12,634,037	40,637,496	53,271,533
Total liabilities	26,436,501	43,826,170	70,262,671
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes (Note 7)	1,897,006	-	1,897,006
Deferred inflows related to pensions (Note 8)	78,033	23,726	101,759
Deferred inflows related to other postemployment benefits (Notes 9, 10 and 11)	150,825	43,223	194,048
Total deferred inflows of resources	2,125,864	66,949	2,192,813
NET POSITION			
Net investment in capital assets	43,165,963	21,367,837	64,533,800
Restricted:			
State highway maintenance	21,836	-	21,836
Fireman's field	74,795	-	74,795
Proffers	963,573	-	963,573
Loudoun County transportation and sidewalk projects	459,705	-	459,705
Unrestricted	4,647,148	11,219,975	15,867,123
Total net position	\$ 49,333,020	\$ 32,587,812	\$ 81,920,832

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

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities							
General government administration	\$ 5,409,541	\$ 178,255	\$ 326,476	\$ -	\$ (4,904,810)		\$ (4,904,810)
Public safety	2,098,663	63,386	195,400	-	(1,839,877)		(1,839,877)
Public works	2,224,500	-	682,551	2,044,545	502,596		502,596
Parks, recreation, and cultural	373,998	300	3,750	-	(369,948)		(369,948)
Community development	2,143,612	88,630	-	1,824,661	(230,321)		(230,321)
Interest and other fiscal charges	309,239	-	-	-	(309,239)		(309,239)
Total governmental activities	12,559,553	330,571	1,208,177	3,869,206	(7,151,599)		(7,151,599)
Business-type activities							
Water	3,314,617	2,391,149	-	2,203,330		1,279,862	1,279,862
Sewer	4,429,197	3,080,112	-	2,824,899		1,475,814	1,475,814
Total business-type activities	7,743,814	5,471,261	-	5,028,229		2,755,676	2,755,676
Total primary government	\$ 20,303,367	\$ 5,801,832	\$ 1,208,177	\$ 8,897,435	(7,151,599)	2,755,676	(4,395,923)
General revenues:							
Taxes:							
					4,545,865	-	4,545,865
					1,425,820	-	1,425,820
					847,344	-	847,344
					216,085	-	216,085
					2,429,322	-	2,429,322
					222,166	-	222,166
					364,986	-	364,986
					10,905	-	10,905
					1,704,154	-	1,704,154
					27,000	247,833	274,833
					8,127	14,574	22,701
					-	27,180	27,180
					55,950	-	55,950
					11,857,724	289,587	12,147,311
					4,706,125	3,045,263	7,751,388
NET POSITION AT JULY 1, AS RESTATED (Note 14)					44,626,895	29,542,549	74,169,444
NET POSITION AT JUNE 30					\$ 49,333,020	\$ 32,587,812	\$ 81,920,832

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

TOWN OF PURCELLVILLE, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Special Revenue (Parks & Recreation)	Capital Fund	Total
ASSETS				
Cash and cash equivalents (Note 2)	\$ 5,678,577	\$ 478,012	796,296	\$ 6,952,885
Cash and cash equivalents, restricted (Note 2)	5,301,758	-	1,498,073	6,799,831
Investments (Note 2)	2,970,675	-	-	2,970,675
Receivables, net				
Taxes receivable	1,988,896	238,220	-	2,227,116
Accounts receivable	264,214	-	-	264,214
Due from other governmental units (Note 4)	265,104	-	118,639	383,743
Inventories	78,750	-	-	78,750
Prepays	89,566	2,182	-	91,748
Total assets	<u>\$ 16,637,540</u>	<u>\$ 718,414</u>	<u>\$ 2,413,008</u>	<u>\$ 19,768,962</u>
LIABILITIES				
Accounts payable	\$ 507,319	\$ 68,457	\$ 107,172	\$ 682,948
Accrued liabilities	201,444	17,894	8,772	228,110
Customer deposits	520,096	-	-	520,096
Unearned revenue	5,279,922	-	-	5,279,922
Total liabilities	<u>6,508,781</u>	<u>86,351</u>	<u>115,944</u>	<u>6,711,076</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes (Note 7)	1,854,925	232,590	-	2,087,515
Total deferred inflows of resources	<u>1,854,925</u>	<u>232,590</u>	<u>-</u>	<u>2,087,515</u>
FUND BALANCES				
Nonspendable:				
Inventories	78,750	-	-	78,750
Prepays	89,566	2,182	-	91,748
Total nonspendable balance	<u>168,316</u>	<u>2,182</u>	<u>-</u>	<u>170,498</u>
Restricted for:				
State highway maintenance	21,836	-	-	21,836
Hirst pond	-	-	74,795	74,795
Proffers	-	-	963,573	963,573
Loudoun County transportation and sidewalk projects	-	-	459,705	459,705
Total restricted fund balance	<u>21,836</u>	<u>-</u>	<u>1,498,073</u>	<u>1,519,909</u>
Committed for:				
Future capital outlay	48,865	-	-	48,865
Capital asset replacement	91,477	-	-	91,477
Parks & recreation	-	397,291	-	397,291
Total committed fund balance	<u>140,342</u>	<u>397,291</u>	<u>-</u>	<u>537,633</u>
Assigned:				
Capital projects	-	-	798,991	798,991
Unassigned	7,943,340	-	-	7,943,340
Total fund balances	<u>8,273,834</u>	<u>399,473</u>	<u>2,297,064</u>	<u>10,970,371</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,637,540</u>	<u>\$ 718,414</u>	<u>\$ 2,413,008</u>	<u>\$ 19,768,962</u>

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

TOWN OF PURCELLVILLE, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021**

Ending fund balance – governmental fund	\$ 10,970,371
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,172,516
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	190,509
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Pension related deferred outflows	951,149
Pension related deferred inflows	(78,033)
Net pension liability	(1,018,882)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Other postemployment benefit related deferred outflows	601,816
Other postemployment benefit related deferred inflows	(150,825)
Net other postemployment benefit liabilities	(4,615,917)
Deferred refunding costs are not financial resources and, therefore, are not reported in the funds.	400,942
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Total long-term liabilities	\$ (13,958,654)
Accrued interest payable	(131,972)
	<u>(14,090,626)</u>
Total net position – governmental activities	<u><u>\$ 49,333,020</u></u>

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

TOWN OF PURCELLVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	General Fund	Special Revenue (Parks & Recreation)	Capital Fund	Total
REVENUES				
General property taxes	\$ 4,083,384	\$ 461,224	\$ -	\$ 4,544,608
Other local taxes	5,516,628	-	-	5,516,628
Permits, privilege fees, and regulatory licenses	266,885	300	-	267,185
Fines and forfeitures	63,386	-	-	63,386
Revenue from use of property	27,000	-	-	27,000
Investment income	5,609	-	2,518	8,127
Miscellaneous	52,550	3,400	-	55,950
Intergovernmental				
Local government	-	-	1,029,136	1,029,136
Commonwealth	1,170,247	-	750,996	1,921,243
Federal	1,742,084	-	44,529	1,786,613
Total revenues	12,927,773	464,924	1,827,179	15,219,876
EXPENDITURES				
Current				
General government administration	4,972,625	-	-	4,972,625
Public safety	1,946,893	-	-	1,946,893
Public works	1,987,882	-	-	1,987,882
Parks, recreation, and cultural	-	365,640	-	365,640
Community development	1,123,139	-	-	1,123,139
Capital outlay	135,559	-	1,722,619	1,858,178
Debt service				
Principal retirement	969,174	85,000	-	1,054,174
Interest and other fiscal charges	326,501	21,866	-	348,367
Total expenditures	11,461,773	472,506	1,722,619	13,656,898
Net change in fund balance	1,466,000	(7,582)	104,560	1,562,978
FUND BALANCE AT JULY 1	6,807,834	407,055	2,192,504	9,407,393
FUND BALANCE AT JUNE 30	\$ 8,273,834	\$ 399,473	\$ 2,297,064	\$ 10,970,371

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

TOWN OF PURCELLVILLE, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

Net change in fund balance – total governmental fund \$ 1,562,978

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	\$ 1,878,194	
Developer contributions	2,044,545	
Depreciation expense	<u>(1,580,372)</u>	
		2,342,367

Governmental funds, the entire proceeds from the sale increase financial resources. However in the Statement of Activities, only the gain or loss on the sale of capital assets is reported. Thus, the change in net position differs from the change in fund balances by the cost of the property sold. (13,304)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,257

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	330,423	
Pension expense	<u>(479,397)</u>	
		(148,974)

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

Employer other postemployment benefit contributions	22,981	
Other postemployment benefit expense	<u>(79,597)</u>	
		(56,616)

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

Principal retired on general obligation bonds, notes payable, and capital leases	1,054,174	
Amortization of deferred charge on refunding	(38,249)	
Amortization of premiums	<u>94,915</u>	
		1,110,840

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

Change in compensated absences	(74,885)	
Change in accrued interest payable	<u>(17,538)</u>	
		(92,423)

Change in net position of governmental activities \$ 4,706,125

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

TOWN OF PURCELLVILLE, VIRGINIA

**STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2021**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	\$ 3,285,444	\$ 2,565,564	\$ 5,851,008
Investments (Note 2)	3,574,762	3,489,353	7,064,115
Accounts receivable, net	383,269	533,877	917,146
Due from other governmental units (Note 4)	5,011	-	5,011
Inventories	35,058	38,680	73,738
Prepaid items	11,403	13,340	24,743
Total current assets	<u>7,294,947</u>	<u>6,640,814</u>	<u>13,935,761</u>
Noncurrent assets			
Capital assets (Note 5)			
Land	2,672,409	367,100	3,039,509
Utility plant in service	19,707,845	47,973,083	67,680,928
Improvements other than buildings	445,000	-	445,000
Vehicles	170,381	195,206	365,587
Machinery and equipment	646,193	1,001,139	1,647,332
Construction in progress	255,654	1,172,575	1,428,229
Accumulated depreciation	(6,057,380)	(9,172,117)	(15,229,497)
Total capital assets	<u>17,840,102</u>	<u>41,536,986</u>	<u>59,377,088</u>
Total noncurrent assets	<u>17,840,102</u>	<u>41,536,986</u>	<u>59,377,088</u>
Total assets	<u>25,135,049</u>	<u>48,177,800</u>	<u>73,312,849</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	699,280	2,006,536	2,705,816
Deferred outflows related to pensions (Note 8)	151,886	137,307	289,193
Deferred outflows related to other postemployment benefits (Notes 9, 10, and 11)	82,770	90,303	173,073
Total deferred outflows of resources	<u>933,936</u>	<u>2,234,146</u>	<u>3,168,082</u>
LIABILITIES			
Current liabilities			
Accounts payable	257,364	142,925	400,289
Accrued liabilities	23,293	23,444	46,737
Customer deposits	535,570	-	535,570
Accrued interest payable	98,383	320,115	418,498
Bonds - current portion (Note 6)	61,000	27,889	88,889
Capital lease - current portion (Note 6)	3,371	57,824	61,195
Compensated absences - current portion (Note 6)	3,911	4,146	8,057
Total current liabilities	<u>982,892</u>	<u>576,343</u>	<u>1,559,235</u>
Noncurrent liabilities			
Bonds - net of current portion (Note 6)	8,877,000	31,657,368	40,534,368
Capital lease - net of current portion (Note 6)	12,760	17,855	30,615
Compensated absences - net of current portion (Note 6)	35,201	37,312	72,513
Net pension liability (Note 8)	162,703	147,084	309,787
Net other postemployment benefit liability (Notes 9, 10, and 11)	624,278	695,374	1,319,652
Total noncurrent liabilities	<u>9,711,942</u>	<u>32,554,993</u>	<u>42,266,935</u>
Total liabilities	<u>10,694,834</u>	<u>33,131,336</u>	<u>43,826,170</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 8)	12,461	11,265	23,726
Deferred inflows related to other postemployment benefits (Note 9, 10 and 11)	20,538	22,685	43,223
Total deferred inflows of resources	<u>32,999</u>	<u>33,950</u>	<u>66,949</u>
NET POSITION			
Net investment in capital assets	9,585,251	11,782,586	21,367,837
Unrestricted	5,755,901	5,464,074	11,219,975
Total net position	<u>\$ 15,341,152</u>	<u>\$ 17,246,660</u>	<u>\$ 32,587,812</u>

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

TOWN OF PURCELLVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
Year Ended June 30, 2021**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Charges for services and connection fees	\$ 2,151,594	\$ 3,078,277	\$ 5,229,871
Other revenue	11,768	-	11,768
Intergovernmental - Commonwealth	31,997	-	31,997
Miscellaneous	195,790	1,835	197,625
	<u>2,391,149</u>	<u>3,080,112</u>	<u>5,471,261</u>
Total operating revenues			
OPERATING EXPENSES			
Personnel	1,527,612	1,487,378	3,014,990
Plant operations and meter reading	574,194	751,131	1,325,325
Well operations	200,493	-	200,493
Pump station operations	-	44,069	44,069
Depreciation	455,834	766,941	1,222,775
Capital outlay-non-capitalizable expenses	-	23,800	23,800
Other operating expenses	50,548	25,195	75,743
	<u>2,808,681</u>	<u>3,098,514</u>	<u>5,907,195</u>
Total operating expenses			
Operating loss	<u>(417,532)</u>	<u>(18,402)</u>	<u>(435,934)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	7,698	6,876	14,574
Cellular lease income	247,833	-	247,833
Gain on sale of capital assets	-	27,180	27,180
Bond issuance costs	(64,786)	(161,248)	(226,034)
Interest expense	(441,150)	(1,169,435)	(1,610,585)
	<u>(250,405)</u>	<u>(1,296,627)</u>	<u>(1,547,032)</u>
Net non-operating revenues (expenses)			
Loss before contributions	<u>(667,937)</u>	<u>(1,315,029)</u>	<u>(1,982,966)</u>
CAPTIAL CONTRIBUTIONS			
Development donations	1,559,480	2,284,899	3,844,379
Availability fees	643,850	540,000	1,183,850
	<u>1,535,393</u>	<u>1,509,870</u>	<u>3,045,263</u>
Change in net position			
NET POSITION AT JULY 1, AS RESTATED (Note 14)	<u>13,805,759</u>	<u>15,736,790</u>	<u>29,542,549</u>
NET POSITION AT JUNE 30	<u><u>\$ 15,341,152</u></u>	<u><u>\$ 17,246,660</u></u>	<u><u>\$ 32,587,812</u></u>

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

TOWN OF PURCELLVILLE, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,341,570	\$ 3,203,121	\$ 5,544,691
Payments to suppliers	(1,192,332)	(906,025)	(2,098,357)
Payments to and on behalf of employees	(1,415,182)	(1,318,179)	(2,733,361)
Other operating receipts	279,830	-	279,830
Net cash provided by operating activities	13,886	978,917	992,803
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	(2,492,495)	(2,966,115)	(5,458,610)
Proceeds from sale of capital assets	-	27,180	27,180
Developer contributions	1,559,480	2,284,899	3,844,379
Availability fees	643,850	540,000	1,183,850
Bond issuance costs	(64,786)	(161,248)	(226,034)
Retirements of long-term indebtedness	(2,847,110)	(6,568,520)	(9,415,630)
Proceeds from debt issued	2,708,000	6,643,000	9,351,000
Interest expense	(455,595)	(1,257,930)	(1,713,525)
Net cash used in capital and related financing activities	(948,656)	(1,458,734)	(2,407,390)
INVESTING ACTIVITIES			
Investment income	33,549	30,559	64,108
Purchase of investments	(1,430,690)	(2,428,074)	(3,858,764)
Net cash used in investing activities	(1,397,141)	(2,397,515)	(3,794,656)
Net decrease in cash and cash equivalents	(2,331,911)	(2,877,332)	(5,209,243)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	5,617,355	5,442,896	11,060,251
Ending at June 30	\$ 3,285,444	\$ 2,565,564	\$ 5,851,008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating loss	\$ (417,532)	\$ (18,402)	\$ (435,934)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	455,834	766,941	1,222,775
Pension expense net of employer contribution	23,733	21,446	45,179
Other postemployment benefit expense net of employer contribution	94,281	148,834	243,115
Other nonoperating revenues included in operating activities	247,833	-	247,833
(Increase) decrease in:			
Accounts receivable	(50,097)	123,009	72,912
Inventories	7,638	(9,895)	(2,257)
Prepaid items	2,627	(2,165)	462
Increase (decrease) in:			
Accounts payable	(377,362)	(49,770)	(427,132)
Accrued liabilities	(2,152)	2,879	727
Customer deposits	32,515	-	32,515
Compensated absences	(3,432)	(3,960)	(7,392)
Net cash provided by operating activities	\$ 13,886	\$ 978,917	\$ 992,803
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital assets acquired through accounts payable	\$ 223,936	\$ 133,714	\$ 357,650
Decrease in fair value of investments	\$ (25,851)	\$ (23,683)	\$ (49,534)

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

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

The government-wide statement of activities reflects both the gross and net cost per functional category (general government administration; public safety; public works; parks, recreation, and cultural; and community development) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

General Fund

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

Special Revenue Fund

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

Capital Fund

The Capital Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds. The Capital Fund is considered a major fund.

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

D. Cash and Cash Equivalents

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

E. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for doubtful accounts. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$19,617 at June 30, 2021 and is comprised solely of property taxes.

F. Restricted Assets

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

G. Prepaid Items

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

H. Capital Assets

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

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

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

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

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

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

I. Compensated Absences

Vested or accumulated vacation leave is reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. During 2020 and 2021, the Town Manager allowed employees to carry over additional hours, which may have exceeded the maximum due to the COVID-19 pandemic.

J. Unearned revenues

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

K. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts and premiums on debt issuances are reported as other financing uses.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

L. Property Taxes

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

M. Use of Estimates

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

N. Deferred Outflows and Inflows of Resources

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

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

- Deferred charge on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and OPEB; these will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportion and differences between the Town's contributions and its proportionate share of contributions for OPEB are deferred and amortized over the average expected remaining service lives of all employees provided with group life insurance benefits, and may be reported as a deferred inflow or outflow as appropriate
- Differences between projected and actual earnings on pension and OPEB plan investments. These differences will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows and Inflows of Resources (Continued)

- Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

O. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

P. Fund Balance

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

- **Nonspendable** – amounts that are not in spendable form, such as inventory and prepaids;
- **Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- **Committed** – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

- **Assigned** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- **Unassigned** – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

The Town's expenditures exceeded budget in some categories for the year ending June 30, 2021.

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

Q. Pensions/ Other Postemployment Benefits (OPEB)

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

R. Interfund Transfers

There were no interfund transfers as of June 30, 2021.

S. COVID-19 Impact

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

S. COVID-19 Impact (Continued)

The Town's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, the Town's financial condition and liquidity may be negatively impacted for the fiscal year 2022.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

T. Upcoming Pronouncements:

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

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

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

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

In March 2020, the GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates***. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

T. Upcoming Pronouncements (Continued):

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

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

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

Note 2. Deposits and Investments

Deposits

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments (Continued)

Investments

Investment policy

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

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

Type	Fair Value	Credit Rating	Weighted Average Maturity*
Demand Deposits	\$ 14,942,649	N/A	N/A
LGIP	1,084,570	AAAm	0.12
Virginia Investment Pool – NAV Liquidity Pool	3,575,905	AAAm	0.12
Virginia Investment Pool – 1-3 Year High Quality Bond Fund	10,034,790	AA+f/S1	1.83
Cash on Hand	600	N/A	N/A
	<u>\$ 29,638,514</u>		

*Average maturity in years

Reconciliation of deposits and investments to Exhibit 1:

Cash and cash equivalents	\$ 12,803,893
Cash and cash equivalents, restricted	6,799,831
Investments	<u>10,034,790</u>
Total deposits and investments	<u>\$ 29,638,514</u>

Credit risk

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments (Continued)

Concentration of credit risk

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

Interest rate risk

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

Custodial credit risk

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

Restricted cash and cash equivalents

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

Note 3. Service Concession Arrangement

The Town entered into a service concession arrangement with Shaun Alexander Enterprises, Inc. (SAE) on December 30, 2017 for the operation and management of the Fireman’s Field Complex. During fiscal year 2019, the agreement was amended to apply only to the Bush Tabernacle portion of the complex. The agreement entitles SAE to all income, revenues, and receipts from the operation of the facility. The agreement states increases to rates and charges for use of the facility must be mutually agreed upon by both parties. Under the terms of the agreement, SAE is required to pay all costs of operating and maintaining the facility except for costs related to landscaping, parking, and servicing of heating and cooling equipment. In exchange, SAE shall pay the Town a basic monthly payment equal to \$4,000. The facilities were closed starting in April 2020 due to the COVID-19 pandemic and payments during this time were waived. The current agreement is effective through June 30, 2021, and automatically renews each July 1 and thereafter, for a twelve month period unless either the Town or SAE gives written notice to the other of its intent not to renew the contract by December 30 of the preceding year.

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 4. Due from Other Governmental Units

Amounts due from other governmental units are as follows:

Commonwealth of Virginia:	
VDOT	\$ 75,847
Communications tax	18,494
Public Safety Grant	2,212
Fluoride Grant (Water Fund)	5,011
Northern Virginia Transportation Authority-NVTA	42,792
County of Loudoun, Virginia	244,398
	<u>\$ 388,754</u>

Note 5. Capital Assets

Capital asset activity for the year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 4,310,764	\$ -	\$ -	\$ 4,310,764
Construction in progress	1,757,184	1,722,619	161,143	3,318,660
Total capital assets, not being depreciated	6,067,948	1,722,619	161,143	7,629,424
Capital assets, depreciated:				
Buildings and system	12,080,410	-	166,923	11,913,487
Improvements other than buildings	4,754,025	-	-	4,754,025
Machinery and equipment	2,654,033	25,388	344,733	2,334,688
Vehicles	1,286,330	130,187	268,152	1,148,365
Infrastructure	66,325,745	2,205,688	-	68,531,433
Total capital assets being depreciated	87,100,543	2,361,263	779,808	88,681,998
Less accumulated depreciation for:				
Buildings and system	2,776,502	297,837	153,619	2,920,720
Improvements other than buildings	1,955,715	228,880	-	2,184,595
Machinery and equipment	2,287,781	75,720	344,733	2,018,768
Vehicles	783,336	137,805	268,152	652,988
Infrastructure	31,521,705	840,130	-	32,361,835
Total accumulated depreciation	39,325,038	1,580,372	766,504	40,138,906
Total capital assets being depreciated, net	47,778,505	780,891	13,304	48,543,092
Governmental activities capital assets, net	<u>\$ 53,843,453</u>	<u>\$ 2,503,510</u>	<u>\$ 174,447</u>	<u>\$ 56,172,516</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets (Continued)

Business-Type Activities	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 3,039,509	\$ -	\$ -	\$ 3,039,509
Construction in progress	927,980	1,914,885	1,414,636	1,428,229
Total capital assets, not depreciated	3,967,489	1,914,885	1,414,636	4,467,738
Utility plant in service	62,421,912	5,259,016	-	67,680,928
Improvements other than buildings	445,000	-	-	445,000
Vehicles	457,885	-	92,298	365,587
Machinery and equipment	1,619,213	56,995	28,876	1,647,332
Total capital assets, depreciated	64,944,010	5,316,011	121,174	70,138,847
Less accumulated depreciation for:				
Utility plant in service	12,504,269	1,055,416	-	13,559,685
Improvements other than buildings	431,500	13,500	-	445,000
Vehicles	305,104	29,160	92,298	241,966
Machinery and equipment	887,023	124,699	28,876	982,846
Total accumulated depreciation	14,127,896	1,222,775	121,174	15,229,497
Total capital assets, depreciated, net	50,816,114	4,093,236	-	54,909,350
Business-type activities capital assets, net	<u>\$ 54,783,603</u>	<u>\$ 6,008,121</u>	<u>\$ 1,414,636</u>	<u>\$ 59,377,088</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government administration	\$ 303,751
Public safety	81,212
Public works	198,788
Community development	996,621
Total depreciation expense – governmental activities	<u>\$ 1,580,372</u>
Business-type activities	
Water	\$ 455,834
Sewer	766,941
Total depreciation expense – business-type activities	<u>\$ 1,222,775</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,149,000	\$ -	\$ 884,000	\$ 12,265,000	\$ 1,012,000
Notes payable	595,000	-	85,000	510,000	85,000
Issuance premiums	310,981	-	94,915	216,066	81,141
Capital Lease	501,603	-	85,174	416,429	91,360
Compensated absences	476,274	466,843	391,958	551,159	55,116
	<u>\$ 15,032,858</u>	<u>\$ 466,843</u>	<u>\$ 1,541,047</u>	<u>\$ 13,958,654</u>	<u>\$ 1,324,617</u>
Business-type activities:					
General obligation bond	\$ 40,612,322	\$ 9,351,000	\$ 9,356,692	\$ 40,606,630	\$ 88,000
Premium on bonds	50,678	-	34,051	16,627	889
Capital Lease	150,748	-	58,938	91,810	61,195
Compensated absences	87,962	94,550	101,942	80,570	8,057
	<u>\$ 40,901,710</u>	<u>\$ 9,445,550</u>	<u>\$ 9,551,623</u>	<u>\$ 40,795,637</u>	<u>\$ 158,141</u>

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

Governmental Activities					
Fiscal Year	General Obligation Bond		Capital Leases		Notes Payable
	Principal	Interest	Principal	Interest	Principal
2022	\$ 1,012,000	\$ 316,732	\$ 91,360	\$ 26,325	\$ 85,000
2023	1,054,000	278,166	97,999	19,685	85,000
2024	1,116,000	216,810	125,957	12,094	85,000
2025	1,127,000	174,136	101,113	2,984	85,000
2026	1,164,000	133,539	-	-	85,000
2027-2031	4,962,000	391,758	-	-	85,000
2032-2036	1,755,000	86,318	-	-	-
2037-2038	75,000	2,490	-	-	-
	<u>\$ 12,265,000</u>	<u>\$ 1,599,949</u>	<u>\$ 416,429</u>	<u>\$ 61,088</u>	<u>\$ 510,000</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

Fiscal Year	Business-Type Activities			
	General Obligation Bond		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 88,000	\$ 1,077,072	\$ 61,195	\$ 4,497
2023	277,000	1,097,200	7,563	2,141
2024	334,000	1,065,235	13,329	1,403
2025	1,735,352	1,048,971	9,723	388
2026	2,197,509	1,003,233	-	-
2027-2031	11,980,769	4,181,933	-	-
2032-2036	13,444,000	2,711,781	-	-
2037-2038	10,550,000	646,714	-	-
	<u>\$ 40,606,630</u>	<u>\$ 12,832,139</u>	<u>\$ 91,810</u>	<u>\$ 8,429</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

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

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>	
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General obligation bonds:					
Series 2013A & 2013B	2.00-5.00%	2/1/2034	\$ 33,690,000	\$ 2,820,000	\$ -
Series 2017B	3.35%	2/1/2038	16,370,000	700,000	15,245,000
VRA Series 2008	2.77%	3/1/2030	14,449,513	-	8,863,630
Series 2020A GO	1.46%	2/1/2033	4,522,000	3,489,000	730,000
Series 2020B GO	2.00%	2/8/2023	11,801,000	5,256,000	6,417,000
Series 2021 GO	2.69%	8/1/2031	12,265,000	-	9,351,000
				<u>\$ 12,265,000</u>	<u>\$ 40,606,630</u>
Capital leases:					
Combination sewer cleaner	3.29%	1/15/2022	\$ 345,026	\$ -	\$ 54,204
Pickup truck	8.28%	2/1/2024	25,431	17,510	-
Police interceptor	8.19%	3/1/2024	37,552	25,114	-
Sports utility vehicle	8.09%	3/1/2024	23,093	16,131	-
Sports utility vehicle	8.09%	3/1/2024	23,093	-	16,131
Pickup truck	7.55%	5/1/2024	55,349	36,529	-
Pickup truck	7.03%	7/1/2024	55,349	37,964	-
Sports utility vehicle	6.87%	9/1/2024	49,922	35,450	-
Sports utility vehicle	6.91%	10/1/2024	25,130	19,566	-
Sports utility vehicle	7.04%	11/1/2024	29,900	23,482	-
Police interceptor	7.39%	1/1/2025	35,643	27,311	-
Police interceptor	7.39%	1/1/2025	35,643	27,311	-
Pickup truck	7.68%	1/1/2025	27,747	22,374	-
Pickup truck	6.36%	3/1/2025	58,653	46,501	-
Police interceptor	6.06%	3/1/2025	51,102	40,593	-
Police interceptor	6.06%	3/1/2025	51,102	40,593	-
Pickup truck	7.73%	1/1/2025	26,622	-	21,475
				<u>\$ 416,429</u>	<u>\$ 91,810</u>
Notes Payable					
Fireman's Field	0.00%	8/1/2026	\$ 1,700,000	<u>\$ 510,000</u>	<u>\$ -</u>

Assets acquired through capital leases have a carrying value of \$371,187 and \$147,785 for governmental and business-type activities, respectively, as of June 30, 2021. Depreciation expense for assets under capital leases was \$111,662 for governmental activities and \$45,394 for business-type activities.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

In prior years, the Town defeased certain outstanding bonds payable. The proceeds were placed in trust to fund all future debt service payments. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Town's financial statements. At June 30, 2021, the following bonds are considered defeased:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
VRA GO Bond, Series 2008	\$ 2,540,225	\$ 2,670,692	\$ 1,238,603	\$ 3,972,314
GO Public Bond, Series 2013A	19,320,000	1,150,000	380,000	20,090,000
GO Public Bond, Series 2013B	6,535,000	-	-	6,535,000
GO Public Bond, Series 2017	-	4,714,000	-	4,714,000
	<u>\$ 28,395,225</u>	<u>\$ 8,534,692</u>	<u>\$ 1,618,603</u>	<u>\$ 35,311,314</u>

Advanced Refunding of Debt

On March 2, 2021, the Town issued \$9.1 million General Obligation Bonds with an average interest rate of 2.7% to advance refund \$8.5 million of outstanding 2008 VRA DEQ, 2013A and 2017A refunding bonds with an average interest rate of 3.2%. The net proceeds of \$9.4 million (after payment of issuance costs of \$230,000) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 VRA DEQ, 2013A and 2017A bonds. As a result, the 2013A and 2017A Series bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet.

The Town in effect increased its aggregate debt service payments by \$894,552 over the next 18 years with an economic loss (difference between the present values of the old and new debt service payments) of \$277,667.

Note 7. Deferred Property Taxes

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

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Uncollected property tax billings that are unavailable for the funding of current expenditures	\$ -	\$ 190,509
Uncollected property tax billings for 2nd half assessment	1,906,135	1,906,135
Property tax billings collected in advance for 2nd half assessment	<u>(9,129)</u>	<u>(9,129)</u>
	<u>\$ 1,897,006</u>	<u>\$ 2,087,515</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Members</u>
Inactive members or their beneficiaries currently receiving benefits	<u>50</u>
Inactive members:	
Vested inactive members	15
Non-vested inactive members	7
Inactive members active elsewhere in VRS	<u>34</u>
Total inactive members	56
Active members	<u>78</u>
Total covered employees	<u><u>184</u></u>

Contributions

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Contributions (Continued)

The political subdivision's contractually required contribution rate for the year ended June 30, 2021 was 7.54% 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 \$430,887 and \$392,073 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the changes in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public equity	34.00 %	4.65 %	1.58 %
Fixed income	15.00	0.46	0.07
Credit strategies	14.00	5.38	0.75
Real assets	14.00	5.01	0.70
Private equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50
			7.14 %

- * The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2020, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 16,371,393	\$ 15,686,416	\$ 684,977
Changes for the year:			
Service cost	645,719	-	645,719
Interest	1,081,157	-	1,081,157
Differences between expected and actual experience	(142,140)	-	(142,140)
Contributions – employer	-	392,073	(392,073)
Contributions – employee	-	265,112	(265,112)
Net investment income	-	294,282	(294,282)
Benefit payments, including refunds of employee contributions	(708,504)	(708,504)	-
Administrative expenses	-	(10,064)	10,064
Other changes	-	(359)	359
Net changes	876,232	232,540	643,692
Balances at June 30, 2020	\$ 17,247,625	\$ 15,918,956	\$ 1,328,669

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Political subdivision's net pension liability (asset)	\$ 3,668,091	\$ 1,328,669	\$ (604,954)

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$658,147. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 103,362	\$ 101,759
Change in assumptions	221,417	-
Net difference between projected and actual earnings on pension plan investments	484,676	-
Employer contributions subsequent to the measurement date	<u>430,887</u>	<u>-</u>
Total	<u>\$ 1,240,342</u>	<u>\$ 101,759</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

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

The \$430,887 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase to Pension Expense
2022	\$ 203,219
2023	212,396
2024	139,586
2025	152,495
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9. Other Postemployment Benefits Liability – Local Plan

Plan Description

In addition to the pension benefits described in Note 8, the Town administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Benefits Provided (Continued)

VRS retirement eligibility is age 50 with 10 years of service or age 55 with 5 years of service for employees hired prior to July 1, 2010 who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 5 years of service or 90 combined age and service points for other employees.

Employees Covered by Benefit Terms

As of the January 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Members</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	18
Entitled to but not yet receiving benefits	<u>-</u>
Total inactive employees	18
Active plan members	<u>77</u>
	<u><u>95</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$5,483,815 was measured as of June 30, 2021 and was determined based on an actuarial valuation performed as of January 1, 2020.

Actuarial Assumptions and other inputs

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

Inflation	2.50%
Discount rate	2.16%
Salary increases, including inflation	3.50-5.35%
Healthcare cost trend rates	4.00-5.50% over 74 years

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Actuarial Assumptions and other inputs (Continued)

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

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

The actuarial assumptions used in the January 1 2020 valuation were based on the results of an actuarial experience study covering the period from July 1, 2012 to June 30, 2016.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 5,184,494
Changes for the year:	
Service cost	279,511
Interest	119,115
Assumption or other input changes	49,951
Benefit payments	<u>(149,256)</u>
Net changes	<u>299,321</u>
Balance at June 30, 2021	<u><u>\$ 5,483,815</u></u>

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
Total OPEB liability	<u>\$ 6,626,092</u>	<u>\$ 5,483,815</u>	<u>\$ 4,592,018</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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

	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB liability	\$ 4,379,306	\$ 5,483,815	\$ 6,994,538

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$459,995. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 542,382	\$ 172,390
Differences between expected and actual experience	105,543	-
	<u>\$ 647,925</u>	<u>\$ 172,390</u>

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

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2022	\$ 61,369
2023	61,369
2024	61,369
2025	61,369
2026	61,369
Thereafter	168,690

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

Plan 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 plan.

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, 2021 Contribution	\$29,966
June 30, 2020 Contribution	\$26,544

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the net OPEB liabilities, was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2021 proportionate share of liability	\$451,754
June 30, 2020 proportion	0.02707%
June 30, 2019 proportion	0.02568%
June 30, 2021 expense	\$22,326

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, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,976	\$ 4,057
Change in assumptions	22,593	9,433
Net difference between projected and actual earnings on OPEB plan investments	13,570	-
Changes in proportion	31,859	8,168
Employer contributions subsequent to the measurement date	29,966	-
Total	<u>\$ 126,964</u>	<u>\$ 21,658</u>

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

Group Life Insurance Program

Year Ended June 30,	Increase to OPEB Expense
2022	\$ 11,903
2023	15,735
2024	18,738
2025	19,986
2026	7,941
Thereafter	1,037

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Actuarial Assumptions and Other Inputs (Continued)

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,523,937
Plan fiduciary net position	1,855,102
Employers' net OPEB liability (asset)	\$ 1,668,835
Plan fiduciary net position as a percentage of total OPEB liability	52.64%

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

Long-Term Expected Rate of Return

Group Life Insurance

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

(Continued)

TOWN OF PURCELLVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investments Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.14 %

- * The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

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

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 593,865	\$ 451,754	\$ 336,346

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11. Summary of Other Postemployment Benefit Elements

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

Deferred outflows of resources – OPEB	
Changes in proportion	
VRS-Group Life Insurance	\$ 31,859
Employer contributions subsequent to the measurement date	
VRS-Group Life Insurance	29,966
Difference between expected and actual experience	
Local Plan	105,543
VRS-Group Life Insurance	28,976
Net difference between projected and actual earnings on OPEB plan investments	
VRS-Group Life Insurance	13,570
Change in assumptions	
Local Plan	542,382
VRS-Group Life Insurance	22,593
Total deferred outflow of resources – OPEB	<u>\$ 774,889</u>
Net OPEB liability	
Local Plan	\$ 5,483,815
VRS-Group Life Insurance	<u>451,754</u>
Total net OPEB liability	<u>\$ 5,935,569</u>

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Deferred inflows of resources – OPEB	
Differences between expected and actual experience	
VRS-Group Life Insurance	\$ 4,057
Change in assumptions	
Local Plan	172,390
VRS-Group Life Insurance	9,433
Changes in proportion	
VRS-Group Life Insurance	8,168
	<hr/>
Total deferred inflow of resources – OPEB	\$ 194,048
	<hr/>
OPEB Expense	
Local Plan	\$ 459,995
VRS-Group Life Insurance	22,326
	<hr/>
Total expense – OPEB	\$ 482,321
	<hr/>

Note 12. Risk Management

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

The Town is named in lawsuits and expects most claims will be covered by insurance.

The Town continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years, excluding FY20. In FY20, the town had to pay out of pocket to settle these lawsuits. Nothing has been paid out of pocket in FY21.

(Continued)

TOWN OF PURCELLVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 13. Commitments and Contingencies

Federal and State-Assisted Programs

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

Construction commitments

At June 30, 2021, the Town was contractually obligated for \$973,466 to complete various construction projects within the Town, \$850,416 in the capital projects fund and \$123,050 in the water fund. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal, and state funding.

Note 14. Prior Period Adjustment

Prior period adjustment for developer contributions in the prior year was as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net position, June 30, 2020, as previously reported	\$ 43,280,154	\$ 26,984,945	\$ 12,016,071	\$ 14,968,874
Developer Contributions	<u>1,346,741</u>	<u>2,557,604</u>	<u>1,789,688</u>	<u>767,916</u>
Net position, June 30, 2020, as restated	<u>\$ 44,626,895</u>	<u>\$ 29,542,549</u>	<u>\$ 13,805,759</u>	<u>\$ 15,736,790</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 935,550	\$ 4,030,394	\$ 4,083,384	\$ 52,990
Other local taxes	1,242,114	5,106,364	5,516,628	410,264
Permits, privilege fees, and regulatory licenses	67,810	251,360	266,885	15,525
Fines and forfeitures	11,025	52,100	63,386	11,286
Revenue from use of property	6,750	27,000	27,000	-
Investment income	18,750	75,000	5,609	(69,391)
Miscellaneous	22,300	35,700	52,550	16,850
Intergovernmental				
Commonwealth	294,537	1,200,763	1,170,247	(30,516)
Federal	-	1,492,130	1,742,084	249,954
Total revenues	<u>2,598,836</u>	<u>12,270,811</u>	<u>12,927,773</u>	<u>656,962</u>
EXPENDITURES				
Current				
General government administration	887,284	5,166,508	4,972,625	193,883
Public safety	736,873	2,837,123	1,946,893	890,230
Public works	708,963	2,378,647	1,987,882	390,765
Community development	108,267	1,335,054	1,123,139	211,915
Capital outlay	32,500	280,684	135,559	145,125
Debt service				
Principal retirement	188,750	754,999	969,174	(214,175)
Interest and other fiscal charges	122,327	489,306	326,501	162,805
Total expenditures	<u>2,784,964</u>	<u>13,242,321</u>	<u>11,461,773</u>	<u>1,780,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,128)</u>	<u>(971,510)</u>	<u>1,466,000</u>	<u>2,437,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>186,128</u>	<u>971,510</u>	<u>-</u>	<u>(971,510)</u>
Total other financing sources (uses)	<u>186,128</u>	<u>971,510</u>	<u>-</u>	<u>(971,510)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,466,000</u>	<u>\$ 1,466,000</u>

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

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PARKS & RECREATION FUND
Year Ended June 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 105,886	\$ 455,369	\$ 461,224	\$ 5,855
Permits, privilege fees, and regulatory licenses	-	-	300	300
Revenue from use of property	12,000	30,000	-	(30,000)
Miscellaneous	14,328	20,928	3,400	(17,528)
Intergovernmental				
Commonwealth	1,250	5,000	-	(5,000)
Total revenues	133,464	511,297	464,924	(46,373)
EXPENDITURES				
Current				
Parks, recreation, and cultural	120,997	510,432	365,640	144,792
Debt service				
Principal retirement	21,250	85,000	85,000	-
Interest and other fiscal charges	5,467	21,866	21,866	-
Total expenditures	147,714	617,298	472,506	144,792
Excess (deficiency) of revenues over (under) expenditures	(14,250)	(106,001)	(7,582)	98,419
OTHER FINANCING SOURCES				
Transfers in	14,250	106,001	-	(106,001)
Total other financing sources (uses)	14,250	106,001	-	(106,001)
Net change in fund balance	\$ -	\$ -	\$ (7,582)	\$ (7,582)

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

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
 PRIMARY GOVERNMENT
 June 30, 2021

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

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

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

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

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
June 30, 2021

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

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available.

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

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND
RELATED RATIOS - LOCAL PLAN
June 30, 2021

	Plan Year			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 279,511	\$ 229,310	\$ 191,276	\$ 204,974
Interest on total OPEB liability	119,115	160,700	155,405	140,295
Differences between expected and actual experience	-	132,605	-	-
Changes in assumptions	49,951	372,745	290,118	(273,794)
Benefit payments	(149,256)	(144,714)	(54,106)	(47,156)
Net change in total OPEB liability	299,321	750,646	582,693	24,319
Total OPEB liability - beginning	<u>5,184,494</u>	<u>4,433,848</u>	<u>3,851,155</u>	<u>3,826,836</u>
Total OPEB liability - ending	<u>\$ 5,483,815</u>	<u>\$ 5,184,494</u>	<u>\$ 4,433,848</u>	<u>\$ 3,851,155</u>
Covered employee payroll	<u>\$ 5,529,749</u>	<u>\$ 5,529,749</u>	<u>\$ 4,540,991</u>	<u>\$ 4,540,991</u>
Total OPEB liability as a percentage of covered payroll	<u>99%</u>	<u>94%</u>	<u>98%</u>	<u>85%</u>

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

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

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
June 30, 2021

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

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

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

TOWN OF PURCELLVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – VRS GLI
June 30, 2021

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

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

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

TOWN OF PURCELLVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

Note 1. Budgets and Budgetary Accounting

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

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

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

Pension

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

Other Postemployment Benefits (OPEB)

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

TOWN OF PURCELLVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 775,580	\$ 3,334,075	\$ 3,379,385	\$ 45,310
Personal property taxes	151,970	661,319	670,762	9,443
Penalties and interest	8,000	35,000	33,237	(1,763)
Total general property taxes	935,550	4,030,394	4,083,384	52,990
Other local taxes:				
Local sales and use taxes	304,263	1,308,053	1,425,820	117,767
Cigarette taxes	51,898	204,793	222,166	17,373
Business license taxes	201,607	810,000	847,344	37,344
Utility license taxes	55,000	220,000	216,085	(3,915)
Franchise taxes	85,000	360,000	364,986	4,986
Meals tax	541,346	2,191,518	2,429,322	237,804
Other local taxes	3,000	12,000	10,905	(1,095)
Total other local taxes	1,242,114	5,106,364	5,516,628	410,264
Permits, privilege fees, and regulatory licenses:				
Motor vehicle license fees	42,500	180,000	178,255	(1,745)
Zoning fees	20,000	50,000	47,440	(2,560)
Right of way usage fees	5,250	21,000	41,190	20,190
Other permit fees	60	360	-	(360)
Total permits, privilege fees, and regulatory licenses	67,810	251,360	266,885	15,525
Fines and forfeitures:				
Police fines	11,025	52,100	63,386	11,286
Total fines and forfeitures	11,025	52,100	63,386	11,286
Revenue from use of property:	6,750	27,000	27,000	-
Investment income:	18,750	75,000	5,609	(69,391)
Miscellaneous:				
Insurance reimbursement	10,000	-	973	973
Proceeds from sales of property	7,525	15,000	27,537	12,537
Local grant & awards	2,125	4,000	-	(4,000)
Community events sign	300	1,300	295	(1,005)
Public Works reimbursement from others	1,250	8,800	15,846	7,046
Miscellaneous	1,100	6,600	7,899	1,299
Total miscellaneous	22,300	35,700	52,550	16,850
Total revenue from local sources	2,304,299	9,577,918	10,015,442	437,524

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	32,500	130,000	118,569	(11,431)
Personal property tax relief funds	50,438	201,753	201,753	-
Total noncategorical aid	82,938	331,753	320,322	(11,431)
Categorical aid:				
Shared expenses:				
Aid to Police	28,539	118,600	128,022	9,422
Total shared expenses	28,539	118,600	128,022	9,422
Other categorical aid:				
Arts grant	1,125	20,000	3,750	(16,250)
Other categorical aid	2,000	8,200	6,154	(2,046)
Fire program funds	6,500	26,000	29,448	3,448
Highway maintenance funds	172,685	693,010	679,182	(13,828)
Litter control grant	750	3,200	3,369	169
Total other categorical aid	183,060	750,410	721,903	(28,507)
Total categorical aid	211,599	869,010	849,925	(19,085)
Total revenue from the Commonwealth	294,537	1,200,763	1,170,247	(30,516)
Revenue from the federal government:				
Categorical aid:				
Law enforcement funds	-	28,266	37,930	9,664
CARES Act Funding	-	1,463,864	1,704,154	240,290
Total categorical aid	-	1,492,130	1,742,084	249,954
Total revenue from the federal government	-	1,492,130	1,742,084	249,954
Total intergovernmental	294,537	2,692,893	2,912,331	219,438
Total General Fund	\$ 2,598,836	\$ 12,270,811	\$ 12,927,773	\$ 656,962
Parks and Recreation Fund:				
Revenue from local sources:				
General property taxes:				
Real property - special tax district	\$ 105,761	\$ 454,969	\$ 460,927	\$ 5,958
Penalties and interest	125	400	297	(103)
Total general property taxes	105,886	455,369	461,224	5,855
Permits, privilege fees, and regulatory licenses:	-	-	300	300

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous:				
Donations	125	500	185	(315)
Miscellaneous	26,203	50,428	3,215	(47,213)
Total miscellaneous	26,328	50,928	3,400	(47,528)
Total revenue from local sources	132,214	506,297	464,924	(41,373)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	1,250	5,000	-	(5,000)
Total revenue from the Commonwealth	1,250	5,000	-	(5,000)
Total intergovernmental	1,250	5,000	-	(5,000)
Total Parks and Recreation Fund	\$ 133,464	\$ 511,297	\$ 464,924	\$ (46,373)
Capital Fund:				
Revenue from local sources:				
Investment income:	\$ -	\$ -	\$ 2,518	\$ 2,518
Miscellaneous:				
Proffers	3,750	395,517	-	(395,517)
Total miscellaneous	3,750	395,517	-	(395,517)
Total revenue from local sources	3,750	395,517	2,518	(392,999)
Intergovernmental:				
Revenue from local governments:				
Loudoun County contribution	97,775	1,133,826	301,100	(832,726)
NVT A	83,537	2,235,924	728,036	(1,507,888)
Total revenue from local governments	181,312	3,369,750	1,029,136	(2,340,614)
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grants	87,288	2,818,709	750,996	(2,067,713)
Total revenue from the Commonwealth	87,288	2,818,709	750,996	(2,067,713)

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenue from the federal government:				
Categorical aid:				
Highway planning and construction	-	792,919	44,529	(748,390)
Total categorical aid	-	792,919	44,529	(748,390)
Total revenue from the federal government	-	792,919	44,529	(748,390)
Total intergovernmental	268,600	6,981,378	1,824,661	(5,156,717)
Total General Capital Improvements Fund	\$ 272,350	\$ 7,376,895	\$ 1,827,179	\$ (5,549,716)
Total Primary Government	\$ 3,004,650	\$ 20,159,003	\$ 15,219,876	\$ (4,939,127)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Fund				
General government administration:				
Legislative:				
Town Council	\$ 19,975	\$ 79,899	\$ 74,243	\$ 5,656
General and financial administration:				
Administration	363,985	3,172,094	3,169,852	2,242
Legal services	19,000	76,000	29,460	46,540
Financial administration	19,750	79,000	60,367	18,633
Information technology	125,375	517,026	484,297	32,729
Finance	272,907	1,125,540	1,087,125	38,415
Retiree benefits	17,179	68,716	67,281	1,435
Contingency-Operating Reserve	50,363	53,233	-	53,233
Total general and financial administration	868,559	5,091,609	4,898,382	193,227
Total general government administration	888,534	5,171,508	4,972,625	198,883
Public safety:				
Law enforcement and traffic control:				
Police department	722,088	2,916,600	1,963,033	953,567
Fire and rescue services:				
Fire department	18,535	74,140	74,448	(308)
Ambulance and rescue services	11,250	45,000	45,000	-
Total fire and rescue services	29,785	119,140	119,448	(308)
Total public safety*	751,873	3,035,740	2,082,481	953,259
Public works:				
Highways, streets, bridges and sidewalks	190,971	1,198,768	949,618	249,150
Administration	(151,168)	174,972	169,066	5,906
General properties	373,816	486,974	283,394	203,580
Refuse	147,500	590,000	585,804	4,196
Total public works	561,119	2,450,714	1,987,882	462,832
Community development:				
Planning and community development:				
Planning commission	3,437	13,749	12,856	893
Board of zoning and appeals	25	100	-	100
Board of architectural review	942	3,768	3,230	538
Engineering Planning and Development	258,732	1,285,537	1,095,716	189,821
Total planning and community development	263,136	1,303,154	1,111,802	191,352
Environmental management:	2,000	8,000	1,366	6,634
Economic development:	2,225	8,900	1,350	7,550
Arts:	5,000	20,000	8,592	11,408
Total community development*	272,361	1,340,054	1,123,110	216,944

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt service:				
Principal retirement	188,750	754,999	969,174	(214,175)
Interest and other fiscal charges	122,327	489,306	326,501	162,805
Total debt service	311,077	1,244,305	1,295,675	(51,370)
Total General Fund	\$ 2,784,964	\$ 13,242,321	\$ 11,461,773	\$ 1,780,548
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Management	\$ 54,810	\$ 219,232	\$ 204,129	\$ 15,103
Train station	11,509	51,290	25,378	25,912
Programs	20,350	88,358	42,565	45,793
Firemans Field	27,250	143,859	93,339	50,520
Tree commission	625	2,500	230	2,270
Contingency-Operating Reserve	6,453	5,193	-	5,193
Total parks, recreation, and cultural	120,997	510,432	365,641	144,791
Debt service:				
Principal retirement and interest	21,250	85,000	85,000	-
Interest and other fiscal charges	5,467	21,866	21,866	-
Total debt service	26,717	106,866	106,866	-
Total Parks and Recreation Fund	\$ 147,714	\$ 617,298	\$ 472,507	\$ 144,791
Capital Fund:				
Capital projects expenditures:				
General capital projects	\$ -	\$ 11,953	\$ -	\$ 11,953
Financial software upgrade	-	94,641	-	94,641
Hirst Farm pond	-	524,796	-	524,796
Main and Maple improvements	-	956,043	44,529	911,514
A Street trail	-	278,254	-	278,254
12th Street improvements	-	1,779,548	106,884	1,672,664
32nd and Main Street improvements	60,825	1,042,656	27,580	1,015,076
Hatcher Avenue improvements	7,500	442,817	108,760	334,057
LVHS/Sutton path	22,775	272,717	132,611	140,106
Bush Tabernacle	75,000	300,000	-	300,000
Police Facility	-	168,264	28,299	139,965
Nursery Avenue drain improvement	106,250	1,933,844	1,273,956	659,888
Outdoor Stage	-	44,125	-	44,125
Total capital projects	272,350	7,849,658	1,722,619	6,127,039
Total General Capital Improvements Fund	272,350	7,849,658	1,722,619	6,127,039
Total Primary Government	\$ 3,205,028	\$ 21,709,277	\$ 13,656,899	\$ 8,052,378

*includes captial outlay items

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
WATER FUND
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Water fees	\$ 568,130	\$ 2,318,042	\$ 2,146,553	\$ (171,489)
Water meter fees	1,049	3,625	5,041	1,416
Intergovernmental - Commonwealth	-	-	31,997	31,997
Miscellaneous income	250	159,127	195,790	36,663
Penalties and interest	7,000	28,000	-	(28,000)
Grants Revenue	-	11,768	11,768	-
Total operating revenues	576,429	2,520,562	2,391,149	(129,413)
Operating expenses:				
Personnel:				
Water staff	163,521	663,824	617,726	46,098
Overtime	7,750	31,000	34,833	(3,833)
Health insurance	31,485	125,941	98,637	27,304
Retirement	14,034	57,100	168,019	(110,919)
Workers' compensation	3,528	14,309	15,146	(837)
Payroll taxes	13,283	53,736	49,385	4,351
Life insurance	2,223	9,022	7,924	1,098
Disability insurance	782	3,179	1,616	1,563
Deferred compensation match	910	3,640	2,780	860
Utility chargeback	123,691	494,764	513,426	(18,662)
Retiree Health Benefit	4,762	19,048	18,120	928
Plant operations and meter reading:				
Electricity	4,000	16,000	13,371	2,629
Communications	3,250	13,000	12,815	185
Supplies	9,313	37,250	24,210	13,040
Lab equipment	1,125	4,500	3,379	1,121
Contracts	24,800	99,200	104,918	(5,718)
Uniforms	1,775	7,100	8,170	(1,070)
Safety	1,913	7,650	955	6,695
Sludge disposal	3,750	15,000	4,480	10,520
Cross connections	500	2,000	-	2,000
Plant repairs	8,500	34,000	11,573	22,427
Water line repairs	7,500	30,000	41,485	(11,485)
Leak detection	625	2,500	-	2,500
Meter repairs, tools and equipment	3,875	26,750	30,447	(3,697)
New water meters	1,125	4,500	3,916	584
Hardware and computer supplies	1,000	4,000	-	4,000
Chemicals - plant	6,000	24,000	25,916	(1,916)
Permits	2,375	9,500	8,421	1,079
GIS layers	3,000	12,000	1,724	10,276
Advertisements	125	500	-	500
Water samples	4,854	19,416	14,280	5,136
Training	1,500	6,000	2,104	3,896
Dues and subscriptions	225	900	651	249
General expenses	375	1,500	390	1,110
Postage/mailings	1,000	4,000	762	3,238
Professional services	26,600	106,400	50,959	55,441
Watershed management	5,000	20,000	4,961	15,039
Filter Rehabilitation	6,750	27,000	-	27,000
Grant Funded Expenditures	-	11,768	11,800	(32)
Software Maint Services	-	-	4,975	(4,975)

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
WATER FUND

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Forestry management	625	2,500	-	2,500
Environmental compliance	375	1,500	716	784
Mowing	1,625	6,500	1,750	4,750
Administrative supplies	75	300	71	229
Water department emergency	63	250	-	250
Purchased water	12,500	50,000	33,481	16,519
New equipment and tools	10,000	40,000	37,294	2,706
Leased/rented equipment	800	3,200	1,852	1,348
Vehicle repairs and maintenance	2,174	8,695	2,321	6,374
Propane	3,750	15,000	11,705	3,295
Nutrient Credit Development	-	-	50,119	(50,119)
Generator maintenance	3,750	15,000	6,438	8,562
Long range planning	5,000	52,874	32,235	20,639
Pest control	-	-	100	(100)
Vehicle fuel	2,000	8,000	8,825	(825)
Public information/education	500	2,000	625	1,375
Well operations:				
Electricity	14,500	58,000	56,006	1,994
Telephone	375	1,500	1,560	(60)
Supplies	-	-	611	(611)
Contracts	3,125	12,500	3,027	9,473
Plant repairs	6,250	25,000	17,629	7,371
Spare parts	7,313	29,250	21,692	7,558
Repairs	7,500	30,000	24,321	5,679
Chemicals	5,250	21,000	11,913	9,087
Carbon change-out	6,000	24,000	24,712	(712)
Water samples	875	3,500	3,493	7
New equipment and tools	6,250	25,000	19,148	5,852
Propane	-	-	-	-
Well rehabilitation	6,500	26,000	16,381	9,619
Depreciation	-	-	455,834	(455,834)
Capital outlay	31,000	1,760,894	-	1,760,894
Other operating expenses	19,463	108,670	50,548	58,122
Total operating expenses	654,462	4,353,130	2,808,681	1,544,449
Operating income (loss)	(78,033)	(1,832,568)	(417,532)	1,415,036
Nonoperating revenues (expenses):				
Investment income	20,000	86,000	7,698	(78,302)
Cellular lease	46,250	180,000	247,833	67,833
Retirement of debt	(95,375)	(381,500)	-	381,500
Bond issuance costs	-	-	(64,786)	(64,786)
Interest expense	(69,757)	(279,028)	(441,150)	(162,122)
Total nonoperating revenues (expenses)	(98,882)	(394,528)	(250,405)	144,123
Income (loss) before operating transfers and contributions	(176,915)	(2,227,096)	(667,937)	1,559,159
Other financing sources (uses):				
Contributed capital - developer donations	-	-	1,559,480	1,559,480
Contributed capital - availability fees	164,182	579,465	643,850	64,385
Contingency-Operating Reserve	(3,804)	(112,708)	-	112,708
Total other financing sources (uses)	160,378	466,757	2,203,330	1,736,573
Change in net position	\$ (16,537)	\$ (1,760,339)	\$ 1,535,393	\$ 3,295,732

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
SEWER FUND
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Sewer fees	\$ 785,716	\$ 3,193,684	\$ 3,073,236	\$ (120,448)
Sewer meter fees	1,049	3,625	5,041	1,416
Penalties and interest	7,000	28,000	-	(28,000)
Miscellaneous income	1,250	5,300	1,835	(3,465)
Total operating revenues	795,015	3,230,609	3,080,112	(150,497)
Operating expenses:				
Personnel:				
Sewer staff	143,316	579,192	597,650	(18,458)
Overtime - Sewer	8,125	32,500	31,686	814
Health insurance	24,412	97,646	111,887	(14,241)
Retirement	12,298	49,780	215,485	(165,705)
Workers' compensation	1,399	5,651	5,562	89
Payroll taxes	11,742	47,336	46,464	872
Deferred compensation match	780	3,120	2,620	500
Life insurance	1,948	7,871	7,160	711
Disability insurance	726	2,942	1,267	1,675
Retiree Health Benefit	1,931	7,722	10,158	(2,436)
Utility chargeback	123,691	494,764	457,439	37,325
Plant operations:				
Electricity	39,000	156,000	150,491	5,509
Telephone	2,500	10,000	15,550	(5,550)
Plant supplies	4,125	16,500	25,277	(8,777)
Contracts	12,664	50,657	45,200	5,457
Permits	6,250	25,000	12,006	12,994
Uniforms	1,875	7,500	8,740	(1,240)
Plant repairs	2,500	10,000	14,995	(4,995)
Sewer line repairs	12,500	50,000	43,328	6,672
Safety	3,000	12,000	1,425	10,575
Lab supplies	7,774	31,097	27,107	3,990
New equipment and tools	13,614	75,061	75,915	(854)
Sludge removal	8,500	34,000	20,425	13,575
Chemicals	27,500	108,890	88,350	20,540
Lab certification	675	2,700	2,444	256
Sample analysis	1,522	7,197	6,476	721
Computer operations	1,250	5,000	439	4,561
GIS layers	3,000	12,000	1,724	10,276
Waste disposal	500	2,000	626	1,374
Meter repairs, tools, and equipment	6,688	26,750	30,447	(3,697)
New water meters	1,125	4,500	3,916	584
Equipment - plant	15,000	60,000	67,804	(7,804)
Vehicle repairs	625	2,500	1,416	1,084
Dues and subscriptions	500	2,000	160	1,840

(Continued)

SCHEDULE 4 (Continued)

TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL

SEWER FUND

Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Leased/Rented Equipment	1,500	6,000	30,065	(24,065)
Advertisements	250	1,000	-	1,000
Training	1,750	7,000	2,781	4,219
Postage/mailings	-	-	818	(818)
Other expenses	625	2,500	181	2,319
Professional services	8,000	32,000	8,712	23,288
Mowing	375	1,500	808	692
Environmental compliance	2,250	9,000	-	9,000
Sewer department emergency	750	3,000	-	3,000
Administrative supplies	150	600	237	363
Generator maintenance	1,250	86,200	51,841	34,359
Long range planning	19,650	11,941	4,560	7,381
Pest control	-	-	100	(100)
Vehicle fuel	1,375	5,500	4,167	1,333
Cleaning	750	3,000	2,600	400
Pump station operations:				
Electricity	2,825	11,300	15,725	(4,425)
Telephone	625	2,500	1,560	940
Repairs	1,875	7,500	2,693	4,807
Contracts	1,875	7,500	6,416	1,084
Equipment	6,250	25,000	15,548	9,452
Propane	625	2,500	2,127	373
Depreciation	-	-	766,941	(766,941)
Capital outlay	27,500	1,629,776	23,800	1,605,976
Other operating expenses	19,575	85,660	25,195	60,465
Total operating expenses	602,880	3,980,853	3,098,514	882,339
Operating income (loss)	192,135	(750,244)	(18,402)	731,842
Nonoperating revenues (expenses):				
Investment income	18,750	80,000	6,876	(73,124)
Gain on sale of capital assets	425	-	27,180	27,180
Retirement of debt	(100,000)	(400,000)	-	400,000
Bond issuance costs	-	-	(161,248)	(161,248)
Interest expense	(253,348)	(1,013,393)	(1,169,435)	(156,042)
Total nonoperating revenues (expenses)	(334,173)	(1,333,393)	(1,296,627)	36,766
Income (loss) before operating transfers and contributions	(142,038)	(2,083,637)	(1,315,029)	768,608
Other financing sources (uses):				
Contributed capital - developer donations	-	-	2,284,899	2,284,899
Contributed capital - availability fees	42,992	486,000	540,000	54,000
Contingency-Operating Reserve	(36,108)	(62,345)	-	62,345
Total other financing sources (uses)	6,884	423,655	2,824,899	2,401,244
Change in net position	\$ (135,154)	\$ (1,659,982)	\$ 1,509,870	\$ 3,169,852

TOWN OF PURCELLVILLE, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL FUND
Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 2,518	\$ 2,518
Miscellaneous	3,750	395,517	-	(395,517)
Intergovernmental				
Local government	181,312	3,369,750	1,029,136	(2,340,614)
Commonwealth	87,288	2,818,709	750,996	(2,067,713)
Federal	-	792,919	44,529	(748,390)
Total revenues	272,350	7,376,895	1,827,179	(5,549,716)
EXPENDITURES				
Capital outlay	272,350	7,849,658	1,722,619	6,127,039
Excess (deficiency) of revenues over (under) expenditures	-	(472,763)	104,560	577,323
OTHER FINANCING SOURCES (USES)				
Transfers in	-	472,763	-	(472,763)
Total other financing sources (uses)	-	472,763	-	(472,763)
Net change in fund balance	\$ -	\$ -	\$ 104,560	\$ 104,560

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

STATISTICAL SECTION

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

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

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

TABLE 1

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 33,175,084	\$ 33,837,613	\$ 34,615,139	\$ 35,096,434	\$ 35,336,103	\$ 34,948,299	\$ 36,103,203	\$ 36,541,656	\$ 38,353,880	\$ 43,165,963
Restricted	-	2,546,527	1,992,726	989,533	548,493	723,338	1,701,564	2,608,858	1,959,705	1,519,909
Unrestricted	4,712,380	3,450,049	3,445,511	3,890,599	4,480,445	5,909,479	3,153,671	2,916,735	2,966,569	4,647,148
Total governmental activities net position	<u>\$ 37,887,464</u>	<u>\$ 39,834,189</u>	<u>\$ 40,053,376</u>	<u>\$ 39,976,566</u>	<u>\$ 40,365,041</u>	<u>\$ 41,581,116</u>	<u>\$ 40,958,438</u>	<u>\$ 42,067,249</u>	<u>\$ 43,280,154</u>	<u>\$ 49,333,020</u>
Business-type activities										
Net investment in capital assets	\$ 14,149,999	\$ 14,345,188	\$ 13,902,748	\$ 12,826,291	\$ 12,328,265	\$ 11,835,787	\$ 14,617,526	\$ 13,968,289	\$ 14,060,553	\$ 21,367,837
Unrestricted	7,260,056	3,893,882	4,189,021	5,718,797	6,525,057	10,910,592	11,562,432	13,248,155	12,924,392	11,219,975
Total business-type activities net position	<u>\$ 21,410,055</u>	<u>\$ 18,239,070</u>	<u>\$ 18,091,769</u>	<u>\$ 18,545,088</u>	<u>\$ 18,853,322</u>	<u>\$ 22,746,379</u>	<u>\$ 26,179,958</u>	<u>\$ 27,216,444</u>	<u>\$ 26,984,945</u>	<u>\$ 32,587,812</u>
Primary government										
Net investment in capital assets	\$ 47,325,083	\$ 48,182,801	\$ 48,517,887	\$ 47,922,725	\$ 47,664,368	\$ 46,784,086	\$ 50,720,729	\$ 50,509,945	\$ 52,414,433	\$ 64,533,800
Restricted	-	2,546,527	1,992,726	989,533	548,493	723,338	1,701,564	2,608,858	1,959,705	1,519,909
Unrestricted	11,972,436	7,343,931	7,634,532	9,609,396	11,005,502	16,820,071	14,716,103	16,164,890	15,890,961	15,867,123
Total primary government net position	<u>\$ 59,297,519</u>	<u>\$ 58,073,259</u>	<u>\$ 58,145,145</u>	<u>\$ 58,521,654</u>	<u>\$ 59,218,363</u>	<u>\$ 64,327,495</u>	<u>\$ 67,138,396</u>	<u>\$ 69,283,693</u>	<u>\$ 70,265,099</u>	<u>\$ 81,920,832</u>

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

TABLE 2

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 3,214,457	\$ 3,100,979	\$ 2,923,193	\$ 2,763,529	\$ 2,815,863	\$ 2,942,494	\$ 3,437,040	\$ 3,378,091	\$ 4,083,075	\$ 5,409,541
Public safety	1,809,443	1,916,652	1,919,119	1,947,552	2,122,003	2,238,136	2,302,104	2,584,402	2,643,488	2,098,663
Public works	2,802,812	3,478,574	3,472,819	2,978,601	3,537,166	3,240,338	2,227,327	2,525,765	2,868,524	2,224,500
Parks, recreation, and cultural	94,152	68,927	265,740	341,526	284,991	288,865	422,519	279,894	312,666	373,998
Community development	1,666,302	1,708,045	1,858,057	1,957,359	1,993,482	2,085,427	2,015,654	1,297,069	1,399,905	2,143,612
Interest on long-term debt	682,642	742,904	833,107	652,262	624,740	599,827	643,001	470,275	468,726	309,239
Total governmental activities expenses	10,269,808	11,016,081	11,272,035	10,640,829	11,378,245	11,395,087	11,047,645	10,535,496	11,776,384	12,559,553
Business-type activities:										
Water	2,045,177	4,227,361	2,116,235	2,536,825	2,213,759	2,173,568	3,008,206	2,894,441	2,973,565	3,314,617
Sewer	3,051,529	3,023,902	3,336,116	3,105,398	3,246,210	3,310,332	3,856,998	3,690,481	3,845,912	4,429,197
Total business-type activities expenses	5,096,706	7,251,263	5,452,351	5,642,223	5,459,969	5,483,900	6,865,204	6,584,922	6,819,477	7,743,814
Total primary government expenses	\$ 15,366,514	\$ 18,267,344	\$ 16,724,386	\$ 16,283,052	\$ 16,838,214	\$ 16,878,987	\$ 17,912,849	\$ 17,120,418	\$ 18,595,861	\$ 20,303,367
Program Revenues										
Governmental activities:										
Charges for services:										
General government	154,275	149,973	153,981	145,791	146,961	154,425	167,457	181,409	176,334	178,255
Public safety	73,046	84,156	64,947	57,326	42,844	61,696	58,302	50,466	45,866	63,386
Public works	-	-	-	-	-	-	-	-	-	300
Community development	81,782	102,822	217,668	161,370	143,284	158,169	127,221	91,765	113,099	88,630
Operating grants and contributions	736,855	739,275	789,086	798,187	812,838	957,708	825,145	1,229,911	1,210,658	1,208,177
Capital grants and contributions	2,082,699	2,974,978	1,862,645	755,462	1,277,717	1,181,722	1,642,735	368,774	1,866,644	3,869,206
Total governmental activities program revenues	3,128,657	4,051,204	3,088,327	1,918,136	2,423,644	2,513,720	2,820,860	1,922,325	3,412,601	5,407,954
Business-type activities:										
Charges for services:										
Water	\$ 1,933,357	\$ 1,996,566	\$ 2,062,128	\$ 2,085,958	\$ 2,072,275	\$ 2,135,053	\$ 2,179,702	\$ 2,195,929	\$ 2,336,437	\$ 2,391,149
Sewer	2,224,268	2,386,434	2,652,841	2,603,688	2,716,078	2,918,681	3,022,056	3,073,423	3,191,709	3,080,112
Operating grants and contributions	-	33,237	29,368	28,287	27,041	25,902	12,164	-	-	-
Capital grants and contributions	780,144	604,954	1,506,757	2,325,382	1,752,098	4,851,708	5,114,232	1,894,160	639,279	5,028,229
Total business-type activities program revenues	4,937,769	5,021,191	6,251,094	7,043,315	6,567,492	9,931,344	10,328,154	7,163,512	6,167,425	10,499,490
Total primary government program revenues	\$ 8,066,426	\$ 9,072,395	\$ 9,339,421	\$ 8,961,451	\$ 8,991,136	\$ 12,445,064	\$ 13,149,014	\$ 9,085,837	\$ 9,580,026	\$ 15,907,444
Net (expense)/revenue										
Governmental activities	\$ (7,141,151)	\$ (6,964,877)	\$ (8,183,708)	\$ (8,722,693)	\$ (8,954,601)	\$ (8,881,367)	\$ (8,226,785)	\$ (8,613,171)	\$ (8,363,783)	\$ (7,151,599)
Business-type activities	(158,937)	(2,230,072)	798,743	1,401,092	1,107,523	4,447,444	3,462,950	578,590	(652,052)	2,755,676
Total primary government net expense	\$ (7,300,088)	\$ (9,194,949)	\$ (7,384,965)	\$ (7,321,601)	\$ (7,847,078)	\$ (4,433,923)	\$ (4,763,835)	\$ (8,034,581)	\$ (9,015,835)	\$ (4,395,923)

(Continued)

TABLE 2

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,557,786	\$ 2,822,718	\$ 3,088,573	\$ 3,344,853	\$ 3,395,079	\$ 3,690,806	\$ 3,889,211	\$ 4,220,164	\$ 4,356,659	\$ 4,545,865
Local sales and use taxes	952,497	931,067	898,669	998,571	1,110,071	1,164,728	1,136,133	1,225,507	1,315,764	1,425,820
Meals taxes	788,948	1,229,495	1,384,194	1,607,222	1,786,932	1,910,552	2,047,316	2,206,283	1,906,056	2,429,322
Utility license taxes	201,784	209,182	218,543	222,625	220,033	220,180	222,488	222,898	219,145	216,085
Business license taxes	621,289	709,692	666,178	677,503	765,285	765,041	790,617	888,515	854,839	847,344
Other local taxes	472,815	475,834	508,110	535,057	537,536	547,485	570,898	579,098	517,500	598,057
Coronavirus Aid, Relief, and Security Act Funding	-	-	-	-	-	-	-	-	85,331	1,704,154
Unrestricted grants and contributions	368,625	369,061	392,714	391,107	385,727	381,086	362,408	-	-	-
Unrestricted revenues from use of money and property	50,350	44,400	41,890	40,442	39,846	49,464	75,600	44,680	68,890	27,000
Unrestricted investment income	-	-	-	-	-	-	21,713	149,046	139,166	8,127
Miscellaneous	70,166	80,487	88,120	112,530	89,326	210,938	173,981	185,791	113,338	55,950
Gain (loss) on sale of capital asset	-	923,762	-	(9,735)	-	-	(14,987)	-	-	-
Transfers	1,115,904	1,115,904	1,115,904	1,050,904	1,013,241	1,157,162	-	-	-	-
Total governmental activities	7,200,164	8,911,602	8,402,895	8,971,079	9,343,076	10,097,442	9,275,378	9,721,982	9,576,688	11,857,724
Business-type activities:										
Miscellaneous	38,639	24,377	20,026	20,995	35,130	322,784	20,000	-	-	-
Gain (loss) on sale of capital asset	-	-	-	35,000	-	-	-	-	-	27,180
Unrestricted revenues from use of money and property	137,842	145,296	147,590	153,812	178,155	259,562	444,277	210,882	193,317	247,833
Unrestricted investment income	18,870	5,318	2,244	1,030	667	20,429	38,860	247,014	227,236	14,574
Transfers	(1,115,904)	(1,115,904)	(1,115,904)	(1,050,904)	(1,013,241)	(1,157,162)	-	-	-	-
Total business-type activities	(920,553)	(940,913)	(946,044)	(840,067)	(799,289)	(554,387)	503,137	457,896	420,553	289,587
Total primary government	\$ 6,279,611	\$ 7,970,689	\$ 7,456,851	\$ 8,131,012	\$ 8,543,787	\$ 9,543,055	\$ 9,778,515	\$ 10,179,878	\$ 9,997,241	\$ 12,147,311
Change in Net Position										
Governmental activities	\$ 59,013	\$ 1,946,725	\$ 219,187	\$ 248,386	\$ 388,475	\$ 1,216,075	\$ 1,048,593	\$ 1,108,811	\$ 1,212,905	\$ 4,706,125
Business-type activities	(1,079,490)	(3,170,985)	(147,301)	561,025	308,234	3,893,057	3,966,087	1,036,486	(231,499)	3,045,263
Total primary government	\$ (1,020,477)	\$ (1,224,260)	\$ 71,886	\$ 809,411	\$ 696,709	\$ 5,109,132	\$ 5,014,680	\$ 2,145,297	\$ 981,406	\$ 7,751,388

TABLE 3**Town of Purcellville, Virginia**

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

Fiscal Year	Property Taxes	Local Sales and Use Taxes	Business Licenses	Utility License Taxes	Meals Taxes	Other Local Taxes	Total
2021	\$ 4,545,865	\$ 1,425,820	\$ 847,344	\$ 216,085	\$ 2,429,322	\$ 598,057	\$ 10,062,493
2020	4,356,659	1,315,764	854,839	219,145	1,906,056	517,500	9,169,963
2019	4,220,164	1,225,507	888,515	222,898	2,206,283	579,098	9,342,465
2018	3,889,211	1,136,133	790,617	222,488	2,047,316	570,898	8,656,663
2017	3,690,806	1,164,728	765,041	220,180	1,910,552	547,485	8,298,792
2016	3,395,079	1,110,071	765,285	220,033	1,786,932	537,536	7,814,936
2015	3,344,853	998,571	677,503	222,625	1,607,222	535,057	7,385,831
2014	3,088,573	898,669	666,178	218,543	1,384,194	508,110	6,764,267
2013	2,822,718	931,067	709,692	209,182	1,229,495	475,834	6,377,988
2012	2,557,786	952,497	621,289	201,784	788,948	472,815	5,595,119

TABLE 4

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental funds:										
Nonspendable:										
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,838	\$ 76,764	\$ 78,750
Prepays	52,902	48,661	63,487	61,630	-	1,256	20,198	-	91,365	91,748
Total nonspendable balance	\$ 52,902	\$ 48,661	\$ 63,487	\$ 61,630	\$ -	\$ 1,256	\$ 20,198	\$ 61,838	\$ 168,129	\$ 170,498
Restricted for:										
State highway maintenance	\$ 66,503	\$ 397,701	\$ 35,051	\$ 131,454	\$ 58,377	\$ 260,205	\$ 364,998	\$ 371,240	\$ 434,922	\$ 21,836
Loudoun County settlement funds	2,193,686	1,730,952	945,882	550,734	221,800	230,344	195,001	178,754	-	-
Loudoun County -Transportation and sidewalk project	-	-	611,809	214,830	214,830	214,830	1,051,189	949,665	486,314	459,705
Fireman's field	-	357,961	399,984	92,515	53,486	17,959	-	-	-	-
Hirst pond	-	-	-	-	-	-	90,376	90,275	74,896	74,795
Proffers	-	-	-	-	-	667,536	892,180	1,018,924	963,573	963,573
USDA bond covenant	-	59,913	-	-	-	-	-	-	-	-
Unspent bond proceeds	57,669	237,332	42,636	-	-	-	-	-	-	-
Total restricted fund balance	\$ 2,317,858	\$ 2,783,859	\$ 2,035,362	\$ 989,533	\$ 548,493	\$ 1,390,874	\$ 2,593,744	\$ 2,608,858	\$ 1,959,705	\$ 1,519,909
Committed for:										
Capital expense	\$ 10,000	\$ 768,892	\$ 691,135	\$ 590,155	\$ 479,261	\$ 373,852	\$ 271,475	\$ 178,523	\$ 142,780	\$ 140,342
Parks & recreation	-	-	-	-	59,281	151,588	285,266	319,400	404,852	397,291
Total committed fund balance	\$ 10,000	\$ 768,892	\$ 691,135	\$ 590,155	\$ 538,542	\$ 525,440	\$ 556,741	\$ 497,923	\$ 547,632	\$ 537,633
Assigned for:										
Capital projects	\$ -	\$ -	\$ 21,654	\$ -	\$ 220,199	\$ 183,142	\$ 443,537	\$ 198,018	\$ 667,721	\$ 798,991
Unassigned	\$ 3,427,576	\$ 3,884,533	\$ 4,209,033	\$ 5,031,166	\$ 5,676,427	\$ 6,685,555	\$ 5,176,351	\$ 6,299,036	\$ 6,064,206	\$ 7,943,340
Total governmental funds	\$ 5,808,336	\$ 7,485,945	\$ 7,020,671	\$ 6,672,484	\$ 6,983,661	\$ 8,786,267	\$ 8,790,571	\$ 9,665,673	\$ 9,407,393	\$ 10,970,371

TABLE 5

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	\$ 2,526,297	\$ 2,850,968	\$ 3,095,888	\$ 3,239,133	\$ 3,472,962	\$ 3,648,248	\$ 3,874,778	\$ 4,188,212	\$ 4,327,765	\$ 4,544,608
Other local taxes	3,037,333	3,555,270	3,675,694	4,040,978	4,419,857	4,607,986	4,767,452	5,122,301	4,813,304	5,516,628
Permits, privilege fees, and regulatory licenses	236,057	252,795	371,649	307,161	290,245	312,594	294,678	273,174	289,433	267,185
Fines and forfeitures	73,046	84,156	64,947	57,326	42,844	61,696	58,302	50,466	45,866	63,386
Revenue from use of property	38,410	42,630	40,862	39,315	36,590	36,540	82,880	44,680	68,890	27,000
Investment income	11,940	1,770	1,028	1,127	3,256	12,924	21,713	149,046	139,166	8,127
Miscellaneous	70,166	80,487	88,119	112,530	89,327	210,938	166,701	185,791	113,338	55,950
Intergovernmental										
Local government	-	687,739	1,102,228	253,365	223,147	773,558	1,393,377	223,579	597,146	1,029,136
Commonwealth	1,498,138	3,361,171	1,830,329	1,623,099	1,415,501	1,331,322	1,414,125	1,294,819	2,195,217	1,921,243
Federal	1,690,041	34,404	111,888	68,292	837,634	415,637	22,785	80,287	370,270	1,786,613
Total revenues	9,181,428	10,951,390	10,382,632	9,742,326	10,831,363	11,411,443	12,096,791	11,612,355	12,960,395	15,219,876
Expenditures										
General government administration	2,366,088	2,390,979	2,515,213	2,471,121	2,611,773	2,679,550	3,205,477	2,974,232	3,578,864	4,972,625
Public safety	1,788,562	1,838,119	1,906,858	1,968,590	2,068,546	2,103,905	2,243,805	2,506,891	2,430,628	1,946,893
Public works	2,769,287	2,747,417	3,285,281	2,729,601	3,387,426	3,014,297	2,045,628	2,329,499	2,607,051	1,987,882
Parks, recreation, and cultural	80,475	153,330	183,440	227,434	169,803	174,316	289,565	279,696	341,714	365,640
Community development	420,361	426,093	420,836	431,276	495,504	537,634	477,634	459,406	501,453	1,123,139
Capital projects	6,468,774	4,723,932	2,190,996	2,046,356	1,323,834	652,204	373,089	1,027,782	2,795,634	1,858,178
Debt service										
Principal	672,460	3,440,182	8,517,384	756,531	833,543	864,121	3,154,872	742,353	4,522,053	1,054,174
Interest and other fiscal charges	665,834	769,333	596,339	725,508	702,279	680,691	706,928	558,819	609,393	348,367
Bond issue costs	-	-	165,517	-	-	-	20,312	-	47,019	-
Total expenditures	15,231,841	16,489,385	19,781,864	11,356,417	11,592,708	10,706,718	12,517,310	10,878,678	17,433,809	13,656,898
Excess of revenues over (under) expenditures	(6,050,413)	(5,537,995)	(9,399,232)	(1,614,091)	(761,345)	704,725	(420,519)	733,677	(4,473,414)	1,562,978
Other financing sources (uses)										
Transfers in	5,838,232	1,115,904	1,579,416	1,259,361	1,174,741	1,337,162	2,284,248	50,000	207,000	-
Transfers out	(4,722,328)	-	(463,512)	(208,457)	(161,500)	(180,000)	(2,284,248)	(50,000)	(207,000)	-
Refunding bonds issued(including bond premiums)	-	-	12,473,453	-	-	-	700,000	-	9,119,000	-
Issuance of debt	-	4,840,000	-	215,000	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	141,425	420,190	-
Proceeds from sale of property	-	1,259,700	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(4,655,399)	-	-	-	(275,177)	-	(5,324,056)	-
Total other financing sources (uses)	1,115,904	7,215,604	8,933,958	1,265,904	1,013,241	1,157,162	424,823	141,425	4,215,134	-
Net change in fund balances	<u>\$ (4,934,509)</u>	<u>\$ 1,677,609</u>	<u>\$ (465,274)</u>	<u>\$ (348,187)</u>	<u>\$ 251,896</u>	<u>\$ 1,861,887</u>	<u>\$ 4,304</u>	<u>\$ 875,102</u>	<u>\$ (258,280)</u>	<u>\$ 1,562,978</u>
Debt service as a percentage of noncapital expenditures	14.63%	33.99%	51.92%	15.94%	15.09%	15.50%	31.97%	13.05%	35.16%	11.91%

TABLE 6

Town of Purcellville, Virginia

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

Fiscal Year	Property Taxes	Local Sales and Use Taxes	Business Licenses	Utility License Taxes	Meals Taxes	Other Local Taxes	Total
2021	\$ 4,544,608	\$ 1,425,819	\$ 847,344	\$ 216,085	\$ 2,429,322	\$ 598,057	\$ 10,061,235
2020	4,327,765	1,315,763	854,839	219,145	1,906,056	517,500	9,141,069
2019	4,188,214	1,225,507	888,515	222,898	2,206,283	579,098	9,310,515
2018	3,874,778	1,136,133	790,617	222,488	2,047,316	570,898	8,642,230
2017	3,648,248	1,164,728	765,041	220,180	1,910,552	547,485	8,256,234
2016	3,472,962	1,110,071	765,285	220,033	1,786,932	537,536	7,892,819
2015	3,239,133	998,571	677,503	222,625	1,607,222	535,057	7,280,111
2014	3,095,888	898,669	666,178	218,543	1,384,194	508,110	6,771,582
2013	2,850,968	931,067	709,692	209,182	1,229,495	475,834	6,406,238
2012	2,526,297	952,497	621,289	201,784	788,948	472,815	5,563,630

TABLE 7

Town of Purcellville, Virginia

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

Calendar Year	Real Estate	Personal Property	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2021	\$ 1,550,692,153	\$ 94,964,157	\$ 21,647,914	\$ 1,667,304,224	\$ 1,667,304,224	100%
2020	1,485,999,930	88,518,762	21,769,718	1,596,288,410	1,596,288,410	100%
2019	1,404,879,395	84,880,781	21,168,842	1,510,929,018	1,510,929,018	100%
2018	1,325,967,550	79,726,603	21,440,870	1,427,135,023	1,427,135,023	100%
2017	1,252,549,625	70,990,468	21,708,974	1,345,249,067	1,345,249,067	100%
2016	1,202,445,320	63,071,081	21,747,771	1,287,264,172	1,287,264,172	100%
2015	1,140,041,935	65,961,448	21,628,009	1,227,631,392	1,227,631,392	100%
2014	1,064,663,675	64,959,370	20,976,414	1,150,599,459	1,150,599,459	100%
2013	1,010,965,950	63,685,657	20,575,695	1,095,227,302	1,095,227,302	100%
2012	976,555,250	61,387,349	17,270,331	1,055,212,930	1,055,212,930	100%

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

TABLE 8

Town of Purcellville, Virginia

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

Calendar Year	Direct Rates			Volunteers	Machinery and Tools	Merchants' Capital	Overlapping Rates County of Loudoun, Virginia		
	Real Estate	FF Service Tax District	Personal Property				Real Estate	Personal Property	Machinery and Tools
2021	.22/.22	.03/.03	1.05	0.01	0.55	N/A	0.980	4.20	2.75
2020	.22/.22	.03/.03	1.05	0.01	0.55	N/A	1.035	4.20	2.75
2019	.22/.22	.03/.03	1.05	0.01	0.55	N/A	1.045	4.20	2.75
2018	.22/.22	.035/.03	1.05	0.01	0.55	N/A	1.085	4.20	2.75
2017	.22/.22	.035/.03	1.05	0.01	0.55	N/A	1.125	4.20	2.75
2016	.22/.22	.035/.03	1.05	0.01	0.55	N/A	1.145	4.20	2.75
2015	.21/.22	.035/.03	1.05	0.01	0.55	N/A	1.135	4.20	2.75
2014	.225/.21	.035/.03	1.05	0.01	0.55	N/A	1.155	4.20	2.75
2013	.225/.225	NA/.035	1.05	0.01	0.55	N/A	1.205	4.20	2.75
2012	.23/.225	NA	1.05	0.01	0.55	N/A	1.240	4.20	2.75

(1) Per \$100 of assessed value.

Source: Town Finance Department and Treasurer of Loudoun County

TABLE 9

Town of Purcellville, Virginia

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type Business	2021		2012	
		Total Assessed Value	Percentage of Total Assessed Value	Total Assessed Value	Percentage of Total Assessed Value
NSHE Fool Hollow Lake LLC	Shopping Ctr (105 Purcellville Gateway)	\$ 16,557,780	1.05 %	\$ 8,185,550	0.83 %
Main St. Station LLC	Shopping Center (1000 E Main St)	18,123,170	1.15	12,302,200	1.25
S R B Enterprises LLC	Shopping Center (711 E Main St)	11,972,220	0.76	5,531,700	0.56
Purcellville Shopping Center LLC	Shopping Center (609 E Main St)	7,718,680	0.49	9,652,500	0.98
Valley Medical Center LLC	Medical Center (205 Hirst Road)	8,818,540	0.56	8,388,700	0.85
Purcellville Development LLC	Shopping Center (1231 Wolf Rock Rd)	8,090,710	0.51	1,200,000	0.12
Maple Avenue Apartments LP	Apartments (610-650 Dominion TE)	5,809,430	0.37	5,140,100	0.52
Main Street Associates LP	Apartments (123 16th St)	5,738,170	0.37	4,082,500	0.41
LRG-125 Hirst Road LLC	Office Building (125 Hirst Road)	4,323,200	0.27	2,306,300	0.23
Castle Storage LLC	Storage Facility (113 N Bailey)	4,107,090	0.26	2,215,500	0.23
		<u>\$ 91,258,990</u>	<u>5.80 %</u>	<u>\$ 59,005,050</u>	<u>5.98 %</u>

Source: Loudoun County Assessor of Real Estate taxable data

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

TABLE 10

Town of Purcellville, Virginia

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	RE Tax Levy for Fiscal Year	PP Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Year of Levy	Percentage of Levy Collected in Year of Levy	Collections in Subsequent Years	Total Collections to Date	Percentage of Total Collection to Date of Levy
2021	\$ 3,887,315	\$ 671,397	\$ 4,558,712	\$ 4,326,266	94.90 %	\$ -	\$ 4,326,266	94.90 %
2020	3,670,993	656,460	4,327,453	4,097,076	94.68	183,028	4,097,076	94.68
2019	3,444,525	617,998	4,062,523	3,854,265	94.87	154,913	4,009,178	98.69
2018	3,309,611	579,342	3,888,953	3,689,674	94.88	188,985	3,878,659	99.74
2017	3,191,567	489,048	3,680,615	3,528,421	95.86	141,451	3,669,872	99.71
2016	3,006,627	427,528	3,434,155	3,320,031	96.68	108,169	3,428,200	99.83
2015	2,833,250	438,636	3,271,886	3,099,061	94.72	164,700	3,263,761	99.75
2014	2,684,760	431,752	3,116,512	3,021,519	96.95	91,331	3,112,850	99.88
2013	2,448,170	422,435	2,870,605	2,746,752	95.69	119,963	2,866,715	99.86
2012	2,214,116	395,634	2,609,750	2,523,249	96.69	80,933	2,604,182	99.79

TABLE 11

Town of Purcellville, Virginia

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capital Leases	Other Notes/Bonds	General Obligation Bonds	Capital Leases			
2021	\$ 12,265,000	\$ 416,429	\$ 510,000	\$ 40,606,630	\$ 91,810	\$ 53,889,869	7.47 %	\$ 6,102
2020	13,459,980	501,603	595,000	40,663,000	150,748	55,370,331	7.72	5,440
2019	13,900,005	135,983	680,000	40,605,881	179,596	55,501,465	7.77	6,285
2018	14,657,946	-	765,000	40,921,224	206,671	56,550,841	8.38	6,596
2017	17,374,221	-	850,000	42,595,476	254,291	61,073,988	9.70	7,309
2016	18,251,388	-	935,000	43,033,090	300,393	62,519,871	10.44	7,672
2015	19,094,249	-	1,020,000	43,475,334	345,026	63,934,609	11.21	7,918
2014	19,642,757	-	1,105,000	44,173,657	-	64,921,414	11.92	8,141
2013	19,929,554	-	1,190,000	43,194,735	-	64,314,289	12.14	8,139
2012	18,444,736	-	1,275,000	44,146,465	-	63,866,201	11.93	8,167

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

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

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

TABLE 12

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 99,381,070	\$ 102,790,304	\$ 108,560,416	\$ 116,163,432	\$ 122,419,309	\$ 127,425,860	\$ 134,740,842	\$ 142,604,824	\$ 150,776,965	\$ 157,234,007
Total net debt applicable to limit	63,866,201	64,314,289	64,921,414	63,934,609	62,519,871	61,073,988	56,550,841	55,501,465	55,370,331	53,889,869
Legal debt margin	<u>\$ 35,514,869</u>	<u>\$ 38,476,015</u>	<u>\$ 43,639,002</u>	<u>\$ 52,228,823</u>	<u>\$ 59,899,438</u>	<u>\$ 66,351,872</u>	<u>\$ 78,190,001</u>	<u>\$ 87,103,359</u>	<u>\$ 95,406,634</u>	<u>\$ 103,344,138</u>
Total net debt applicable to the limit as a percentage of debt limit	64.26%	62.57%	59.80%	55.04%	51.07%	47.93%	41.97%	38.92%	36.72%	34.27%

Legal debt margin calculation for fiscal year 2020

Assessed value	\$ 1,572,340,067
Debt limit (10% of total assessed value)	\$ 157,234,007
Net debt applicable to limit	<u>53,889,869</u>
Legal debt margin	<u>\$ 103,344,138</u>

TABLE 13

Town of Purcellville, Virginia

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County of Loudoun	\$ 1,943,023,168	1.46 %	\$ 28,368,138
Subtotal, overlapping debt			
Town of Purcellville, direct debt (2)			<u>13,191,429</u>
Total direct and overlapping debt			<u><u>\$ 41,559,567</u></u>

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

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

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

TABLE 14

Town of Purcellville, Virginia

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

Fiscal Year Ended June 30,	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (1) (2)	Ratio of Net General Obligation Debt to Assessed Value (3)	Net Bonded Debt per Capita
2021	\$ 53,104,323	\$ -	\$ 53,104,323	3.33 %	\$ 6,013
2020	54,122,981	-	54,122,981	3.39	6,061
2019	54,505,886	-	54,505,886	3.61	6,172
2018	55,579,170	-	55,579,170	3.89	6,483
2017	59,969,697	-	59,969,697	4.46	7,177
2016	61,284,478	-	61,284,478	4.76	7,520
2015	62,569,583	-	62,569,583	5.10	7,749
2014	63,816,414	-	63,816,414	5.55	8,002
2013	63,124,289	-	63,124,289	5.76	7,988
2012	62,644,589	-	62,644,589	5.94	8,011

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

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

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

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

TABLE 15

Town of Purcellville, Virginia

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

Year	Purcellville Population (1)	Loudoun County Per Capita Income (2)	Purcellville Median Age (3)	Purcellville School Age Population (4)	Loudoun County Unemployment Rate (5)
2021	N/A	80,781	35.2	2,921	3.6 %
2020	8,929	80,372	35.2	2,874	8.0
2019	8,831	80,914	35.2	2,913	2.3
2018	8,573	78,762	35.5	2,838	2.6
2017	8,356	75,312	34.4	2,842	3.1
2016	8,149	73,467	33.8	2,608	3.3
2015	8,075	70,644	32.8	2,563	3.7
2014	7,975	68,307	33.6	2,603	4.3
2013	7,902	67,036	33.6	2,488	4.6
2012	7,820	68,475	34.7	2,330	4.6

Sources:

(1) 2020: US Bureau, 2020 Decennial Census. Other Year: Loudoun County Department of Finance and Budget estimates. 2021 update not yet available.

(2) 2012-2019: Bureau of Economic Analysis, US Department of Commerce 2020-2021: Loudoun County Department of Finance and Budget estimates.

(3) US Bureau of Census 5-Year Population Estimates; 2020 and 2021 updates not yet available (2019 value is shown for 2020 and 2021).

(4) 2012-2020: Weldon Cooper Center for Public Service School-Age Population Estimates for July 1 of the year indicated. 2021 is Loudoun County Department of Finance and Budget estimate.

(5) Local Area Unemployment Statistics, Virginia Employment Commission, Month of June each year. Values for 2012-2020 are revised.

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

TABLE 16

Town of Purcellville, Virginia

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2021		Fiscal Year 2012	
	Employees	Rank	Employees	Rank
Loudoun County Schools	622	1	577	1
Harris Teeter	165	2	n/a	n/a
Blue Ridge Veterinary Assoc., Inc.	152	3	75	7
Giant	151	4	70	9
Home School Legal Defense Association	120	5	118	3
Chick-fil-A (Payne Leadership Dev. Group)	90	6	n/a	n/a
Magnolia's at the Mill	87	7	78	6
Wholesale Screening Solutions	85	8	n/a	n/a
Town of Purcellville	84	9	72	8
Loudoun Stairs	68	10	48	10

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

Source: Town Business License Renewal
Loudoun County Public Schools

TABLE 17

Town of Purcellville, Virginia

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Administration	8.50	8.50	8.50	9.00	10.00	9.50	10.20	11.20	11.20	11.20
Finance Administration	7.50	7.50	7.50	7.50	8.00	8.60	8.60	9.30	9.90	9.90
Public safety/Police	15.00	15.00	16.00	17.00	16.00	17.00	18.00	19.60	18.00	17.00
Public works	8.00	8.00	8.00	7.00	6.75	6.00	9.00	8.00	7.00	2.00
General maintenance	9.00	9.00	9.00	9.00	9.60	10.60	10.60	9.60	11.00	10.00
Planning & Zoning	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	-
Engineering Planning & Development	-	-	-	-	-	-	-	-	-	9.00
Parks & Recreation	1.00	1.00	1.00	1.00	1.00	1.20	1.20	1.20	2.00	2.00
Water Treatment	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Wastewater Treatment	9.00	9.00	9.00	9.50	9.00	9.00	9.00	9.00	9.00	9.00
	<u>70.00</u>	<u>70.00</u>	<u>71.00</u>	<u>73.00</u>	<u>73.35</u>	<u>74.90</u>	<u>79.60</u>	<u>80.90</u>	<u>80.10</u>	<u>78.10</u>

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

Source: IRS Form 941's

TABLE 18

Town of Purcellville, Virginia

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Administration</u>										
Special Events	19	20	22	27	27	20	19	10	9	7
FOIA Requests Processed	161	115	105	137	135	85	116	85	79	51
<u>Finance</u>										
Utility Bills Processed	15,763	15,913	15,590	15,787	15,949	16,303	16,941	17,484	17,779	17,983
Tax Bills Processed	12,740	12,881	12,823	12,923	12,220	12,812	14,971	14,349	15,122	15,522
Accounts Payable Transactions	6,133	6,175	6,652	6,291	6,449	6,815	8,361	8,474	8,500	6,293
<u>Public safety</u>										
Parking violations	128	229	358	270	79	142	221	136	197	57
Traffic violations	1,021	1,457	1,152	834	624	1,038	915	1,072	851	926
Incident reports	680	933	865	756	632	755	814	823	754	680
Warning Tickets*	-	-	-	-	524	588	1,258	911	1,102	346
<u>Public works</u>										
<u>Maintenance Dept</u>										
Work Orders, number of	1,406	1,356	1,583	1,753	1,395	2,154	1,979	1,961	2,343	2,251
New Meters Installed	22	25	25	24	38	93	99	77	14	29
Miss Utility's' processed	1,186	1,014	1,014	988	1,372	1,523	1,475	1,659	1,236	1,459
<u>Water Dept</u>										
Total Gallons Treated (millions)	196	194	192	201	200	198	210	202.5	203.0	215.0
Samples in compliance, % of	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Wastewater Dept</u>										
Daily average of gallons treated	591,200	638,400	614,200	549,400	661,400	589,800	576,000	684,200	664,892	656,800
Complaints, number of	-	1	1	1	1	-	2	-	-	-
<u>Planning and Zoning</u>										
Occupancy permits issued	76	84	70	93	81	129	192	117	60	82
Zoning permits issued	268	140	214	202	259	306	386	268	270	281
Development Plans Processed	9	7	8	11	7	10	19	14	15	14

*data for warning tickets first available for 2016

Source: Individual Town departments.

TABLE 19

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Administration</u>										
Administration buildings	2	1	1	1	1	1	1	1	1	1
Bus stops of public transportation	6	6	6	6	6	6	6	6	6	6
Public parking lots	4	4	4	4	4	4	4	4	4	4
Vehicles	1	1	1	1	1	1	1	1	1	-
<u>Parks and Recreation</u>										
Recreation Facilities - Buildings	2	2	2	2	2	2	2	2	2	2
Recreation Facilities - Fields, Parks, Trails	3	3	3	3	3	3	3	5	5	5
<u>Public safety</u>										
Radar smart trailers	1	-	-	-	-	-	-	1	1	1
Vehicles	11	11	12	12	12	13	12	13	15	15
<u>Planning and Zoning</u>										
Vehicles	1	1	1	1	1	1	1	1	1	1
<u>Engineering Planning and Development</u>										
Vehicles	-	-	-	-	-	-	-	-	-	5
<u>Public works</u>										
<u>Maintenance Dept</u>										
Heavy Equipment (Backhoes, etc.)	12	13	13	12	12	12	12	12	12	12
Maintenance Facility	2	2	2	2	2	2	2	2	1	1
Message Boards	3	3	3	3	3	3	3	2	2	2
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Vehicles	21	20	20	20	20	20	18	20	23	23
<u>Water Dept</u>										
Chlorine Facility	1	1	1	1	1	1	1	1	1	1
Elevated Water Tanks	1	1	1	1	1	1	1	1	1	1
Filter Building	4	4	4	4	4	4	4	4	4	4
Vehicles	5	6	5	5	5	5	5	5	5	5
Water Reservoir(s)	1	1	1	1	1	1	4	1	1	1
Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
Modular Bldg @ Plant	1	1	1	1	1	1	1	1	1	1
Wells/Well Houses	9	9	9	9	9	9	9	9	9	9
<u>Wastewater Dept</u>										
Pump stations	6	6	6	6	6	6	6	7	7	7
Vehicles	5	5	5	5	5	5	5	5	5	5
Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
<u>Planning and Zoning</u>										
Vehicles	1	1	1	1	1	1	1	1	1	1

Source: Town depreciation schedule.

COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Purcellville, Virginia (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs, as items 2021-001, 2021-002 and 2021-003.**

Town's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 24, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Purcellville, Virginia (the "Town") compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Purcellville, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of Purcellville, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's 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.

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 24, 2021

**TOWN OF PURCELLVILLE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2021**

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

STATE COMPLIANCE MATTERS

Code of Virginia

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

State Agency Requirements

Urban Highway Maintenance
Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

**TOWN OF PURCELLVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021**

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 were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The program tested as major was:

Name of Program	Assistance Listing Number
COVID-19 - Coronavirus Relief Fund	21.019

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

TOWN OF PURCELLVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Weldon Cooper Report

Condition:

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

Criteria:

Audit adjustments were not included in the Town's Weldon Cooper report.

Cause:

Procedures were not in place to ensure that the report was reviewed and compared to the final audited numbers.

Effect:

The Weldon Cooper report submitted shows inaccurate information.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action:

The Town agrees and the Accounting Manager will begin reconciling the Weldon Cooper report prior to submission.

2021-002: Highway Maintenance Labor Rates

Condition:

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

Criteria:

Current labor rates were applied to prior year work orders.

Cause:

Impacts of system changes were not understood or tested.

Effect:

Work orders for FY20 were updated with inaccurate labor rates.

Recommendation:

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

TOWN OF PURCELLVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-002: Highway Maintenance Labor Rates (Continued)

Views of Responsible Officials and Planned Corrective Action:

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

2021-003: Highway Maintenance Materials

Condition:

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

Criteria:

Material costs were not updated prospectively.

Cause:

Until FY21, the Town did not have the ability to update the material costs in the software.

Effect:

Material costs are incorrectly reported.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action:

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

TOWN OF PURCELLVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Developer Contributions (Significant Deficiency)

Condition:

The Town does not have a system by which it monitors, evaluates, and records the values of developer contributed infrastructure such as utility lines. Amounts are currently unrecorded.

Recommendation:

We recommend implementing a process to obtain needed information as infrastructure is donated to the Town.

Current Status:

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

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-002: Weldon Cooper Report

Condition:

The Town's Weldon Cooper report submitted in March 2020 did not reflect an audit adjustment, reporting inaccurate information.

Recommendation:

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

Current Status:

Finding repeated in current year at 2021-001.

TOWN OF PURCELLVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2021

B. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2020-003: Highway Maintenance Labor

Condition:

The Town utilizes software for tracking highway maintenance costs, including labor. During testing, certain employee rates did not agree to payroll registers. Additionally, employee time was not entered into the software and therefore not included on the Weldon Cooper report.

Recommendation:

We recommend the Town implement additional procedures and training to ensure staff understand the importance of entering time into the software. Public Works staff should review work orders on occasion to ensure time is being entered.

Current Status:

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

2020-004: Highway Maintenance Materials

Condition:

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

Recommendation:

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

Current Status:

Finding repeated in current year at 2021-003.

Town of Purcellville, Virginia

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Amounts Passed Thru to Sub-recipients	Cluster Amounts	Federal Expenditures
Department of the Treasury: Pass Through Payments: Virginia Department of Accounts COVID-19 - Coronavirus Relief Fund	21.019	N/A	\$ 720,000	N/A	<u>\$ 1,704,154</u>
Department of Justice: Pass Through Payments: Department of Criminal Justice Services Coronavirus Emergency Supplemental	16.034	N/A	N/A		30,478
Edward Byrne Memorial Justice Assistance	16.738	N/A	N/A		<u>7,246</u>
Total Department of Justice					<u>37,724</u>
Department of the Treasury: Pass Through Payments: Virginia Department of Transportation Highway Planning and Construction	20.205	N/A	N/A		44,529
Alcohol Open Container Requirements	20.607	N/A	N/A		<u>206</u>
Total Department of Transportation					<u>\$ 44,735</u>
Total Expenditures of Federal Awards					<u><u>\$ 1,786,613</u></u>

NOTE 1 - BASIS OF PRESENTATION:

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

NOTE 2 - DE MINIMIS INDIRECT COST RATE:

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

NOTE 3 - SUBRECIPIENT MONITORING:

Of the federal expenditures presented in the schedule, the \$720,000 provided federal awards to subrecipients as follows:

Program Title	FALN	Sub-recipient	Amount
COVID-19 - Coronavirus Relief Fund	21.019	Loudoun County Economic Development Authority	\$ 720,000

NOTE 4 - OUTSTANDING LOAN BALANCES:

At June 30, 2021, the Town of Purcellville had no outstanding loan balances requiring continuing disclosure.