

# **TOWN OF PURCELLVILLE, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED  
JUNE 30, 2013**





**TOWN OF PURCELLVILLE, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013**

**Prepared By:**

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Elizabeth B. Krens  
Director of Finance



TOWN OF PURCELLVILLE, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013

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November 19, 2013

**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 (CAFR) for the fiscal year ended June 30, 2013. 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 the Town. 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. The cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. These controls are evaluated each year by both the independent auditors and management staff. 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 special revenue parks and recreation fund, the two utility enterprise funds and capital project funds are included in the Town's annual budget. When necessary, the Town Council approves amendments to the adopted budget. Budgetary compliance is reported and monitored at the departmental level.

The Town Charter and Code of Virginia §15.2-2511 requires an annual audit performed by independent certified public accountants of the Town's financial affairs. The Town has contracted with Robinson, Farmer, Cox and Associates, Certified Public Accountants to provide audit services in a five-year contract. Robinson, Farmer, Cox and Associates has issued an unqualified opinion on the Town's financial statements for the year ended June 30, 2013. 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 3. The MD&A will provide additional analysis and overview of the financial statements contained in this report.

## **Profile of the Town:**

The Town of Purcellville was incorporated in 1908 and is located in Loudoun County, Virginia. The Town's corporate limits encompass approximately 3.295 miles positioned in Northern Virginia about 60 miles west of Washington, D.C. The Town's population is 7,909, a significant increase over the 2000 population of 3,584. The Town is operated based on a council-manager form of government. The Town provides a full range of municipal services including police protection, refuse collection, construction and maintenance of streets and other infrastructure, parks and recreational facilities, zoning inspection services and general administrative services. The Town also maintains and 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 Town Council's commitment to long term financial planning allowed the Town to end fiscal year 2013 in strong financial condition. Several tools are employed to strategically manage the Town's resources and priorities. A Town Council Strategic Planning Session is held in the summer to review and define organizational priorities. These decisions ultimately affect the annual budget development process that allocates expenditures and revenues for the next fiscal year. The staff and Council work through the winter and spring months to complete the budget plan for the next fiscal year and the Town has successfully received the GFOA Distinguished Budget Presentation Award for the past four years. In addition, the Town Council adopted "Fiscal Policy Guidelines" based on best financial practices and recommendations by its outside financial advisor, Davenport and Company, Inc. Council uses these guidelines as target reference points when considering new initiatives such as program expansion and issuance of debt. Another strategic tool is the Town's Performance Management Plan that defines core organizational values and purpose, goals and objectives, and performance measures for programs, departments and individual employees. Throughout the year, the Town Manager and department heads continue to closely monitor the budget plan and manage expenditures. The budget specialist prepares budget execution reports each quarter as a management tool for department heads and the Town Manager.

The Town ended fiscal year 2013 with an unassigned fund balance in the governmental fund of \$4.6 million, an increase of \$1.2 million over 2012. This amount exceeds the Town's fund balance policy target of \$3 million or 30% of total general fund revenues. This strong fund balance represents 49% of the budgeted general fund expenditures for fiscal year 2014.

Following the recent recession, the Town saw a third year of growth in its real property assessments which increased by 3.85% in 2013. Preliminary forecasts for 2014 anticipate continued increase in existing property values as well as continued commercial development. Currently underway is the build out of the Purcellville Gateway shopping center and Purcellville Green townhouse development. Applications for new commercial and residential development are also being considered. The Town Council adopted a real estate tax rate of .225 and the new Fireman's Field service district tax rate of .035 for 2013. The proceeds for the new service district tax will be used for recreational and cultural facilities and activities of the parks and recreation special revenue fund.

In fiscal year 2013, revenue in both utility funds was less than budget projections. This combined with an accounting adjustment to expense construction in progress that will not be capitalized resulted in a decline in net position of \$2,279,340 in the water fund and \$891,645 in the sewer fund. The Town will continue to work with its rate study consultants to evaluate user fees each year to ensure the fiscal condition of the utility funds.

In the spring of fiscal year 2013, the Town worked with its financial advisor, Davenport & Company, LLC to develop a plan of finance to restructure existing utility debt to conserve cash flow and more equitably spread the cost of utility debt service across users of the system, permanently finance balloon payments on existing debt to eliminate future interest rate risk and refinance existing debt for savings. This plan included pursuit of the Town's first formal credit rating by the three national credit agencies in order to place the Town in the best possible position in the credit markets. In the fall of 2013, the Town was awarded bond ratings of AAA by Standard & Poors, AA by Fitch and Aa2 by Moody's. These respectable first time ratings allowed the Town to lock in favorable interest rates and achieve all three objectives of the plan of finance.

The Town's population and commercial growth over the last decade has driven capital investment needs and debt in the general and utility funds. The Town maintains a 5-year Capital Improvement Plan (CIP) that describes all capital projects and their fiscal impact (cost and funding sources). Most of the planned projects are now complete or winding down and the CIP plan is relatively modest for the next five years.

#### **Major Initiatives/Awards:**

The following is a partial listing of a significant initiatives and achievements accomplished across all departments in fiscal year 2013:

- Received fourth GFOA Distinguished Budget Presentation Award for fiscal year 2013.
- Received fifth GFOA Certificate of Achievement for fiscal year 2012 CAFR.
- The Certificate of Accreditation from the Virginia Law Enforcement Professional Standards Commission was presented to the police department.
- Received the Certificate of Distinction from the International City/County Management Association for exceeding the standards by the ICMA Center for Performance Measurement in the application of performance data to local government management, including training, verification, public reporting, planning and decision making, networking and accountability.
- Received the 2012 Bronze Excellence in Water Treatment Plant Performance Award from the Virginia Department of Health.
- Received the Green Government Challenge, Silver Certificate from the Virginia Municipal League for successfully implementing environmental policies and taking practical actions to reduce carbon emissions.
- Received the Best New Special Event Award (Population less than 25,000) for the 2012 Purcellville Wine and Food Festival by the Virginia Recreation and Park Society.
- Developed strategy to apply for the Town's first formal credit rating.
- Completed the Southern Collector Road and new two lane roundabout on the east entrance to Town. This project creates a critical link from Route 7 business to relieve crosstown

traffic, ensure greater pedestrian safety and provide more direct access to areas east of Purcellville.

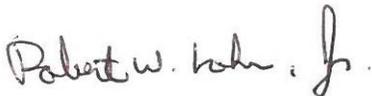
- Planted over 100 trees along A Street as part of the Siemens Sustainable Communities Award.
- Partnered with Visit Loudoun in April 2013 to open the Loudoun Visitors Center at the Train Station in Purcellville.
- Launched the Shop Purcellville initiative in April 2013 with over 80 local businesses participating
- Held first Purcellville Wine and Food Festival in downtown in July 2012 with over 5,000 attendees. Held second Purcellville Wine and Food Festival in July 2013 with over 7,000 attendees.
- Held third annual Loudoun Grown Expo in February 2013 with over 3,000 attendees.
- Partnered with Visit Loudoun to display the LOVE works art in front of the Train Station in April 2013. The program is part of the Virginia Tourism Initiative to promote family-friendly travel experiences throughout the Commonwealth.
- Hosted the 2012 Babe Ruth Southeast Regional Baseball Tournament at Fireman's Field in August 2012.
- Implemented the Town's Wayfinding Master Plan with installation of wayfinding signs.

#### **Awards and Acknowledgements:**

The Town received its fourth Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012 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.

The preparation of this report on a timely basis could not have been accomplished without the dedicated service of the entire Finance Department. We would also like to thank the Town Council for their interest and commitment regarding the financial management of the Town.

Sincerely,

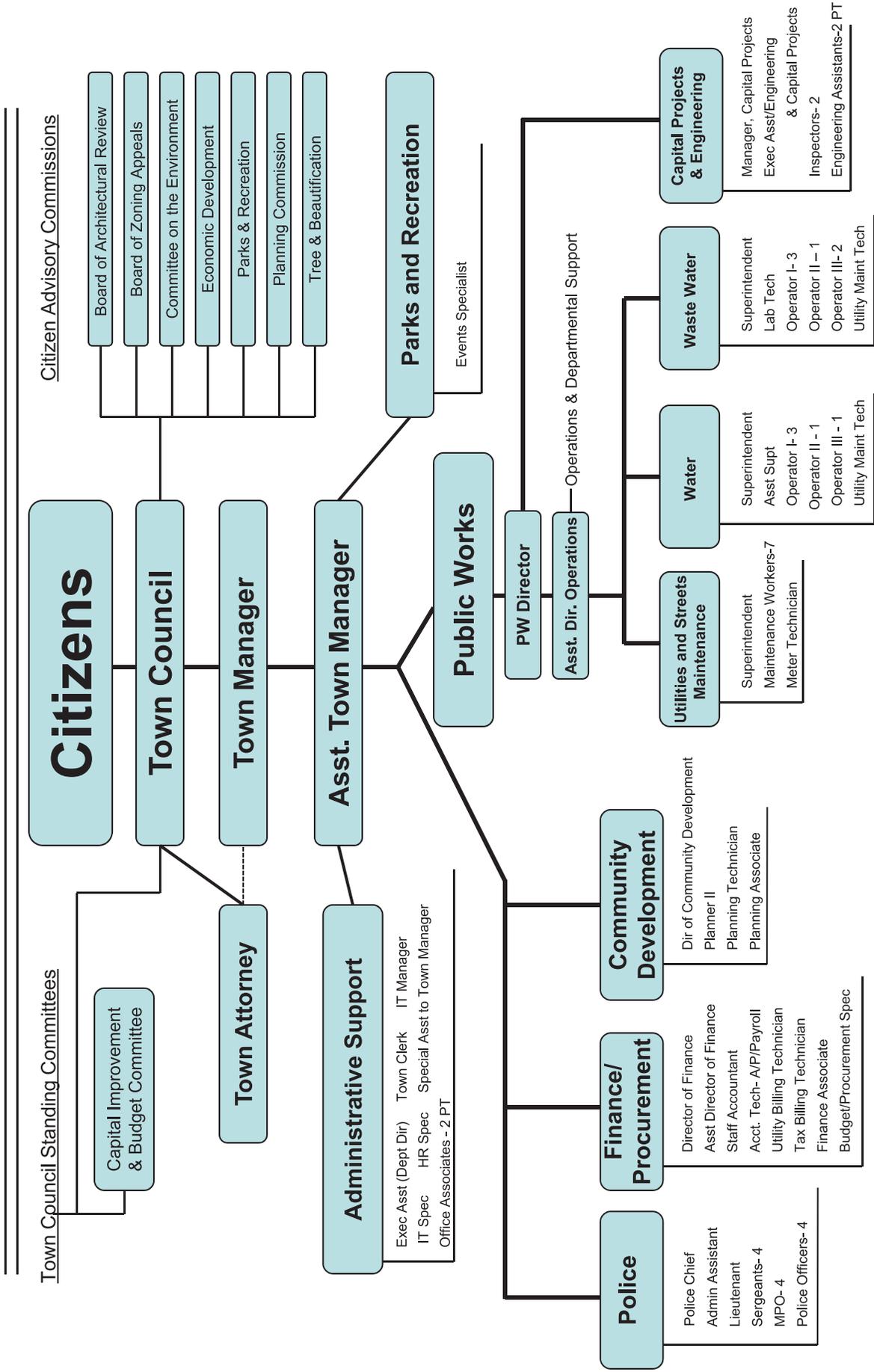


Robert W. Lohr, Jr.  
Town Manager



Elizabeth B. Krens  
Director of Finance

# Town of Purcellville Organization Chart: Effective March 31, 2013





# TOWN OF PURCELLVILLE, VIRGINIA

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## COUNCIL

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James O. Wiley  
J. Keith Melton, Jr.

Robert W. Lazaro, Jr., Mayor  
Joan Lehr, Vice-Mayor

John A. Nave

Thomas A. Priscilla, Jr.  
Patrick McConville II

## OFFICIALS

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Robert W. Lohr, Jr.

Town Manager

Patrick Childs

Assistant Town Manager

Elizabeth B. Krens

Director of Finance

Patrick Sullivan

Director of Community Development

Alex Vanegas

Director of Public Works

Vadah McCann

Executive Assistant to Town Manager

Darryl C. Smith, Sr.

Chief of Police





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, 2012**

Executive Director/CEO



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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To the Honorable Members of Town Council  
Town of 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 Town of Purcellville, Virginia, as of and for the year ended June 30, 2013, 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.

#### *Auditors' 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 auditors' 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.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town of Purcellville, Virginia, as of June 30, 2013, 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.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, in 2013, the Town adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, budgetary comparison information, and schedules of pension and OPEB funding progress 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting schedules 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, on our consideration of the Town of Purcellville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Purcellville, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer Cox Associates*  
Charlottesville, Virginia  
November 18, 2013

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

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As management of the 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, 2013. Please read it in conjunction with the Town's basic financial statements, which follow this section.

### Financial Highlights

- The position of the Town exceeded its liabilities at the close of the most recent fiscal year by \$58.1 million (*net position*). Of this amount, \$7.3 million (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$1,224,260, of which the governmental activities accounted for a \$1,946,725 increase and business-type activities accounted for \$3,170,985 decrease.
- The unassigned ending fund balance for the Town's general fund was \$4.6 million, an increase of approximately \$1.2 million from the prior year. This ending fund balance is equal to 51% of the Town's fiscal year 2013 general fund operating budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4.6 million, or 40% of governmental fund expenditures less any capital outlay projects funded with bond proceeds.
- The Town's total debt increased by \$649,702 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 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).

## Overview of the Financial Statements (Continued)

### Government-wide financial statements (Continued)

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 15 through 17 of this report.

### 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 20 through 23 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 24 through 26 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 27 through 51 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 the schedule of funding in progress relating to the Town's participation in its defined benefit pension plan. Required supplementary information can be found on pages 55 through 57 of this report.

## Overview of the Financial Statements (Continued)

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows of resources by \$58.1 million at the close of the most recent fiscal year. A large portion of the Town's net position (\$48.2 million, 83% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

**Town of Purcellville, Virginia**  
**Summary of Net Position**  
**As of June 30, 2013**

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,470,498	\$ 8,155,212	\$ 7,168,396	\$ 8,424,582	\$ 17,638,894	\$ 16,579,794
Capital assets	54,719,835	52,787,492	55,686,515	58,286,464	110,406,350	111,073,956
Total assets	\$ 65,190,333	\$ 60,942,704	\$ 62,854,911	\$ 66,711,046	\$ 128,045,244	\$ 127,653,750
Deferred outflows of resources	\$ -	\$ -	\$ 41,785	\$ 53,388	\$ 41,785	\$ 53,388
Long-term liabilities						
outstanding	\$ 22,212,579	\$ 20,609,569	\$ 43,522,346	\$ 44,475,654	\$ 65,734,925	\$ 65,085,223
Other liabilities	1,946,826	1,314,626	1,135,280	878,725	3,082,106	2,193,351
Total liabilities	\$ 24,159,405	\$ 21,924,195	\$ 44,657,626	\$ 45,354,379	\$ 68,817,031	\$ 67,278,574
Deferred inflows of resources	\$ 1,196,739	\$ 1,131,045	\$ -	\$ -	\$ 1,196,739	\$ 1,131,045
Net position:						
Net investment in capital assets	\$ 33,837,613	\$ 33,175,084	\$ 14,345,188	\$ 14,149,999	\$ 48,182,801	\$ 47,325,083
Restricted	2,546,527	-	-	-	2,546,527	-
Unrestricted	3,450,049	4,712,380	3,893,882	7,260,056	7,343,931	11,972,436
Total net position	\$ 39,834,189	\$ 37,887,464	\$ 18,239,070	\$ 21,410,055	\$ 58,073,259	\$ 59,297,519

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 (government and business-type activities) net position decreased by \$1,224,260 during the current fiscal year. The overall decrease is attributed to a decrease in business-type activities current assets.

**Government-Wide Financial Analysis (Continued)**

Governmental activities increased the Town's net position by \$1,946,725. The following table summarizes the Town's Statement of Activities:

Town of Purcellville, Virginia  
Changes in Net Position  
As of June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 186,978	\$ 154,828	\$ 4,383,000	\$ 4,157,625	\$ 4,569,978	\$ 4,312,453
Operating grants and contributions	132,478	141,431	33,237	-	165,715	141,431
Capital grants and contributions	3,581,775	2,678,123	604,954	780,144	4,186,729	3,458,267
General revenues:						
Property taxes	2,822,718	2,557,786	-	-	2,822,718	2,557,786
Other taxes	3,705,243	3,191,608	-	-	3,705,243	3,191,608
Unrestricted revenues from the use of money and property	44,400	50,350	5,318	18,870	49,718	69,220
Miscellaneous	80,487	70,166	169,673	176,481	250,160	246,647
Gain on sale of capital asset	923,762	-	-	-	923,762	-
Grants and contributions not restricted to specific programs	369,061	368,625	-	-	369,061	368,625
Total revenues	\$ 11,846,902	\$ 9,212,917	\$ 5,196,182	\$ 5,133,120	\$ 17,043,084	\$ 14,346,037
Expenses:						
General government administration	\$ 3,100,979	\$ 3,214,457	\$ -	\$ -	\$ 3,100,979	\$ 3,214,457
Public safety	1,916,652	1,809,443	-	-	1,916,652	1,809,443
Public works	3,478,574	2,802,812	-	-	3,478,574	2,802,812
Parks, recreation and culture	68,927	94,152	-	-	68,927	94,152
Community development	1,708,045	1,666,302	-	-	1,708,045	1,666,302
Interest on long-term debt	742,904	682,642	-	-	742,904	682,642
Water fund	-	-	4,227,361	2,045,177	4,227,361	2,045,177
Sewer fund	-	-	3,023,902	3,051,529	3,023,902	3,051,529
Total expenses	\$ 11,016,081	\$ 10,269,808	\$ 7,251,263	\$ 5,096,706	\$ 18,267,344	\$ 15,366,514
Increase (decrease) in net position before transfers	\$ 830,821	\$ (1,056,891)	\$ (2,055,081)	\$ 36,414	\$ (1,224,260)	\$ (1,020,477)
Transfers	\$ 1,115,904	\$ 1,115,904	\$ (1,115,904)	\$ (1,115,904)	\$ -	\$ -
Increase (decrease) in net position	\$ 1,946,725	\$ 59,013	\$ (3,170,985)	\$ (1,079,490)	\$ (1,224,260)	\$ (1,020,477)
Net position-beginning of year, as restated	\$ 37,887,464	\$ 37,828,451	\$ 21,410,055	\$ 22,489,545	\$ 59,297,519	\$ 60,317,996
Net position-end of year	\$ 39,834,189	\$ 37,887,464	\$ 18,239,070	\$ 21,410,055	\$ 58,073,259	\$ 59,297,519

## Government-Wide Financial Analysis (Continued)

Generally, net position changes are for the difference between revenues and expenses. The Town saw an increase in net position of governmental activities of \$1,946,725 in 2013.

**Business-type activities** decreased the Town's net position by \$3.2 million, due in a large part to an accounting adjustment to expense construction in progress that will not be capitalized. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, 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 the expenses incurred because of service demands.

## 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 fund:** The focus of the Town's *governmental fund* 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 2013 general fund revenues were \$871,629 million more than 2012. This increase can be attributed to an increase in tax revenue and Loudoun County gas tax funding. The 2013 general fund expenditures increased by \$2,667,054 over 2012 due to a \$2.7 million repayment on the Series 2011 note.

The Town ended 2013 with a total fund balance of \$7.6 million, an increase over 2012. Of this amount, \$4,573,689 was unassigned and available for future spending.

**Proprietary funds:** Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the water and sewer funds was \$18.2 million. Unrestricted net position at the end of the year was \$3.9 million, a decrease from the prior year.

## General Fund Budgetary Highlights

General Fund revenues exceeded budget projections by \$439,370 in 2013. Positive trends were seen in the categories of property tax, business license tax and meals tax.

The 2013 expenditures were more than budgeted by \$2,495,737. The largest budget difference was associated with the repayment of the 2.7 million Series 2011 interim note.

## 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, 2013, amounts to \$110.4 million (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	
	2013	2012	2013	2012	2013	2012
Land	\$ 4,310,764	\$ 4,310,764	\$ 3,039,509	\$ 3,039,509	\$ 7,350,273	\$ 7,350,273
Buildings	11,445,779	7,451,277	-	-	11,445,779	7,451,277
Utility plant in service	-	-	49,056,796	47,285,314	49,056,796	47,285,314
Improvements other than buildings	2,067,429	575,180	159,100	179,900	2,226,529	755,080
Infrastructure	26,676,975	27,405,257	-	-	26,676,975	27,405,257
Machinery & Equipment	989,478	1,117,189	119,185	154,850	1,108,663	1,272,039
Vehicles	139,586	171,881	12,814	42,573	152,400	214,454
Construction in progress	9,089,824	11,755,944	3,299,111	7,584,318	12,388,935	19,340,262
<b>Total</b>	<b>\$ 54,719,835</b>	<b>\$ 52,787,492</b>	<b>\$ 55,686,515</b>	<b>\$ 58,286,464</b>	<b>\$ 110,406,350</b>	<b>\$ 111,073,956</b>

Additional information on the Town's capital assets can be found in Note 4 on pages 37 and 38 of this report.

**Long-term debt:** At the end of the current fiscal year, the Town had total outstanding debt of \$65.7 million and details are summarized in the following table:

**Town of Purcellville, Virginia**  
**Outstanding Debt**  
**For the Year Ended June 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Bonds Payable:</b>						
General obligation bonds	\$ 19,929,554	\$ 18,444,736	\$ 43,194,735	\$ 44,199,853	\$ 63,124,289	\$ 62,644,589
Notes payable	1,190,000	1,275,000	-	-	1,190,000	1,275,000
Post employment benefits	760,907	593,896	245,582	194,750	1,006,489	788,646
Compensated absences	332,118	295,937	82,029	81,051	414,147	376,988
<b>Total</b>	<b>\$ 22,212,579</b>	<b>\$ 20,609,569</b>	<b>\$ 43,522,346</b>	<b>\$ 44,475,654</b>	<b>\$ 65,734,925</b>	<b>\$ 65,085,223</b>

## **Capital Asset and Debt Administration (Continued)**

Debt associated with governmental activities increased by \$1,603,010 in 2013 due to issuance of a new bond.

The debt associated with business-type activities decreased by \$953,308 in 2013 due to payments of principal. One new bond was added in 2013.

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 in compliance with debt limitation as of June 30, 2013.

Additional information on the Town's long-term debt and compliance can be found in Note 5.

## **Economic Factors and Next Year's Budgets and Rates**

Purcellville is a vibrant community located in Loudoun County on the western edge of the Northern Virginia region. Since 2000, the Town experienced rapid residential growth with a population increase of over 120%. The Town serves as a traditional business hub of western Loudoun County with a population that exceeds 60,000 within a fifteen minute drive of the center of Town. This population base allows the Town businesses to benefit from a larger economic base of the surrounding area. Forbes Magazine recently ranked Loudoun County as the wealthiest county in the nation with a median annual household income of \$116,317. In 2013, Loudoun County's unemployment rate was 4.5%, significantly lower than the national rate. The Town continues to benefit from its close proximity of Washington D.C.

The Town experienced positive growth in real property assessments in 2013 with an overall 3.85% increase in value composed of a 1.59% increase in existing properties and 2.27% increase in new construction. Continued growth is anticipated with build out of the Gateway shopping center, Purcellville Green townhouses as well as applications for new commercial development now under consideration. The current residential/business tax base split is 77/23% an increase of 7% for the business portion since 2004.

Meals tax continues to be major revenue source for the Town and the tax rate was increase from 4% to 5% in fiscal year 2013. Several new restaurants recently opened and are expected to produce significant meals tax revenues in 2014.

For tax year 2013, the Town Council adopted a .225/\$100 real estate tax rate and the new Fireman's Field service tax rate of .035/\$100. The proceeds of the new service tax will be used for recreational and cultural facilities and activities of the Parks and Recreation special revenue fund. All other tax rates were unchanged.

The Town continues to assess utility rates annually based on models prepared by the Town's utility rate consultant. Factors such as forecasted new connections, operating expenditures, capital improvement plan expenditures and debt service, and historical usage trends are analyzed to update the Town's rate structure.

## **Requests for Information**

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

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**BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Position  
As of June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,524,186	\$ 4,223,744	\$ 8,747,930
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,307,846	-	1,307,846
Accounts receivable	184,199	926,349	1,110,548
Due from other governmental units	1,219,707	-	1,219,707
Prepaid items	48,661	17,925	66,586
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,185,899	1,811,623	4,997,522
Cash held for customer deposits	-	188,755	188,755
Capital assets (net of accumulated depreciation):			
Land	4,310,764	3,039,509	7,350,273
Buildings and system	11,445,779	-	11,445,779
Improvements other than buildings	2,067,429	159,100	2,226,529
Machinery and equipment	989,478	119,185	1,108,663
Vehicles	139,586	12,814	152,400
Infrastructure	26,676,975	-	26,676,975
Utility plant in service	-	49,056,796	49,056,796
Construction in progress	9,089,824	3,299,111	12,388,935
Total assets	\$ 65,190,333	\$ 62,854,911	\$ 128,045,244
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ -	\$ 41,785	\$ 41,785
<b>LIABILITIES</b>			
Accounts payable	\$ 1,366,126	\$ 305,791	\$ 1,671,917
Accrued liabilities	218,496	72,088	290,584
Customers' deposits	800	188,755	189,555
Accrued interest payable	209,908	568,646	778,554
Unearned revenue	11,450	-	11,450
Bond default	26,500	-	26,500
Deposits held in escrow	113,546	-	113,546
Long-term liabilities:			
Due within one year	795,071	2,077,171	2,872,242
Due in more than one year	21,417,508	41,445,175	62,862,683
Total liabilities	\$ 24,159,405	\$ 44,657,626	\$ 68,817,031
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	\$ 1,196,739	\$ -	\$ 1,196,739
<b>NET POSITION</b>			
Net investment in capital assets	\$ 33,837,613	\$ 14,345,188	\$ 48,182,801
Restricted for:			
State highway maintenance	397,701	-	397,701
Loudoun county settlement funds	1,730,952	-	1,730,952
Fireman's field	357,961	-	357,961
USDA- bond covenant	59,913	-	59,913
Unrestricted	3,450,049	3,893,882	7,343,931
Total net position	\$ 39,834,189	\$ 18,239,070	\$ 58,073,259

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

TOWN OF PURCELLVILLE, VIRGINIA

Statement of Activities  
 For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 3,100,979	\$ -	\$ -	\$ 15,952
Public safety	1,916,652	84,156	129,051	-
Public works	3,478,574	102,822	-	3,099,871
Parks, recreation, and cultural	68,927	-	-	465,952
Community development	1,708,045	-	3,427	-
Interest on long-term debt	742,904	-	-	-
Total governmental activities	\$ 11,016,081	\$ 186,978	\$ 132,478	\$ 3,581,775
Business-type activities:				
Water	\$ 4,227,361	\$ 1,996,566	\$ 33,237	\$ 317,264
Sewer	3,023,902	2,386,434	-	287,690
Total business-type activities	\$ 7,251,263	\$ 4,383,000	\$ 33,237	\$ 604,954
Total primary government	\$ 18,267,344	\$ 4,569,978	\$ 165,715	\$ 4,186,729
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Business licenses				
Utility license taxes				
Restaurant food taxes				
Cigarette taxes				
Bank franchise taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Gain on sale of capital asset				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,085,027)	\$ -	\$ (3,085,027)
(1,703,445)	-	(1,703,445)
(275,881)	-	(275,881)
397,025	-	397,025
(1,704,618)	-	(1,704,618)
(742,904)	-	(742,904)
<u>\$ (7,114,850)</u>	<u>\$ -</u>	<u>\$ (7,114,850)</u>
\$ -	\$ (1,880,294)	\$ (1,880,294)
-	(349,778)	(349,778)
<u>\$ -</u>	<u>\$ (2,230,072)</u>	<u>\$ (2,230,072)</u>
<u>\$ (7,114,850)</u>	<u>\$ (2,230,072)</u>	<u>\$ (9,344,922)</u>
\$ 2,822,718	\$ -	\$ 2,822,718
931,067	-	931,067
709,692	-	709,692
209,182	-	209,182
1,229,495	-	1,229,495
247,976	-	247,976
218,604	-	218,604
159,227	-	159,227
44,400	5,318	49,718
80,487	169,673	250,160
923,762	-	923,762
369,061	-	369,061
1,115,904	(1,115,904)	-
<u>\$ 9,061,575</u>	<u>\$ (940,913)</u>	<u>\$ 8,120,662</u>
1,946,725	(3,170,985)	(1,224,260)
37,887,464	21,410,055	59,297,519
<u>\$ 39,834,189</u>	<u>\$ 18,239,070</u>	<u>\$ 58,073,259</u>

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## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 As of June 30, 2013

	General	Special Revenue (Parks & Recreation)	Capital Projects	Total
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 5,519,376	\$ -	\$ -	\$ 5,519,376
Receivables (net of allowance for uncollectibles):				
Taxes receivable (Note 1)	1,307,846	-	-	1,307,846
Accounts receivable	175,406	8,793	-	184,199
Due from other funds	154,656	-	-	154,656
Due from other governmental units (Note 3)	191,839	-	1,027,868	1,219,707
Prepaid items	48,661	-	-	48,661
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	2,192,101	-	993,798	3,185,899
Total assets	<u>\$ 9,589,885</u>	<u>\$ 8,793</u>	<u>\$ 2,021,666</u>	<u>\$ 11,620,344</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 405,093	\$ 3,033	\$ 958,000	\$ 1,366,126
Accrued liabilities	216,436	2,060	-	218,496
Bank overdraft	-	57,260	937,930	995,190
Due to other funds	-	-	154,656	154,656
Unearned revenue	-	11,450	-	11,450
Other	26,500	-	-	26,500
Deposits-other	-	800	-	800
Deposits held in escrow	113,546	-	-	113,546
Total liabilities	<u>\$ 761,575</u>	<u>\$ 74,603</u>	<u>\$ 2,050,586</u>	<u>\$ 2,886,764</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	<u>\$ 1,244,967</u>	<u>\$ 2,668</u>	<u>\$ -</u>	<u>\$ 1,247,635</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	<u>\$ 48,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,661</u>
Restricted for:				
State highway maintenance	\$ 397,701	\$ -	\$ -	\$ 397,701
Loudoun county settlement funds	1,730,952	-	-	1,730,952
Fireman's field	-	-	357,961	357,961
USDA- bond covenant	59,913	-	-	59,913
Unspent bond proceeds	3,535	-	233,797	237,332
Total restricted fund balance	<u>\$ 2,192,101</u>	<u>\$ -</u>	<u>\$ 591,758</u>	<u>\$ 2,783,859</u>
Committed for:				
Future capital outlay	\$ 756,392	\$ -	\$ -	\$ 756,392
Capital asset replacement	12,500	-	-	12,500
Total committed fund balance	<u>\$ 768,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,892</u>
Unassigned	<u>\$ 4,573,689</u>	<u>\$ (68,478)</u>	<u>\$ (620,678)</u>	<u>\$ 3,884,533</u>
Total fund balances (deficits)	<u>\$ 7,583,343</u>	<u>\$ (68,478)</u>	<u>\$ (28,920)</u>	<u>\$ 7,485,945</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,589,885</u>	<u>\$ 8,793</u>	<u>\$ 2,021,666</u>	<u>\$ 11,620,344</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 As of June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,485,945
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.	54,719,835
Interest paid on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(209,908)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds.	
Unavailable revenue related to property taxes	50,896
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. All liabilities - both current and long-term - are reported in the Statement of Net Position.	<u>(22,212,579)</u>
Net Position of governmental activities	<u>\$ 39,834,189</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2013

	General	Special Revenue (Parks & Recreation)	Capital Projects	Total
<b>REVENUES</b>				
General property taxes	\$ 2,677,535	\$ 173,433	\$ -	\$ 2,850,968
Other local taxes	3,705,243	-	-	3,705,243
Permits, privilege fees, and regulatory licenses	102,822	-	-	102,822
Fines and forfeitures	84,156	-	-	84,156
Revenue from the use of money and property	1,770	40,788	1,842	44,400
Miscellaneous	63,746	16,741	-	80,487
Intergovernmental revenues:				
Local government	237,739	-	450,000	687,739
Commonwealth	1,105,836	-	2,255,335	3,361,171
Federal	18,452	15,952	-	34,404
Total revenues	<u>\$ 7,997,299</u>	<u>\$ 246,914</u>	<u>\$ 2,707,177</u>	<u>\$ 10,951,390</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,390,979	\$ -	\$ -	\$ 2,390,979
Public safety	1,838,119	-	-	1,838,119
Public works	2,747,417	-	-	2,747,417
Parks, recreation, and cultural	-	153,330	-	153,330
Community development	426,093	-	-	426,093
Capital outlay	-	-	4,723,932	4,723,932
Debt service:				
Principal retirement	3,372,258	67,924	-	3,440,182
Interest and other fiscal charges	655,255	55,685	58,393	769,333
Total expenditures	<u>\$ 11,430,121</u>	<u>\$ 276,939</u>	<u>\$ 4,782,325</u>	<u>\$ 16,489,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,432,822)</u>	<u>\$ (30,025)</u>	<u>\$ (2,075,148)</u>	<u>\$ (5,537,995)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,115,904	\$ -	\$ -	\$ 1,115,904
Proceeds from sale of property	1,259,700	-	-	1,259,700
Issuance of debt	2,793,772	-	2,046,228	4,840,000
Total other financing sources (uses)	<u>\$ 5,169,376</u>	<u>\$ -</u>	<u>\$ 2,046,228</u>	<u>\$ 7,215,604</u>
Net change in fund balances	\$ 1,736,554	\$ (30,025)	\$ (28,920)	\$ 1,677,609
Fund balances - beginning	5,846,789	(38,453)	-	5,808,336
Fund balances - ending	<u>\$ 7,583,343</u>	<u>\$ (68,478)</u>	<u>\$ (28,920)</u>	<u>\$ 7,485,945</u>

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

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$	1,677,609
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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. Details supporting this adjustment are as follows:

Capital outlay	\$	4,104,045	
Depreciation expense		<u>(1,835,762)</u>	2,268,283

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(335,939)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(28,250)
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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	3,355,182	
Principal retired on notes payable	85,000	
Proceeds from the issuance of general obligation bonds	<u>(4,840,000)</u>	(1,399,818)

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.

(Increase)/decrease in compensated absences	(36,181)	
(Increase)/decrease in other post retirement benefit obligations	(167,011)	
(Increase)/decrease in accrued interest payable	<u>(31,968)</u>	<u>(235,160)</u>

Change in net position of governmental activities	\$	<u><u>1,946,725</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Position  
 Proprietary Funds  
 As of June 30, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,942,327	\$ 2,281,417	\$ 4,223,744
Prepaid items	9,385	8,540	17,925
Receivables, net of allowances for uncollectibles			
Accounts	365,156	561,193	926,349
Total current assets	\$ 2,316,868	\$ 2,851,150	\$ 5,168,018
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 1,592,645	\$ 218,978	\$ 1,811,623
Cash held for customer deposits	188,755	-	188,755
Total restricted assets	\$ 1,781,400	\$ 218,978	\$ 2,000,378
Capital assets:			
Utility plant in service	12,349,008	42,565,529	54,914,537
Land	2,672,409	367,100	3,039,509
Improvements other than buildings	445,000	-	445,000
Vehicles	172,036	151,698	323,734
Machinery and equipment	203,461	236,062	439,523
Construction in progress	1,245,128	2,053,983	3,299,111
Less accumulated depreciation	(3,193,153)	(3,581,746)	(6,774,899)
Total capital assets	\$ 13,893,889	\$ 41,792,626	\$ 55,686,515
Total noncurrent assets	\$ 15,675,289	\$ 42,011,604	\$ 57,686,893
Total assets	\$ 17,992,157	\$ 44,862,754	\$ 62,854,911
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 41,785	\$ -	\$ 41,785
Total assets and deferred outflows of resources	\$ 18,033,942	\$ 44,862,754	\$ 62,896,696
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 247,137	\$ 58,654	\$ 305,791
Accrued payroll	35,491	36,597	72,088
Customers' deposits	188,755	-	188,755
Accrued interest payable	189,336	379,310	568,646
Compensated absences - current portion	3,503	4,700	8,203
Bonds payable - current portion	737,638	1,331,330	2,068,968
Total current liabilities	\$ 1,401,860	\$ 1,810,591	\$ 3,212,451
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 11,266,774	\$ 29,858,993	\$ 41,125,767
Compensated absences - net of current portion	31,527	42,299	73,826
Other post employment benefits	122,791	122,791	245,582
Total noncurrent liabilities	\$ 11,421,092	\$ 30,024,083	\$ 41,445,175
Total liabilities	\$ 12,822,952	\$ 31,834,674	\$ 44,657,626
<b>NET POSITION</b>			
Net investment in capital assets	\$ 3,523,907	\$ 10,821,281	\$ 14,345,188
Unrestricted	1,687,083	2,206,799	3,893,882
Total net position	\$ 5,210,990	\$ 13,028,080	\$ 18,239,070
Total liabilities and net position	\$ 18,033,942	\$ 44,862,754	\$ 62,896,696

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

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Charges for services and connection fees	\$ 1,970,741	\$ 2,360,589	\$ 4,331,330
Other revenues	25,825	25,845	51,670
Miscellaneous	7,501	13,826	21,327
Total operating revenues	<u>\$ 2,004,067</u>	<u>\$ 2,400,260</u>	<u>\$ 4,404,327</u>
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 542,324	\$ 583,193	\$ 1,125,517
Employee benefits	236,804	240,851	477,655
Plant operations	207,226	366,860	574,086
Well operations	144,523	-	144,523
Pump station operations	-	26,030	26,030
Equipment and vehicles	52,936	16,503	69,439
Depreciation	292,111	644,287	936,398
Capital outlay - non-capitalizable expenses	-	850	850
Other	2,251,298	65,930	2,317,228
Total operating expenses	<u>\$ 3,727,222</u>	<u>\$ 1,944,504</u>	<u>\$ 5,671,726</u>
Operating income (loss)	<u>\$ (1,723,155)</u>	<u>\$ 455,756</u>	<u>\$ (1,267,399)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental revenue	\$ 33,237	\$ -	\$ 33,237
Investment earnings	3,059	2,259	5,318
Rental income	3,050	-	3,050
Cellular lease	145,296	-	145,296
Interest expense	(500,139)	(1,079,398)	(1,579,537)
Total nonoperating revenues (expenses)	<u>\$ (315,497)</u>	<u>\$ (1,077,139)</u>	<u>\$ (1,392,636)</u>
Income before contributions and transfers	<u>\$ (2,038,652)</u>	<u>\$ (621,383)</u>	<u>\$ (2,660,035)</u>
Contributed capital - availability fees	\$ 317,264	\$ 287,690	\$ 604,954
Transfers out	(557,952)	(557,952)	(1,115,904)
Change in net position	<u>\$ (2,279,340)</u>	<u>\$ (891,645)</u>	<u>\$ (3,170,985)</u>
Total net position - beginning, as restated	<u>7,490,330</u>	<u>13,919,725</u>	<u>21,410,055</u>
Total net position - ending	<u>\$ 5,210,990</u>	<u>\$ 13,028,080</u>	<u>\$ 18,239,070</u>

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

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 2,166,132	\$ 2,301,141	\$ 4,467,273
Payments to suppliers	(291,114)	(467,911)	(759,025)
Payments to and on behalf of employees	(743,406)	(786,452)	(1,529,858)
Net cash provided by (used for) operating activities	\$ 1,131,612	\$ 1,046,778	\$ 2,178,390
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental revenue	\$ 33,237	\$ -	\$ 33,237
Transfers to other funds	(557,952)	(557,952)	(1,115,904)
Net cash provided by (used for) noncapital financing activities	\$ (524,715)	\$ (557,952)	\$ (1,082,667)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property, plant and equipment	\$ (410,073)	\$ (84,672)	\$ (494,745)
Capital contributions	317,264	287,690	604,954
Retirements of long-term indebtedness	(707,870)	(1,288,514)	(1,996,384)
Proceeds from indebtedness	1,030,000	-	1,030,000
Interest payments	(526,590)	(1,094,254)	(1,620,844)
Net cash provided by (used for) capital and related financing activities	\$ (297,269)	\$ (2,179,750)	\$ (2,477,019)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	\$ 3,059	\$ 2,259	\$ 5,318
Net cash provided by (used for) investing activities	\$ 3,059	\$ 2,259	\$ 5,318
Net increase (decrease) in cash and cash equivalents	\$ 312,687	\$ (1,688,665)	\$ (1,375,978)
Cash and cash equivalents - beginning (including restricted)	3,411,040	4,189,060	7,600,100
Cash and cash equivalents - ending (including restricted)	\$ 3,723,727	\$ 2,500,395	\$ 6,224,122
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (1,723,155)	\$ 455,756	\$ (1,267,399)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	292,111	644,287	936,398
Write off of construction in progress	2,158,295	-	2,158,295
Cellular lease revenue	145,296	-	145,296
Rent on property	3,050	-	3,050
(Increase) decrease in accounts receivable	(19,192)	(98,183)	(117,375)
(Increase) decrease in prepaid items	(1,481)	(936)	(2,417)
Increase (decrease) in compensated absences	514	464	978
Increase (decrease) in payroll liabilities	10,755	10,749	21,504
Increase (decrease) in other post-employment benefits	24,453	26,379	50,832
Increase (decrease) in accounts payable	208,055	8,262	216,317
Increase (decrease) in unearned revenue	(16,619)	-	(16,619)
Increase (decrease) in customer deposits	49,530	-	49,530
Total adjustments	\$ 2,854,767	\$ 591,022	\$ 3,445,789
Net cash provided by (used for) operating activities	\$ 1,131,612	\$ 1,046,778	\$ 2,178,390

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

# TOWN OF PURCELLVILLE, VIRGINIA

## Notes to Financial Statements As of June 30, 2013

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### Note 1—Summary of Significant Accounting Policies:

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#### A. Financial Reporting Entity

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

#### Individual Component Unit Disclosures

The Town has no component units.

#### Related Organizations

The Town has no related organizations.

#### Jointly Governed Organizations

The Town has no jointly governed organizations.

#### B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements with the exception of the amounts related to interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

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

The 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 (public safety, public works, health and welfare, etc.) 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.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

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 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 unearned 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. 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.

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

a. General Fund

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

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Park and Recreation Fund, which is considered a major fund at June 30, 2013.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

##### c. Capital Projects Fund

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

2. 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.

##### Enterprise Funds

Enterprise Funds 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.

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. 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.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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#### D. Budgets and Budgetary Accounting: (Continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that enterprise fund budgets are adopted on the modified 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 reserve that portion of the applicable appropriations, is not part of the Town's accounting system.

#### E. Cash and Cash Equivalents

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

#### F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$5,276 at June 30, 2013 and is comprised solely of property taxes.

#### G. Restricted Assets

Proceeds from bonds issued for general and enterprise funds are classified as restricted assets on the Balance Sheet and Statement of Net Position because their use is limited to future capital outlay. These funds are maintained in a separate bank account under the care of a trustee.

#### H. Investments

Investments are reported at fair market value. Certificates of deposits, money market mutual funds and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

#### I. 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.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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J. Capital Assets

Capital assets, which include property, plant and equipment, 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 \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets for the year ended June 30, 2013 was immaterial.

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

Buildings	50 Years
Utility Plant & Lines	50 Years
Automobiles	5-7 Years
Machinery and Equipment	7-10 Years
Infrastructure	75 Years
Improvements Other than Buildings	20 Years

K. 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.

L. Long-term Obligations

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

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

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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#### M. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowances amounted to approximately \$5,276 at June 30, 2013 for uncollectible local property taxes.

#### N. 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.

#### O. 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.

#### P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2013, the Town had \$41,785 in deferred outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Town had \$1,196,739 in deferred inflows at June 30, 2013.

#### Q. 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.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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#### R. Net Position Flow Assumption

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.

#### S. Fund Equity

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 fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - 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 fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - 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 fund balance - 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. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the Town strives to maintain an unassigned fund balance of \$4 million or 75% of the total General Fund revenues, whichever is greater.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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T. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

U. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this statement resulted in the following restatement of net position:

<u>General Government</u>	
Beginning net position, July 1, 2012	\$ 38,078,504
Adjustment to write-off bond issue costs	<u>(191,040)</u>
Beginning net position July 1, 2012, as adjusted	<u><u>\$ 37,887,464</u></u>
<u>Enterprise</u>	
Beginning net position, July 1, 2012	\$ 21,489,531
Adjustment to write-off bond issue costs	<u>(79,476)</u>
Beginning net position July 1, 2012, as adjusted	<u><u>\$ 21,410,055</u></u>

**Note 2—Deposits and Investments:**

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Deposits:

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

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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**Note 2—Deposits and Investments: (Continued)**

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Investments:

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments):

To protect the Town against potential fraud, the investment policy states that the assets of the Town shall be secured through third-party custody and safe-keeping procedures. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

The Town’s investments at June 30, 2013 were held by the Town or in the Town’s name by the Town’s custodial banks.

Credit Risk of Debt Securities:

The Town’s investment policy states that no individual investment shall be undertaken that jeopardizes the capital position of the Town or does not bear the full faith and credit of the United States government or is not fully collateralized or insured.

The Town’s rated debt investments as of June 30, 2013 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>Town's Rated Debt Investments</u>	
<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 2,011,712
State Non-Arbitrage Pool	<u>2,450,995</u>
Total	<u>\$ 4,462,707</u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 3—Due from Other Governmental Units:**

Commonwealth:	
VDOT	\$ 1,027,868
Fire Programs Fund	3,448
Communications Tax	<u>26,057</u>
Due from Commonwealth	\$ <u>1,057,373</u>
County of Loudoun:	
Local Sales Tax	\$ <u>162,334</u>
Total	\$ <u><u>1,219,707</u></u>

**Note 4—Capital Assets:**

Governmental Funds

A summary of changes in capital assets for the year ended June 30, 2013 follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 4,310,764	\$ -	\$ -	\$ 4,310,764
Construction in progress	<u>11,755,944</u>	<u>4,669,790</u>	<u>7,335,910</u>	<u>9,089,824</u>
Total capital assets not being depreciated	\$ <u>16,066,708</u>	\$ <u>4,669,790</u>	\$ <u>7,335,910</u>	\$ <u>13,400,588</u>
Capital assets being depreciated:				
Buildings	\$ 8,260,779	\$ 4,659,478	\$ 839,847	\$ 12,080,410
Improvements other than buildings	833,792	1,610,201	-	2,443,993
Machinery and equipment	2,446,632	76,686	43,711	2,479,607
Vehicles	949,550	22,783	124,082	848,251
Infrastructure	<u>49,870,015</u>	<u>401,016</u>	<u>-</u>	<u>50,271,031</u>
Subtotal	\$ 62,360,768	\$ 6,770,164	\$ 1,007,640	\$ 68,123,292
Less: accumulated depreciation for:				
Buildings	\$ (809,502)	\$ (329,038)	\$ (503,909)	\$ (634,631)
Improvements other than buildings	(258,612)	(117,952)	-	(376,564)
Machinery and equipment	(1,329,443)	(204,396)	(43,710)	(1,490,129)
Vehicles	(777,669)	(55,078)	(124,082)	(708,665)
Infrastructure	<u>(22,464,758)</u>	<u>(1,129,298)</u>	<u>-</u>	<u>(23,594,056)</u>
Total accumulated depreciation	\$ <u>(25,639,984)</u>	\$ <u>(1,835,762)</u>	\$ <u>(671,701)</u>	\$ <u>(26,804,045)</u>
Net capital assets being depreciated	\$ <u>36,720,784</u>	\$ <u>4,934,402</u>	\$ <u>335,939</u>	\$ <u>41,319,247</u>
Capital assets, net	\$ <u><u>52,787,492</u></u>	\$ <u><u>9,604,192</u></u>	\$ <u><u>7,671,849</u></u>	\$ <u><u>54,719,835</u></u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 4—Capital Assets: (Continued)**

Enterprise Funds (Business-type Activities)

A summary of changes in capital assets for the year ended June 30, 2013 follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 3,039,509	\$ -	\$ -	\$ 3,039,509
Construction in progress	<u>7,584,318</u>	<u>439,877</u>	<u>4,725,084</u>	<u>3,299,111</u>
Total capital assets not being depreciated	\$ <u>10,623,827</u>	\$ <u>439,877</u>	\$ <u>4,725,084</u>	\$ <u>6,338,620</u>
Capital assets being depreciated:				
Utility plant in service	\$ 52,415,336	\$ 2,499,201	\$ -	\$ 54,914,537
Improvements other than buildings	445,000	-	-	445,000
Vehicles	278,933	44,801	-	323,734
Machinery and equipment	<u>361,869</u>	<u>77,654</u>	<u>-</u>	<u>439,523</u>
Subtotal	\$ 53,501,138	\$ 2,621,656	\$ -	\$ 56,122,794
Less: accumulated depreciation for:				
Utility plant in service	\$ (5,130,022)	\$ (850,174)	\$ -	\$ (5,980,196)
Improvements other than buildings	(265,100)	(20,800)	-	(285,900)
Vehicles	(236,360)	(29,759)	-	(266,119)
Machinery and equipment	<u>(207,019)</u>	<u>(35,665)</u>	<u>-</u>	<u>(242,684)</u>
Total accumulated depreciation	\$ <u>(5,838,501)</u>	\$ <u>(936,398)</u>	\$ <u>-</u>	\$ <u>(6,774,899)</u>
Net capital assets being depreciated	\$ <u>47,662,637</u>	\$ <u>1,685,258</u>	\$ <u>-</u>	\$ <u>49,347,895</u>
Capital assets, net	\$ <u>58,286,464</u>	\$ <u>2,125,135</u>	\$ <u>4,725,084</u>	\$ <u>55,686,515</u>

Note: Deletions of construction in progress is greater than additions to capital assets due to the fact that several projects that were capitalized in previous years was determined to be less than likely to be completed, thus appropriately expensed in the current year.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government administration	\$ 299,124
Parks and recreation	80,510
Public safety	5,199
Public works (Highways and streets)	167,722
Community development	<u>1,283,207</u>
Total governmental activities	<u>\$ 1,835,762</u>
Enterprise funds	<u>\$ 936,398</u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long—Term Obligations:**

Governmental Activities:

Changes in Long—term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>
General obligation bonds payable	\$ 18,444,736	\$ 4,840,000	\$ (3,355,182)	\$ 19,929,554
Notes payable	\$ 1,275,000	\$ -	\$ (85,000)	\$ 1,190,000
Other post-employment benefits	\$ 593,896	\$ 179,661	\$ (12,650)	\$ 760,907
Compensated absences	\$ 295,937	\$ 353,484	\$ (317,303)	\$ 332,118
Totals	<u>\$ 20,609,569</u>	<u>\$ 5,373,145</u>	<u>\$ (3,770,135)</u>	<u>\$ 22,212,579</u>

The liability for other post-employment benefits and compensated absences of the governmental activities is liquidated by the general fund.

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

Year Ending June 30,	Bonds		Notes
	Principal	Interest	Principal
2014	\$ 676,859	\$ 708,482	\$ 85,000
2015	719,490	683,629	85,000
2016	907,740	654,811	85,000
2017	941,578	622,712	85,000
2018	971,043	589,500	85,000
2019-2023	6,983,420	2,116,857	425,000
2024-2028	3,369,167	1,351,162	340,000
2029-2033	2,638,085	751,470	-
2034-2038	703,763	494,497	-
2039-2043	864,662	333,598	-
2044-2047	1,153,747	136,969	-
Total	<u>\$ 19,929,554</u>	<u>\$ 8,443,687</u>	<u>\$ 1,190,000</u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long—Term Obligations: (Continued)**

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Bonds Payable:		
\$835,133 General Obligation Bond Series 2003 dated May 22, 2003 with principal payable annually, bearing interest at 3.27% payable semi-annually, maturing October 1, 2017.	\$ 318,043	\$ 59,582
\$2,233,000 General Obligation Bond Series 2005A with principal payable annually in variable amounts, bearing interest at 3.659% payable semi-annually, maturing in 2020.	1,618,700	99,500
\$2,576,261 General Obligation Refunding Bonds Series 2008 dated May 21, 2008 with principal payable annually and bearing interest at 4.46% payable semi-annually, maturing January 15, 2029.	2,834,066	163,627
\$4,591,000 General Obligation Bond Series 2008 dated December 16, 2008 with principal payable annually including interest at 4.125% maturing November 1, 2029.	4,449,505	56,790
\$2,155,000 General Obligation Bonds Series 2010 dated July 27, 2010 with principal payable semi-annually, bearing interest at 4.23%, maturing July 15, 2020.	2,125,000	30,000
\$5,870,000 General Obligation Public Improvement and Refunding Bond Series 2012A dated December 6, 2012 with principal payments beginning in 2016, bearing interest at 2.75% payable semi-annually, maturing August 1, 2033.	4,840,000	-
\$4,241,000 General Obligation Refunding Bond Series 2010 dated November 30, 2010 with principal payable annually, bearing interest at 3.03% maturing June 30, 2026.	<u>3,744,240</u>	<u>267,360</u>
Total Bonds Payable	<u>\$ 19,929,554</u>	<u>\$ 676,859</u>
Notes Payable:		
\$1,700,000 note payable dated July 18, 2007 for the purchase of Fireman's Field (land). Payments of \$75,000 (increased to \$85,000 in 2010) due annually with the final installment due 2027, bearing interest at 0%.	<u>\$ 1,190,000</u>	<u>\$ 85,000</u>
Compensated Absences (Note 6)	<u>\$ 332,118</u>	<u>\$ 33,212</u>
Other post employment benefits (Note 12)	<u>\$ 760,907</u>	<u>\$ -</u>
Total general long-term obligations	<u><u>\$ 22,212,579</u></u>	<u><u>\$ 795,071</u></u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long—Term Obligations: (Continued)**

Enterprise Activities:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town’s enterprise activities for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>		<u>Additions</u>		<u>Reductions</u>	<u>Balance June 30, 2013</u>
General obligation bonds payable	\$ 44,021,616	\$	1,030,000	\$	(1,996,382)	\$ 43,055,234
Premium on issuance	<u>178,237</u>		<u>-</u>		<u>(38,736)</u>	<u>139,501</u>
Total general obligation bonds payable	\$ 44,199,853	\$	1,030,000	\$	(2,035,118)	\$ 43,194,735
Other post-employment benefits	<u>194,750</u>	\$	<u>54,683</u>	\$	<u>(3,851)</u>	<u>245,582</u>
Compensated absences	<u>81,051</u>	\$	<u>101,389</u>	\$	<u>(100,411)</u>	<u>82,029</u>
Totals	<u>\$ 44,475,654</u>	\$	<u>1,186,072</u>	\$	<u>(2,139,380)</u>	<u>\$ 43,522,346</u>

The liability for other post-employment benefits and compensated absences is liquidated by the general fund.

Annual requirements to amortize the Town’s enterprise indebtedness and related interest are as follows:

	<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
		<u>Principal</u>	<u>Interest</u>
2014	\$	2,068,968	\$ 1,162,183
2015		2,143,786	1,106,518
2016		2,246,160	1,049,215
2017		2,326,015	988,877
2018		2,413,276	926,896
2019-2023		12,822,028	3,509,980
2024-2028		10,261,169	1,929,406
2029-2032		<u>8,773,832</u>	<u>373,406</u>
Total	\$	<u>43,055,234</u>	<u>\$ 11,046,481</u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 5—Long—Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
\$17,384,839 General Obligation Refunding Bonds Series 2008 dated May 21, 2008 with principal payable annually bearing interest at 4.46% payable semi-annually, maturing January 15, 2029.	\$ 13,946,434	\$ 640,873
\$24,944,377 General Obligation Bond, Series 2008 (VRA) with principal payable annually, bearing interest at 3%, maturing 2029.	21,981,700	1,008,195
\$5,822,500 General Obligation Bond Series 2005B with principal payable annually, bearing interest at 3.659% payable semi-annually, maturing 2021.	2,602,100	159,900
\$5,870,000 General Obligation Public Improvement and Refunding Bond Series 2012A dated December 6, 2012 with principal payment due upon maturity, bearing interest at 2.75% payable semi-annually, maturing August 1, 2033.	1,030,000	-
\$2,245,000 General Obligation Bonds Series 2010 dated July 27, 2010 with principal payable semi-annually, bearing interest at 4.23%, maturing July 15, 2020.	2,155,000	95,000
\$1,655,000 General Obligation Refunding Bond Series 2010 (VRA) dated October 15, 2010 with principal payable annually, bearing interest at 2.5433% payable semi-annually maturing October 1, 2019.	1,340,000	165,000
Premium on issuance	139,501	-
Total	\$ 43,194,735	\$ 2,068,968
Compensated Absences (Note 6)	\$ 82,029	\$ 8,203
Other post employment benefits (Note 12)	\$ 245,582	\$ -
Total enterprise long-term obligations	<u>\$ 43,522,346</u>	<u>\$ 2,077,171</u>

Defeased Debt - Current Refundings

On May 21, 2008 the Town issued General Obligation Public Improvement and Refunding Bonds, Series 2008 in the amount of \$19,961,100 to current refund the 1999 and 1996 General Obligation Bonds and provide financing for general government and enterprise fund capital projects. The refunding Series 2008 bonds were issued at an interest rate of 4.46% to refund the Series 1999 and 1996 bonds with interest rates of 5.00% and 5.75%, respectively. The refunding portion of the new bonds amounted to \$7,535,398 to defease the outstanding debt of the Series 1999 and 1996 bonds in the amount of \$6,529,101 and \$1,006,297. As a result of the current refunding, the Town reduced its future debt service requirements for the 1999 and 1996 bonds in the amount of \$1,400,720 and \$227,909, respectively which resulted in an economic gain of \$401,202 and \$88,100.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 5—Long—Term Obligations: (Continued)

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#### Defeased Debt - Current Refundings: (Continued)

On November 30, 2010 the Town issued General Obligation Refunding Bonds, Series 2010 in the amount of \$4,241,000 to refund the 2008 and 2009 General Obligation Bonds. The refunding Series 2010 bond was issued at an interest rate of 3.03% to refund the Series 2008 and 2009 bonds with interest rates of 4.125% and 4.87%, respectively. The refunding portion of the new bonds amounted to \$4,142,633 to defease the outstanding debt of the Series 2008 and 2009 bonds in the amounts of \$1,142,633 and \$3,000,000. As a result of the refunding, the Town reduced its future debt service requirements for the 2008 and 2009 bonds in the amount of \$4,769,254, which resulted in an economic gain of \$453,271.

#### Defeased Debt - Advance Refundings

On October 15, 2010 the Town issued General Obligation Public Improvement and Refunding Bonds, Series 2010 (VRA) in the amount of \$1,655,000 to advance refund the 2000 General Obligation Bonds. The refunding Series 2010 bonds were issued at an interest rate 2.5433% to refund the Series 2000 bonds with an interest rate ranging from 4.80% to 5.60%. These funds were deposited in an irrevocable trust with an escrow agent to provide funds to call the 2000 bond. As a result of the advance refunding, the Town reduced its future debt service requirements for the 2000 bond in the amount of \$271,714, which resulted in an economic gain of \$237,845.

### Note 6—Compensated Absences:

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In accordance with GASB Statement 16 "Accounting for Compensated Absences," the Town has accrued liabilities arising from compensated absences.

Town employees earn annual leave at various rates. No benefits or pay is received for unused sick leave upon termination, except for employees who retire under VRS from the Town in good standing are paid for 25% of their sick leave balance. Accumulated vacation is paid upon termination. The Town's General Fund has outstanding accrued leave pay totaling \$332,118 and the Enterprise Funds have outstanding accrued leave pay of \$82,029.

### Note 7—Defined Benefit Pension Plan:

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#### A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 7—Defined Benefit Pension Plan: (Continued)

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#### A. Plan Description

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/PDF/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 7—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2013 was 14.47% of the annual covered payroll.

C. Annual Pension Cost:

For the fiscal year ended June 30, 2013, the Town's annual pension cost of \$596,530 was equal to the required and actual contributions.

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/13	\$ 596,530	100%	\$ -
06/30/12	405,985	100%	-
06/30/11	376,339	100%	-

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.6% per year, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 79.52% funded. The actuarial accrued liability for benefits was \$9,568,315, and the actuarial value of assets was \$7,608,789, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,959,526. The covered payroll (annual payroll of active employees covered by the plan) was \$3,903,172 and the ratio of the UAAL to the covered payroll was 50.20%.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 7—Defined Benefit Pension Plan: (Continued)

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#### D. Funded Status and Funding Progress: (Continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

### Note 8—Unearned Revenue/Unavailable Revenue:

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Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

#### A. Unavailable Property Tax Revenue (Deferred Inflow)

Unavailable revenue representing deferred property tax revenues totaled \$1,228,894 at June 30, 2013.

#### B. Prepaid Property Taxes (Deferred Inflow)

Property taxes due subsequent to June 30, 2013, but paid in advance by the taxpayers totaled \$16,073 at June 30, 2013.

#### C. Firemen's Field Service Tax (Deferred Inflow)

At June 30, 2013, the Firemen's Field Service Tax unavailable revenue to be recognized when earned totaled \$2,668.

#### D. Parks and Recreation

Unearned Wine festival revenue amounted to \$11,450 at June 30, 2013.

### Note 9—Risk Management:

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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 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 three fiscal years.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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**Note 10—Interfund Transfers:**

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Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,115,904	\$ -
Water Fund	-	557,952
Sewer Fund	-	557,952
Total	<u>\$ 1,115,904</u>	<u>\$ 1,115,904</u>

Transfers were made for capital projects, debt service, and administrative charge-backs.

**Note 11—Commitments:**

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At June 30, 2013 the Town had the following commitments outstanding:

<u>Vendor</u>	<u>Project</u>	<u>Outstanding Commitment</u>
Lane Construction	Southern Collector Road	\$ 927,244
EE Lyons	Downtown Streetscapes Phase 1	53,162
Arthur Construction	North 21st Street Sidewalk	155,993
Hammerhead Construction	Fireman's Field Ticket Booth and Storage Buildings	551,655
Kimley-Horn and Associates	33rd Street and Country Club Drive Improvements	47,402
GeoConcepts Engineering	33rd Street and Country Club Drive Improvements	69,720
Perry Engineering	33rd Street and Country Club Drive Improvements	1,156,897

**Note 12—Other Post-Employment Benefits Program:**

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Background

Beginning in fiscal year 2009, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health-care and non-pension benefits, such as the Town's retiree health benefit subsidy. Historically, the Town's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the Town accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Town. This funding methodology mirrors the funding approach used for pension benefits.

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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**Note 12—Other Post-Employment Benefits Program: (Continued)**

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A. Plan Description:

In addition to the pension benefits described in Note 7, the Town provides single-employer defined benefit post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from Town service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 15 years of service with the Town, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance. The retiree's spouse can also receive benefits under the plan.

B. Funding Policy:

The Town establishes employer contribution rates for plan participants as part of the budgetary process each year. The Town also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the Town pays 50%, 75%, or 100% of the health insurance premium for retirees with 15-19, 20-24, or 25 plus years of service, respectively. For retirees at levels of service less than 25 years, the retiree pays 100% of spousal premiums. The Town pays 100% of spousal premiums for retirees with more than 25 years of service.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$223,900 for fiscal year 2013. The Town did not make a payment towards this obligation during the fiscal year. The Town is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) as a level percentage of payroll or an open basis over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments, Town contributions, and credit for the implicit rate subsidy made during the year for the retirees of the Town. The following table shows the components of the Town's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the Town's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 223,900
Interest on net OPEB obligation	31,544
Adjustment to annual required contribution	<u>(21,101)</u>
Annual OPEB cost (expense)	\$ 234,343
Estimated contributions made	<u>(16,500)</u>
Increase in net OPEB obligation	\$ <u>217,843</u>
Net OPEB obligation - beginning of year	<u>788,646</u>
Net OPEB obligation - end of year	\$ <u><u>1,006,489</u></u>

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 12—Other Post-Employment Benefits Program: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2013, the Town’s expected cash payment of \$16,500 was \$217,843 less than the OPEB cost. The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	213,882	6.22%	587,929
June 30, 2012	212,917	5.73%	788,646
June 30, 2013	234,343	7.04%	1,006,489

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012 is as follows:

Actuarial accrued liability (AAL)	\$	1,650,700
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		1,650,700
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		4,088,000
UAAL as a percentage of covered payroll		40.38%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

## TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 12—Other Post-Employment Benefits Program: (Continued)

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#### C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

In the January 1, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.7% initially, reduced by decrements to an ultimate rate of 4.80% after 83 years. Both rates included a 3.75% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at January 1, 2012, was 30 years.

#### Cost Method

The projected unit credit (PUC) cost method is used to determine the plan's funding liabilities and costs. A PUC accrued benefit is determined for each active member of the Plan on the basis of the member's benefit projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

The actuarial liability and the normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner by projecting the member's average final compensation to each assumed date of termination, disablement, or death. The actuarial liability and normal cost for the supplemental benefits are based upon the present value of the expected supplement expected to be paid to those covered employees attaining eligibility. The actuarial liability for inactive members is determined to be the actuarial present value of the pension and supplemental benefits expected to be paid.

#### Interest Assumptions

	<u>Unfunded</u>
Investment rate of return	4.00%
Health cost trend assumption	7.70%
Payroll growth	3.75%

TOWN OF PURCELLVILLE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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**Note 13—Operating Leases:**

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The Town has operating leases with various companies for cell towers. Future minimum lease payment receipts are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 148,262
2015	145,193
2016	115,993
2017	82,922
2018	<u>45,272</u>
Total	<u>\$ 537,642</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

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## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 2,560,060	\$ 2,560,060	\$ 2,677,535	\$ 117,475
Other local taxes	3,383,193	3,383,193	3,705,243	322,050
Permits, privilege fees, and regulatory licenses	75,000	75,000	102,822	27,822
Fines and forfeitures	95,500	95,500	84,156	(11,344)
Revenue from the use of money and property	16,000	16,000	1,770	(14,230)
Miscellaneous	50,400	73,823	63,746	(10,077)
Intergovernmental revenues:				
Local government	237,000	237,000	237,739	739
Commonwealth	1,098,901	1,098,901	1,105,836	6,935
Federal	18,452	18,452	18,452	-
Total revenues	\$ 7,534,506	\$ 7,557,929	\$ 7,997,299	\$ 439,370
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,271,797	\$ 2,279,197	\$ 2,390,979	\$ (111,782)
Public safety	1,736,165	1,781,201	1,838,119	(56,918)
Public works	3,107,408	3,127,408	2,747,417	379,991
Community development	487,159	487,159	426,093	61,066
Debt service:				
Principal retirement	739,799	616,190	3,372,258	(2,756,068)
Interest and other fiscal charges	643,229	643,229	655,255	(12,026)
Total expenditures	\$ 8,985,557	\$ 8,934,384	\$ 11,430,121	\$ (2,495,737)
Excess (deficiency) of revenues over (under) expenditures	\$ (1,451,051)	\$ (1,376,455)	\$ (3,432,822)	\$ (2,056,367)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,115,904	\$ 1,115,904	\$ 1,115,904	\$ -
Proceeds from sale of property	-	-	1,259,700	1,259,700
Issuance of debt	-	-	2,793,772	2,793,772
Total other financing sources (uses)	\$ 1,115,904	\$ 1,115,904	\$ 5,169,376	\$ 4,053,472
Net change in fund balances	\$ (335,147)	\$ (260,551)	\$ 1,736,554	\$ 1,997,105
Fund balances - beginning	335,147	260,551	5,846,789	5,586,238
Fund balances - ending	\$ -	\$ -	\$ 7,583,343	\$ 7,583,343

## Parks and Recreation Fund

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

For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ -	\$ 170,709	\$ 173,433	\$ 2,724
Revenue from the use of money and property	44,500	44,500	40,788	(3,712)
Miscellaneous	41,000	32,192	16,741	(15,451)
Intergovernmental revenues:				
Federal	15,952	15,952	15,952	-
Total revenues	\$ 101,452	\$ 263,353	\$ 246,914	\$ (16,439)
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	\$ 115,212	\$ 182,592	\$ 153,330	\$ 29,262
Debt service:				
Principal retirement	-	67,924	67,924	-
Interest and other fiscal charges	-	55,685	55,685	-
Total expenditures	\$ 115,212	\$ 306,201	\$ 276,939	\$ 29,262
Excess (deficiency) of revenues over (under) expenditures	\$ (13,760)	\$ (42,848)	\$ (30,025)	\$ 12,823
Net change in fund balances	\$ (13,760)	\$ (42,848)	\$ (30,025)	\$ 12,823
Fund balances - beginning	-	-	(38,453)	(38,453)
Fund balances - ending	\$ (13,760)	\$ (42,848)	\$ (68,478)	\$ (25,630)

Schedules of Funding Progress  
As of June 30, 2013

Virginia Retirement System - Schedule of Pension Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Annual Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
06/30/10	6,423,678	8,004,605	1,580,927	80.25%	3,898,431	40.55%
06/30/11	7,061,806	8,641,576	1,579,770	81.72%	3,867,344	40.85%
06/30/12	7,608,789	9,568,315	1,959,526	79.52%	3,903,172	50.20%

Other Post-Employment Benefits - Schedule of Funding Progress

Actuarial Valuation Date	Value of Assets (AVA) (a)	Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Annual Covered Payroll (e)	of Covered Payroll (c/e) (f)
01/01/11	-	1,341,400	1,341,400	0.0%	4,465,300	30.04%
01/01/12 *	-	1,650,700	1,650,700	0.0%	4,088,000	40.38%

\* Per GASB 45, Actuarial for Other Post-Employment Benefits not required to be performed annually.

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**OTHER SUPPLEMENTARY INFORMATION**

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## Supporting Schedules

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,186,007	\$ 2,186,007	\$ 2,264,679	\$ 78,672
Personal property taxes	349,053	349,053	374,189	25,136
Penalties and interest	25,000	25,000	38,667	13,667
Total general property taxes	<u>\$ 2,560,060</u>	<u>\$ 2,560,060</u>	<u>\$ 2,677,535</u>	<u>\$ 117,475</u>
Other local taxes:				
Local sales and use taxes	\$ 891,830	\$ 891,830	\$ 931,067	\$ 39,237
Cigarette taxes	245,000	245,000	247,976	2,976
Business license taxes	604,800	604,800	709,692	104,892
Utility license taxes	204,000	204,000	209,182	5,182
Auto decals	133,000	133,000	149,973	16,973
Bank franchise taxes	250,000	250,000	218,604	(31,396)
Cable franchise taxes	8,500	8,500	9,254	754
Gasoline taxes				-
Restaurant food taxes	1,046,063	1,046,063	1,229,495	183,432
Total other local taxes	<u>\$ 3,383,193</u>	<u>\$ 3,383,193</u>	<u>\$ 3,705,243</u>	<u>\$ 322,050</u>
Permits, privilege fees, and regulatory licenses:				
Zoning fees	\$ 75,000	\$ 75,000	\$ 102,822	\$ 27,822
Total permits, privilege fees, and regulatory licenses	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 102,822</u>	<u>\$ 27,822</u>
Fines and forfeitures:				
Police fines	\$ 95,500	\$ 95,500	\$ 84,156	\$ (11,344)
Total fines and forfeitures	<u>\$ 95,500</u>	<u>\$ 95,500</u>	<u>\$ 84,156</u>	<u>\$ (11,344)</u>
Revenue from use of money and property:				
Interest	\$ 16,000	\$ 16,000	\$ 1,770	\$ (14,230)
Total revenue from use of money and property	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 1,770</u>	<u>\$ (14,230)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 5,800	\$ 5,800	\$ 24,073	\$ 18,273
Proceeds from sales of property	5,000	5,000	7,830	2,830
Local grant & awards	-	23,423	23,423	-
Donations	12,100	12,100	-	(12,100)
Community events sign	1,500	1,500	1,185	(315)
Public Works reimbursement from others	24,000	24,000	4,849	(19,151)
Vehicle compensation reimbursement	2,000	2,000	2,386	386
Total miscellaneous revenue	<u>\$ 50,400</u>	<u>\$ 73,823</u>	<u>\$ 63,746</u>	<u>\$ (10,077)</u>
Total revenue from local sources	<u>\$ 6,180,153</u>	<u>\$ 6,203,576</u>	<u>\$ 6,635,272</u>	<u>\$ 431,696</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental revenue:				
Revenues from local governments:				
Gasoline tax funding from Loudoun County	\$ 237,000	\$ 237,000	\$ 237,739	\$ 739
Total local intergovernmental revenue	<u>\$ 237,000</u>	<u>\$ 237,000</u>	<u>\$ 237,739</u>	<u>\$ 739</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 159,000	\$ 159,000	\$ 164,808	\$ 5,808
Personal property tax relief funds	<u>201,753</u>	<u>201,753</u>	<u>201,753</u>	<u>-</u>
Total noncategorical aid	<u>\$ 360,753</u>	<u>\$ 360,753</u>	<u>\$ 366,561</u>	<u>\$ 5,808</u>
Categorical aid:				
Shared expenses:				
Aid to Police	\$ 106,648	\$ 106,648	\$ 109,229	\$ 2,581
Total shared expenses	<u>\$ 106,648</u>	<u>\$ 106,648</u>	<u>\$ 109,229</u>	<u>\$ 2,581</u>
Other categorical aid:				
Fire program funds	\$ 19,000	\$ 19,000	\$ 18,590	\$ (410)
Law enforcement funds	-	-	1,220	1,220
Highway maintenance funds	604,000	604,000	606,797	2,797
Department of transportation	6,200	6,200	-	(6,200)
Litter control grant	<u>2,300</u>	<u>2,300</u>	<u>3,439</u>	<u>1,139</u>
Total other categorical aid	<u>\$ 631,500</u>	<u>\$ 631,500</u>	<u>\$ 630,046</u>	<u>\$ (1,454)</u>
Total categorical aid	<u>\$ 738,148</u>	<u>\$ 738,148</u>	<u>\$ 739,275</u>	<u>\$ 1,127</u>
Total revenue from the Commonwealth	<u>\$ 1,098,901</u>	<u>\$ 1,098,901</u>	<u>\$ 1,105,836</u>	<u>\$ 6,935</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Noncategorical aid:				
BAB subsidy	\$ 15,952	\$ 15,952	\$ 15,952	\$ -
Total revenue from the federal government	<u>\$ 18,452</u>	<u>\$ 18,452</u>	<u>\$ 18,452</u>	<u>\$ -</u>
Total General Fund	<u><u>\$ 7,534,506</u></u>	<u><u>\$ 7,557,929</u></u>	<u><u>\$ 7,997,299</u></u>	<u><u>\$ 439,370</u></u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Fund:</b>				
<b>Parks and Recreation Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property - special tax district	\$ -	\$ 170,709	\$ 173,433	\$ 2,724
Total general property taxes	<u>\$ -</u>	<u>\$ 170,709</u>	<u>\$ 173,433</u>	<u>\$ 2,724</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 343	\$ 343
Revenue from the use of property	44,500	44,500	40,445	(4,055)
Total revenue from use of money and property	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 40,788</u>	<u>\$ (3,712)</u>
Miscellaneous revenue:				
Product sales	\$ 1,000	\$ 1,000	\$ 605	\$ (395)
Donations	5,000	5,000	600	(4,400)
Garden plot	-	-	325	325
Sponsorship fees	35,000	26,192	15,086	(11,106)
Miscellaneous	-	-	125	125
Total miscellaneous revenue	<u>\$ 41,000</u>	<u>\$ 32,192</u>	<u>\$ 16,741</u>	<u>\$ (15,451)</u>
Total revenue from local sources	<u>\$ 85,500</u>	<u>\$ 247,401</u>	<u>\$ 230,962</u>	<u>\$ (16,439)</u>
Revenue from the federal government:				
Noncategorical aid:				
BAB subsidy	\$ 15,952	\$ 15,952	\$ 15,952	\$ -
Total noncategorical aid	<u>\$ 15,952</u>	<u>\$ 15,952</u>	<u>\$ 15,952</u>	<u>\$ -</u>
Total revenue from the federal government	<u>\$ 15,952</u>	<u>\$ 15,952</u>	<u>\$ 15,952</u>	<u>\$ -</u>
Total Parks and Recreation Fund	<u>\$ 101,452</u>	<u>\$ 263,353</u>	<u>\$ 246,914</u>	<u>\$ (16,439)</u>
<b>Capital Projects Fund:</b>				
<b>General Capital Improvements Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Bond refinance	\$ -	\$ 57,725	\$ -	\$ (57,725)
Other miscellaneous	854,601	2,643,687	450,000	(2,193,687)
Total miscellaneous revenue	<u>\$ 854,601</u>	<u>\$ 2,701,412</u>	<u>\$ 450,000</u>	<u>\$ (2,251,412)</u>
Revenue from use of money and property:				
Interest	\$ -	\$ -	\$ 1,842	\$ 1,842
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,842</u>	<u>\$ 1,842</u>
Total revenue from local sources	<u>\$ 854,601</u>	<u>\$ 2,701,412</u>	<u>\$ 451,842</u>	<u>\$ (2,249,570)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 1,658,077	\$ 6,129,475	\$ 2,255,335	\$ (3,874,140)
Total revenue from the Commonwealth	<u>\$ 1,658,077</u>	<u>\$ 6,129,475</u>	<u>\$ 2,255,335</u>	<u>\$ (3,874,140)</u>
Total County Capital Improvements Fund	<u>\$ 2,512,678</u>	<u>\$ 8,830,887</u>	<u>\$ 2,707,177</u>	<u>\$ (6,123,710)</u>
Total Primary Government	<u>\$ 10,148,636</u>	<u>\$ 16,652,169</u>	<u>\$ 10,951,390</u>	<u>\$ (5,700,779)</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2013

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town Council	\$ 54,836	\$ 54,536	\$ 57,962	\$ (3,426)
General and financial administration:				
Administration	\$ 1,050,363	\$ 1,058,063	\$ 1,047,375	\$ 10,688
Building administration	95,000	95,000	121,951	(26,951)
Legal services	10,000	10,000	183,897	(173,897)
Independent auditor	45,200	45,200	26,500	18,700
Information technology	248,978	248,978	224,531	24,447
Finance	767,420	767,420	728,763	38,657
Total general and financial administration	\$ 2,216,961	\$ 2,224,661	\$ 2,333,017	\$ (108,356)
Total general government administration	\$ 2,271,797	\$ 2,279,197	\$ 2,390,979	\$ (111,782)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,637,165	\$ 1,673,451	\$ 1,730,779	\$ (57,328)
Fire and rescue services:				
Fire department	\$ 59,000	\$ 67,750	\$ 67,340	\$ 410
Ambulance and rescue services	40,000	40,000	40,000	-
Total fire and rescue services	\$ 99,000	\$ 107,750	\$ 107,340	\$ 410
Total public safety	\$ 1,736,165	\$ 1,781,201	\$ 1,838,119	\$ (56,918)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 779,000	\$ 799,000	\$ 502,362	\$ 296,638
Administration	501,555	501,555	458,011	43,544
Total maintenance of highways, streets, bridges & sidewalks	\$ 1,280,555	\$ 1,300,555	\$ 960,373	\$ 340,182
Maintenance of general buildings and grounds:				
General properties	\$ 1,003,763	\$ 1,003,763	\$ 997,710	\$ 6,053
Capital and engineer	434,090	434,090	401,130	32,960
Refuse	389,000	389,000	388,204	796
Total maintenance of general buildings and grounds	\$ 1,826,853	\$ 1,826,853	\$ 1,787,044	\$ 39,809
Total public works	\$ 3,107,408	\$ 3,127,408	\$ 2,747,417	\$ 379,991

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Planning	\$ 430,790	\$ 430,790	\$ 378,434	\$ 52,356
Planning commission	14,449	14,449	12,047	2,402
Board of architectural review	4,862	4,862	2,872	1,990
Total planning and community development	<u>\$ 450,101</u>	<u>\$ 450,101</u>	<u>\$ 393,353</u>	<u>\$ 56,748</u>
Environmental management:				
Environmental service	\$ -	\$ -	\$ 135	\$ (135)
Retiree benefits	9,808	9,808	8,820	988
Board of zoning and appeals	1,350	1,350	-	1,350
Total environmental management	<u>\$ 11,158</u>	<u>\$ 11,158</u>	<u>\$ 8,955</u>	<u>\$ 2,203</u>
Economic development:				
Economic development	\$ 25,900	\$ 25,900	\$ 23,785	\$ 2,115
Total community development	<u>\$ 487,159</u>	<u>\$ 487,159</u>	<u>\$ 426,093</u>	<u>\$ 61,066</u>
Debt service:				
Principal retirement and interest	\$ 739,799	\$ 616,190	\$ 3,372,258	\$ (2,756,068)
Interest and other fiscal charges	643,229	643,229	655,255	(12,026)
Total debt service	<u>\$ 1,383,028</u>	<u>\$ 1,259,419</u>	<u>\$ 4,027,513</u>	<u>\$ (2,768,094)</u>
Total General Fund	<u>\$ 8,985,557</u>	<u>\$ 8,934,384</u>	<u>\$ 11,430,121</u>	<u>\$ (2,495,737)</u>
<b>Special Revenue Fund:</b>				
<b>Parks and Recreation Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Management	\$ 58,262	\$ 66,842	\$ 44,458	\$ 22,384
Skating rink	10,800	40,800	34,746	6,054
Train station	22,475	25,475	26,600	(1,125)
Programs	21,375	41,675	40,255	1,420
Tree commission	2,300	7,800	7,271	529
Total parks, recreation, and cultural	<u>\$ 115,212</u>	<u>\$ 182,592</u>	<u>\$ 153,330</u>	<u>\$ 29,262</u>
Debt service:				
Principal retirement and interest	\$ -	\$ 67,924	\$ 67,924	\$ -
Interest and other fiscal charges	-	55,685	55,685	-
Total debt service	<u>\$ -</u>	<u>\$ 123,609</u>	<u>\$ 123,609</u>	<u>\$ -</u>
Total parks and recreation fund	<u>\$ 115,212</u>	<u>\$ 306,201</u>	<u>\$ 276,939</u>	<u>\$ 29,262</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Fund:</b>				
Capital projects expenditures:				
General capital projects	\$ -	\$ 172,099	\$ 85,769	\$ 86,330
Downtown streetscapes	137,737	1,740,703	150,288	1,590,415
Main and Maple improvements	-	967,982	2,866	965,116
Main Street sidewalks	-	338,358	766	337,592
N. 21st Street sidewalk	-	346,787	93,663	253,124
Southern collector road	1,417,000	4,646,604	3,990,626	655,978
Country club and 33rd	215,441	1,361,308	187,425	1,173,883
Hirst road improvements	292,500	594,839	19,602	575,237
Maple to W and OD Trail	-	198,207	11,893	186,314
Fireman's field upgrades	450,000	511,000	148,811	362,189
New town hall renovation	-	-	32,223	(32,223)
Total capital projects	<u>\$ 2,512,678</u>	<u>\$ 10,877,887</u>	<u>\$ 4,723,932</u>	<u>\$ 6,153,955</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 58,393	\$ (58,393)
Total Capital Projects Fund	<u>\$ 2,512,678</u>	<u>\$ 10,877,887</u>	<u>\$ 4,782,325</u>	<u>\$ 6,095,562</u>
Total Primary Government	<u>\$ 11,613,447</u>	<u>\$ 20,118,472</u>	<u>\$ 16,489,385</u>	<u>\$ 3,629,087</u>

## Schedule of Revenues and Expenses - Budget and Actual

## Water Fund

For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Water Fund:</b>				
Operating revenues:				
Water meter fees	\$ 1,153	\$ 1,153	\$ 4,506	\$ 3,353
Water fees	2,134,080	2,134,080	1,963,808	(170,272)
Miscellaneous income	1,242	1,242	7,501	6,259
Penalties and interest	25,000	25,000	25,825	825
Water flushing	1,000	1,000	2,427	1,427
Total operating revenues	\$ 2,162,475	\$ 2,162,475	\$ 2,004,067	\$ (158,408)
Operating expenses:				
Personnel:				
Water staff	\$ 496,724	\$ 496,724	\$ 510,794	\$ (14,070)
Overtime - Water	19,570	19,570	31,530	(11,960)
Plant operations:				
Electricity	18,250	18,250	17,387	863
Telephone	8,100	8,100	10,005	(1,905)
Supplies	21,350	21,350	15,219	6,131
Lab Equipment	5,750	5,750	3,105	2,645
Contracts	32,000	32,000	21,944	10,056
Uniforms	6,000	6,000	4,977	1,023
Safety	9,000	9,000	2,870	6,130
Sludge disposal	14,500	14,500	1,482	13,018
Cross connections	1,000	1,000	-	1,000
Plant repairs	42,500	42,500	46,201	(3,701)
Water line repairs	19,000	19,000	34,711	(15,711)
Leak detection	3,100	3,100	1,985	1,115
Meter repairs & testing	2,000	2,000	37	1,963
New water meters	4,600	4,600	4,053	547
Computer upgrades	3,200	3,200	-	3,200
Chemicals - plant	32,500	32,500	25,243	7,257
Generator WTP	2,000	2,000	-	2,000
Permits	6,800	6,800	2,161	4,639
Touch read HDW & SFTW	7,000	7,000	7,725	(725)
Public education	2,000	2,000	-	2,000
VDH operations fee	13,600	13,600	8,121	5,479
Well operations:				
Electricity	38,000	38,000	50,602	(12,602)
Telephone	1,200	1,200	650	550
Supplies	31,500	31,500	22,836	8,664
Contracts	22,000	22,000	9,539	12,461
Spare parts	6,100	6,100	-	6,100
Repairs	43,500	43,500	32,388	11,112
Chemicals	24,500	24,500	12,328	12,172
Carbon change-out	21,000	21,000	16,180	4,820
Equipment and vehicles expenses:				
New equipment & tools	23,500	23,500	22,165	1,335
Vehicle repairs and maintenance	17,600	17,600	12,342	5,258
Vehicle purchase	53,800	53,800	4,775	49,025
Propane	11,750	11,750	13,654	(1,904)

## Schedule of Revenues and Expenses - Budget and Actual

## Water Fund

For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Water Fund: (Continued)</b>				
Operating expenses: (Continued)				
Other expenses:				
Advertisements	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Water samples	26,750	26,750	9,925	16,825
Training	10,000	10,000	4,934	5,066
Dues & subscriptions	1,200	1,200	1,195	5
Consumer reports	3,500	3,500	-	3,500
General expenses	2,500	2,500	480	2,020
Postage/mailings	12,250	12,250	6,466	5,784
Miscellaneous	-	-	111	(111)
Professional services	35,000	35,000	26,939	8,061
Watershed management	4,750	4,750	1,780	2,970
Forestry management	3,100	3,100	2,800	300
Environmental compliance	4,500	4,500	800	3,700
Administrative supplies	500	500	-	500
Water department emergency	4,200	4,200	-	4,200
Small projects	115,250	115,250	2,195,868	(2,080,618)
Employee benefits:				
Health insurance	85,784	85,784	105,074	(19,290)
Retirement	70,940	70,940	70,430	510
Workers' compensation	11,749	11,749	11,182	567
Payroll taxes	39,496	39,496	40,609	(1,113)
Drug testing	715	715	-	715
Life insurance	6,557	6,557	5,869	688
Deferred compensation match	3,640	3,640	3,640	-
Depreciation	-	-	292,111	(292,111)
Capital outlay	1,402,920	1,763,262	-	1,763,262
Total operating expenses	\$ 2,911,295	\$ 3,271,637	\$ 3,727,222	\$ (455,585)
Operating income (loss)	\$ (748,820)	\$ (1,109,162)	\$ (1,723,155)	\$ (613,993)
Nonoperating revenues (expenses):				
Interest earned	\$ 11,000	\$ 11,000	\$ 3,059	\$ (7,941)
Cellular lease	135,000	135,000	145,296	10,296
Rental income	3,050	3,050	3,050	-
Intergovernmental revenue	33,237	33,237	33,237	-
Bond issuance costs	-	-	(24,749)	(24,749)
Interest expense	(497,513)	(497,513)	(475,390)	22,123
Total nonoperating revenues (expenses)	\$ (315,226)	\$ (315,226)	\$ (315,497)	\$ (271)
Net income (loss) before operating transfers and contributions	\$ (1,064,046)	\$ (1,424,388)	\$ (2,038,652)	\$ (614,264)
Other financing sources (uses):				
Contributed capital - availability fees	\$ 118,893	\$ 118,893	\$ 317,264	\$ 198,371
Transfers out	(557,972)	(557,972)	(557,952)	20
Total other financing sources (uses)	\$ (439,079)	\$ (439,079)	\$ (240,688)	\$ 198,391
Net income	\$ (1,503,125)	\$ (1,863,467)	\$ (2,279,340)	\$ (415,873)

## Schedule of Revenues and Expenses - Budget and Actual

## Sewer Fund

For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Sewer Fund:</b>				
Operating revenues:				
Sewer fees	\$ 2,525,400	\$ 2,525,400	\$ 2,360,589	\$ (164,811)
Penalties and interest	25,000	25,000	25,845	845
Miscellaneous income	1,286	1,286	13,826	12,540
<b>Total operating revenues</b>	<b>\$ 2,551,686</b>	<b>\$ 2,551,686</b>	<b>\$ 2,400,260</b>	<b>\$ (151,426)</b>
Operating expenses:				
Personnel:				
Sewer staff	\$ 544,725	\$ 544,725	\$ 551,028	\$ (6,303)
Overtime - Sewer	12,360	12,360	32,165	(19,805)
Plant operations:				
Electricity	136,500	136,500	146,232	(9,732)
Telephone	7,000	7,000	8,449	(1,449)
Plant supplies	5,000	5,000	2,937	2,063
Contracts	1,000	1,000	2,342	(1,342)
Permits	10,000	10,000	9,617	383
Uniforms	6,000	6,000	6,158	(158)
Plant repairs	42,500	42,500	31,395	11,105
Sewer line repairs	20,000	20,000	13,919	6,081
Safety	5,000	5,000	5,265	(265)
Lab supplies	30,000	30,000	25,938	4,062
New equipment & tools	35,000	35,000	11,561	23,439
Sludge removal	40,000	40,000	27,003	12,997
Chemicals	85,000	85,000	61,263	23,737
Lab certification	2,000	2,000	400	1,600
Sample analysis	4,500	4,500	4,632	(132)
Waste disposal	1,500	1,500	-	1,500
Meter repairs, tools, and equipment	3,000	3,000	-	3,000
New water meters	12,000	12,000	8,399	3,601
Touch read HDW	3,500	3,500	1,350	2,150
Pump station operations:				
Electricity	8,500	8,500	11,852	(3,352)
Telephone	600	600	546	54
Repairs	22,000	22,000	9,277	12,723
Contracts	5,000	5,000	106	4,894
Equipment	10,000	10,000	4,249	5,751
Equipment and vehicles expenses:				
Equipment - plant	12,500	12,500	9,053	3,447
Vehicle purchase	25,000	25,000	-	25,000
Gas and oil	4,200	4,200	1,838	2,362
Vehicle repairs	8,500	8,500	5,612	2,888

## Schedule of Revenues and Expenses - Budget and Actual

## Sewer Fund

For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Sewer Fund: (Continued)</b>				
Operating expenses: (Continued)				
Other expenses:				
Dues & subscriptions	\$ 1,000	\$ 1,000	\$ 1,423	\$ (423)
Advertisements	1,000	1,000	20	980
Training	5,000	5,000	4,012	988
Postage/mailings	11,000	11,000	7,629	3,371
Other expenses	5,000	5,000	1,514	3,486
Engineering	40,000	40,000	44,595	(4,595)
Mowing	5,000	5,000	460	4,540
Environmental compliance	3,200	3,200	2,149	1,051
Sewer department emergency	3,000	3,000	2,204	796
Small projects	7,000	7,000	1,623	5,377
Administrative supplies	2,500	2,500	301	2,199
Public education	1,000	1,000	-	1,000
Employee benefits:				
Health insurance	80,683	80,683	103,013	(22,330)
Retirement	78,822	78,822	75,109	3,713
Workers' compensation	10,353	10,353	9,762	591
Payroll taxes	42,617	42,617	43,788	(1,171)
Drug testing	715	715	-	715
Deferred compensation match	3,120	3,120	3,000	120
Life insurance	7,190	7,190	6,179	1,011
Depreciation	-	-	644,287	(644,287)
Capital outlay	5,000	312,056	850	311,206
Total operating expenses	<u>\$ 1,416,085</u>	<u>\$ 1,723,141</u>	<u>\$ 1,944,504</u>	<u>\$ (221,363)</u>
Operating income	<u>\$ 1,135,601</u>	<u>\$ 828,545</u>	<u>\$ 455,756</u>	<u>\$ (372,789)</u>
Nonoperating revenues (expenses):				
Interest earned	\$ 12,000	\$ 12,000	\$ 2,259	\$ (9,741)
Interest expense	<u>(1,115,009)</u>	<u>(1,115,009)</u>	<u>(1,079,398)</u>	<u>35,611</u>
Total nonoperating revenues (expenses)	<u>\$ (1,103,009)</u>	<u>\$ (1,103,009)</u>	<u>\$ (1,077,139)</u>	<u>\$ 25,870</u>
Net income before operating transfers	<u>\$ 32,592</u>	<u>\$ (274,464)</u>	<u>\$ (621,383)</u>	<u>\$ (346,919)</u>
Other financing sources (uses):				
Contributed capital - availability fees	\$ 100,200	\$ 100,200	\$ 287,690	\$ 187,490
Transfers out	<u>(557,972)</u>	<u>(557,972)</u>	<u>(557,952)</u>	<u>20</u>
Total operating transfers	<u>\$ (457,772)</u>	<u>\$ (457,772)</u>	<u>\$ (270,262)</u>	<u>\$ 187,510</u>
Net income	<u>\$ (425,180)</u>	<u>\$ (732,236)</u>	<u>\$ (891,645)</u>	<u>\$ (159,409)</u>

Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules by Source  
 As of June 30, 2013

	<u>2013</u>	<u>2012</u>
Governmental funds capital assets:		
Land	\$ 4,310,764	\$ 4,310,764
Buildings	12,080,410	8,260,779
Improvements other than buildings	2,443,993	833,792
Machinery and equipment	2,479,607	2,446,632
Vehicles	848,251	949,550
Infrastructure	50,271,031	49,870,015
Construction in progress	<u>9,089,824</u>	<u>11,755,944</u>
Total governmental funds capital assets	<u>\$ 81,523,880</u>	<u>\$ 78,427,476</u>
Investments in governmental funds capital assets by source:		
General fund	<u>\$ 81,523,880</u>	<u>\$ 78,427,476</u>
Total governmental funds capital assets	<u>\$ 81,523,880</u>	<u>\$ 78,427,476</u>

TOWN OF PURCELLVILLE, VIRGINIA

Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity  
 As of June 30, 2013

Function and Activity	Land	Construction in Progress	Buildings
General government administration:			
Town council	\$ 3,877,612	\$ -	\$ 2,927,693
Finance and administration	-	-	3,819,631
Total general government administration	<u>\$ 3,877,612</u>	<u>\$ -</u>	<u>\$ 6,747,324</u>
Public safety:			
Police department	\$ -	\$ -	\$ -
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Public works:			
Highways and roads	\$ 433,152	\$ 8,996,785	\$ 144,752
Maintenance of buildings and grounds	-	-	5,188,334
Total public works	<u>\$ 433,152</u>	<u>\$ 8,996,785</u>	<u>\$ 5,333,086</u>
Parks, recreation, and cultural:			
Parks and recreation	\$ -	\$ 93,039	\$ -
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 93,039</u>	<u>\$ -</u>
Total governmental funds capital assets	<u><u>\$ 4,310,764</u></u>	<u><u>\$ 9,089,824</u></u>	<u><u>\$ 12,080,410</u></u>

<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>
\$ 110,931	\$ 223,781	\$ 187,468	\$ -	\$ 7,327,485
-	336,250	70,738	-	4,226,619
\$ 110,931	\$ 560,031	\$ 258,206	\$ -	\$ 11,554,104
\$ 3,850	\$ 269,221	\$ 349,927	\$ -	\$ 622,998
\$ 3,850	\$ 269,221	\$ 349,927	\$ -	\$ 622,998
\$ 708,563	\$ 779,892	\$ 240,118	\$ 50,271,031	\$ 61,574,293
-	870,463	-	-	6,058,797
\$ 708,563	\$ 1,650,355	\$ 240,118	\$ 50,271,031	\$ 67,633,090
\$ 1,620,649	\$ -	\$ -	\$ -	\$ 1,713,688
\$ 1,620,649	\$ -	\$ -	\$ -	\$ 1,713,688
\$ 2,443,993	\$ 2,479,607	\$ 848,251	\$ 50,271,031	\$ 81,523,880

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the Year Ended June 30, 2013

Function and Activity	Governmental Funds Capital Assets July 1, 2012	Additions	Deductions	Governmental Funds Capital Assets June 30, 2013
General government administration:				
Town council	\$ 11,954,741	\$ 32,222	(4,659,478)	\$ 7,327,485
Finance and administration	517,519	4,701,739	(992,639)	4,226,619
Total general government administration	<u>\$ 12,472,260</u>	<u>\$ 4,733,961</u>	<u>\$ (5,652,117)</u>	<u>\$ 11,554,104</u>
Public safety:				
Police department	\$ 616,028	\$ 6,970	\$ -	\$ 622,998
Total public safety	<u>\$ 616,028</u>	<u>\$ 6,970</u>	<u>\$ -</u>	<u>\$ 622,998</u>
Public works:				
Highways and roads	\$ 57,715,515	\$ 4,940,009	(1,081,231)	\$ 61,574,293
Maintenance of buildings and grounds	6,058,797			6,058,797
Total public works	<u>\$ 63,774,312</u>	<u>\$ 4,940,009</u>	<u>\$ (1,081,231)</u>	<u>\$ 67,633,090</u>
Parks, recreation, and cultural:				
Parks and recreation	\$ 1,564,876	\$ 148,812	\$ -	\$ 1,713,688
Total parks, recreation, and cultural	<u>\$ 1,564,876</u>	<u>\$ 148,812</u>	<u>\$ -</u>	<u>\$ 1,713,688</u>
Total governmental funds capital assets	<u><u>\$ 78,427,476</u></u>	<u><u>\$ 9,829,752</u></u>	<u><u>\$ (6,733,348)</u></u>	<u><u>\$ 81,523,880</u></u>

## Statistical Section

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

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

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

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#### Demographic and Economic Information

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#### Operating Information

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

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

TOWN OF PURCELLVILLE, VIRGINIA

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 33,014,931	\$ 32,119,537	\$ 31,508,203	\$ 32,879,544
Restricted	-	-	-	-
Unrestricted	<u>2,233,102</u>	<u>2,137,252</u>	<u>4,465,328</u>	<u>2,641,704</u>
Total governmental activities net position	<u>\$ 35,248,033</u>	<u>\$ 34,256,789</u>	<u>\$ 35,973,531</u>	<u>\$ 35,521,248</u>
Business-type activities				
Net investment in capital assets	\$ 7,394,123	\$ 8,538,644	\$ 9,222,830	\$ 10,214,935
Unrestricted	<u>12,287,315</u>	<u>12,838,372</u>	<u>12,238,724</u>	<u>12,237,431</u>
Total business-type activities net position	<u>\$ 19,681,438</u>	<u>\$ 21,377,016</u>	<u>\$ 21,461,554</u>	<u>\$ 22,452,366</u>
Primary government				
Net investment in capital assets	\$ 40,409,054	\$ 40,658,181	\$ 40,731,033	\$ 43,094,479
Restricted	-	-	-	-
Unrestricted	<u>14,520,417</u>	<u>14,975,624</u>	<u>16,704,052</u>	<u>14,879,135</u>
Total primary government net position	<u>\$ 54,929,471</u>	<u>\$ 55,633,805</u>	<u>\$ 57,435,085</u>	<u>\$ 57,973,614</u>

Table 1

---

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 31,855,360	\$ 30,862,894	\$ 30,549,900	\$ 30,838,249	\$ 33,175,084	\$ 33,837,613
-	-	-	-	-	2,546,527
<u>2,794,536</u>	<u>4,809,256</u>	<u>7,932,422</u>	<u>7,181,242</u>	<u>4,712,380</u>	<u>3,450,049</u>
<u>\$ 34,649,896</u>	<u>\$ 35,672,150</u>	<u>\$ 38,482,322</u>	<u>\$ 38,019,491</u>	<u>\$ 37,887,464</u>	<u>\$ 39,834,189</u>
\$ 10,211,089	\$ 13,004,232	\$ 13,731,932	\$ 12,743,081	\$ 14,149,999	\$ 14,345,188
<u>12,737,618</u>	<u>13,246,469</u>	<u>10,273,480</u>	<u>10,523,471</u>	<u>7,260,056</u>	<u>3,893,882</u>
<u>\$ 22,948,707</u>	<u>\$ 26,250,701</u>	<u>\$ 24,005,412</u>	<u>\$ 23,266,552</u>	<u>\$ 21,410,055</u>	<u>\$ 18,239,070</u>
\$ 42,066,449	\$ 43,867,126	\$ 44,281,832	\$ 43,581,330	\$ 47,325,083	\$ 48,182,801
-	-	-	-	-	2,546,527
<u>15,532,154</u>	<u>18,055,725</u>	<u>18,205,902</u>	<u>17,704,713</u>	<u>11,972,436</u>	<u>7,343,931</u>
<u>\$ 57,598,603</u>	<u>\$ 61,922,851</u>	<u>\$ 62,487,734</u>	<u>\$ 61,286,043</u>	<u>\$ 59,297,519</u>	<u>\$ 58,073,259</u>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,824,860	\$ 1,450,167	\$ 1,451,606	\$ 1,876,357	\$ 2,226,330	\$ 2,574,927	\$ 2,472,829	\$ 1,890,188	\$ 3,214,457	\$ 3,100,979
Public safety	613,440	987,686	1,367,893	1,466,000	1,663,801	1,696,590	1,692,290	1,720,461	1,809,443	1,916,652
Public works	2,587,276	2,979,121	3,474,333	3,286,874	3,472,004	4,130,972	3,788,818	3,645,872	2,802,812	3,478,574
Parks, recreation and cultural	-	17,077	32,704	35,241	81,503	66,748	124,442	1,573,776	94,152	68,927
Community development	-	451,194	455,350	526,780	584,944	349,850	461,341	377,000	1,666,302	1,708,045
Interest on long-term debt	35,466	28,853	104,799	113,602	100,727	304,336	228,749	727,584	682,642	742,904
<b>Total governmental activities expenses</b>	<b>\$ 5,061,042</b>	<b>\$ 5,914,098</b>	<b>\$ 6,886,685</b>	<b>\$ 7,304,854</b>	<b>\$ 8,129,309</b>	<b>\$ 9,123,423</b>	<b>\$ 8,768,469</b>	<b>\$ 9,934,881</b>	<b>\$ 10,269,808</b>	<b>\$ 11,016,081</b>
Business-type activities:										
Water	\$ 1,228,332	\$ 1,221,858	\$ 1,845,569	\$ 2,449,890	\$ 2,262,486	\$ 2,069,090	\$ 2,179,820	\$ 2,092,401	\$ 2,045,177	\$ 4,227,361
Sewer	1,314,089	1,531,506	1,704,589	1,868,553	1,962,968	1,726,879	3,069,217	2,702,696	3,051,529	3,023,902
<b>Total business-type activities expenses</b>	<b>\$ 2,542,421</b>	<b>\$ 2,753,364</b>	<b>\$ 3,550,158</b>	<b>\$ 4,318,443</b>	<b>\$ 4,225,454</b>	<b>\$ 3,795,969</b>	<b>\$ 5,249,037</b>	<b>\$ 4,795,097</b>	<b>\$ 5,096,706</b>	<b>\$ 7,251,263</b>
<b>Total primary government expenses</b>	<b>\$ 7,603,463</b>	<b>\$ 8,667,462</b>	<b>\$ 10,436,843</b>	<b>\$ 11,623,297</b>	<b>\$ 12,354,763</b>	<b>\$ 12,919,392</b>	<b>\$ 14,017,506</b>	<b>\$ 14,729,978</b>	<b>\$ 15,366,514</b>	<b>\$ 18,267,344</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 114,249	\$ 175,596	\$ 145,948	\$ 140,718	\$ 91,069	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	59,282	66,885	78,732	77,431	83,729	66,087	65,268	80,287	73,046	84,156
Public works	22,015	2,500	2,819	1,846	592	192,209	103,501	94,043	81,782	102,822
Operating grants and contributions	504,620	114,921	233,193	247,883	294,341	153,278	254,465	210,516	141,431	132,478
Capital grants and contributions	434,452	342,297	518,521	574,687	777,854	759,030	949,581	992,630	2,678,123	3,581,775
<b>Total governmental activities program revenues</b>	<b>\$ 1,134,618</b>	<b>\$ 702,199</b>	<b>\$ 979,213</b>	<b>\$ 1,042,565</b>	<b>\$ 1,247,585</b>	<b>\$ 1,170,604</b>	<b>\$ 1,372,815</b>	<b>\$ 1,377,476</b>	<b>\$ 2,974,382</b>	<b>\$ 3,901,231</b>
Business-type activities:										
Charges for services:										
Water	\$ 690,778	\$ 829,368	\$ 801,186	\$ 1,028,062	\$ 975,004	\$ 1,083,580	\$ 1,372,182	\$ 1,828,883	\$ 1,933,357	\$ 1,996,566
Sewer	910,338	1,142,949	1,100,214	1,574,790	1,358,261	1,472,164	1,733,717	2,016,920	2,224,268	2,386,434
Operating grants and contributions	11,101	-	-	-	-	-	-	-	-	33,237
Capital grants and contributions	5,419,597	2,199,000	893,000	2,076,400	1,032,096	5,308,197	1,031,874	1,113,674	780,144	604,954
<b>Total business-type activities program revenues</b>	<b>\$ 7,031,814</b>	<b>\$ 4,171,317</b>	<b>\$ 2,794,400</b>	<b>\$ 4,679,252</b>	<b>\$ 3,365,361</b>	<b>\$ 7,863,941</b>	<b>\$ 4,137,773</b>	<b>\$ 4,959,477</b>	<b>\$ 4,937,769</b>	<b>\$ 5,021,191</b>
<b>Total primary government program revenues</b>	<b>\$ 8,166,432</b>	<b>\$ 4,873,516</b>	<b>\$ 3,773,613</b>	<b>\$ 5,721,817</b>	<b>\$ 4,612,946</b>	<b>\$ 9,034,545</b>	<b>\$ 5,510,588</b>	<b>\$ 6,336,953</b>	<b>\$ 7,912,151</b>	<b>\$ 8,922,422</b>
<b>Net (expense) / revenue</b>										
Governmental activities	\$ (3,926,424)	\$ (5,211,899)	\$ (5,907,472)	\$ (6,262,289)	\$ (6,881,724)	\$ (7,952,819)	\$ (7,395,654)	\$ (8,557,405)	\$ (7,295,426)	\$ (7,114,850)
Business-type activities	4,489,393	1,417,953	(755,758)	360,809	(860,093)	4,067,972	(1,111,264)	164,380	(158,937)	(2,230,072)
<b>Total primary government net (expense) / revenue</b>	<b>\$ 562,969</b>	<b>\$ (3,793,946)</b>	<b>\$ (6,663,230)</b>	<b>\$ (5,901,480)</b>	<b>\$ (7,741,817)</b>	<b>\$ (3,884,847)</b>	<b>\$ (8,506,918)</b>	<b>\$ (8,393,025)</b>	<b>\$ (7,454,363)</b>	<b>\$ (9,344,922)</b>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,373,678	\$ 1,677,627	\$ 2,102,097	\$ 2,428,380	\$ 2,464,023	\$ 2,763,362	\$ 2,474,112	\$ 2,493,115	\$ 2,557,786	\$ 2,822,718
Local sales and use taxes	352,816	404,052	616,091	652,195	678,260	688,327	811,566	878,531	952,497	931,067
Restaurant food taxes	351,554	459,910	638,441	699,300	625,138	689,856	679,083	775,398	788,948	1,229,495
Consumer utility taxes	259,332	287,238	301,533	256,927	200,387	201,503	204,768	208,945	201,784	209,182
Business licenses	456,957	585,062	572,165	525,813	682,534	534,537	633,268	549,271	621,289	709,692
Other local taxes	433,242	488,405	531,590	665,311	711,683	673,677	553,191	584,435	627,090	625,807
Unrestricted grants and contributions	202,229	194,092	400,881	210,019	208,556	204,253	372,869	386,923	368,625	369,061
Unrestricted revenues from use of money and property	16,693	29,961	105,679	151,843	126,148	98,761	55,765	69,615	50,350	44,400
Miscellaneous	64,465	76,994	72,547	52,916	96,347	1,900,565	2,103,213	2,130,196	70,166	80,487
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	923,762
Transfers	20,359	17,314	17,308	167,302	217,296	1,220,232	1,220,232	1,115,904	1,115,904	1,115,904
<b>Total governmental activities</b>	<b>\$ 3,531,325</b>	<b>\$ 4,220,655</b>	<b>\$ 5,358,332</b>	<b>\$ 5,810,006</b>	<b>\$ 6,010,372</b>	<b>\$ 8,975,073</b>	<b>\$ 9,108,067</b>	<b>\$ 9,192,333</b>	<b>\$ 7,354,439</b>	<b>\$ 9,061,575</b>
Business-type activities:										
Miscellaneous	\$ 112,717	\$ 119,670	\$ 162,433	\$ 135,860	\$ 1,095,464	\$ 133,621	\$ 161,020	\$ 154,736	\$ 176,481	\$ 169,673
Unrestricted revenues from use of money and property	50,894	175,270	533,249	661,445	478,266	320,633	92,566	57,927	18,870	5,318
Transfers	(20,359)	(17,314)	(17,308)	(167,302)	(217,296)	(1,220,232)	(1,220,232)	(1,115,904)	(1,115,904)	(1,115,904)
<b>Total business-type activities</b>	<b>\$ 143,252</b>	<b>\$ 277,626</b>	<b>\$ 678,374</b>	<b>\$ 630,003</b>	<b>\$ 1,356,434</b>	<b>\$ (765,978)</b>	<b>\$ (966,646)</b>	<b>\$ (903,241)</b>	<b>\$ (920,553)</b>	<b>\$ (940,913)</b>
<b>Total primary government</b>	<b>\$ 3,674,577</b>	<b>\$ 4,498,281</b>	<b>\$ 6,036,706</b>	<b>\$ 6,440,009</b>	<b>\$ 7,366,806</b>	<b>\$ 8,209,095</b>	<b>\$ 8,141,421</b>	<b>\$ 8,289,092</b>	<b>\$ 6,433,886</b>	<b>\$ 8,120,662</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (395,099)	\$ (991,244)	\$ (549,140)	\$ (452,283)	\$ (871,352)	\$ 1,022,254	\$ 1,712,413	\$ 634,928	\$ 59,013	\$ 1,946,725
Business-type activities	4,632,645	1,695,579	(77,384)	990,812	496,341	3,301,994	(2,077,910)	(738,861)	(1,079,490)	(3,170,985)
<b>Total primary government</b>	<b>\$ 4,237,546</b>	<b>\$ 704,335</b>	<b>\$ (626,524)</b>	<b>\$ 538,529</b>	<b>\$ (375,011)</b>	<b>\$ 4,324,248</b>	<b>\$ (365,497)</b>	<b>\$ (103,933)</b>	<b>\$ (1,020,477)</b>	<b>\$ (1,224,260)</b>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local Sales and Use Tax</u>	<u>Consumer Utility Tax</u>	<u>Restaurant Food Tax</u>	<u>Business Licenses</u>	<u>Other Local Taxes</u>	<u>Total</u>
2013	\$ 2,822,718	\$ 931,067	\$ 209,182	\$ 1,229,495	\$ 709,692	\$ 625,807	\$ 6,527,961
2012	2,557,786	952,497	201,784	788,948	621,289	791,462	5,913,766
2011	2,493,115	878,531	208,945	775,398	549,271	584,435	5,489,695
2010	2,474,112	811,566	204,768	679,083	633,268	553,191	5,355,988
2009	2,763,362	688,327	201,503	689,856	534,537	673,677	5,551,262
2008	2,464,023	678,260	200,387	625,138	682,534	711,683	5,362,025
2007	2,428,380	652,195	256,927	699,300	525,813	665,311	5,227,926
2006	2,102,097	616,091	301,533	638,441	572,165	531,590	4,761,917
2005	1,677,627	404,052	287,238	459,910	585,062	488,405	3,902,294
2004	1,373,678	352,816	259,332	351,554	456,957	433,242	3,227,579

TOWN OF PURCELLVILLE, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund:				
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ -	\$ 38,951
Restricted for:				
State highway maintenance	\$ -	\$ -	\$ -	\$ -
Loudoun County settlement funds	-	-	-	-
Fireman's field	-	-	-	-
USDA bond covenant	-	-	-	-
Unspent bond proceeds	-	-	-	920,511
Total restricted fund balance	\$ -	\$ -	\$ -	\$ 920,511
Committed for:				
Loudoun County settlement funds	\$ -	\$ -	\$ -	\$ -
Street bonds	-	-	-	-
Capital expense	-	-	-	260,116
Total committed fund balance	\$ -	\$ -	\$ -	\$ 260,116
Unassigned	\$ 2,363,474	\$ 2,298,757	\$ 4,121,456	\$ 2,560,453
Total general fund	\$ 2,363,474	\$ 2,298,757	\$ 4,121,456	\$ 3,780,031

Note: The Town implemented GASB 54 retroactively beginning in fiscal year 2011.

Table 4

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 43,196	\$ 48,897	\$ 51,782	\$ 52,722	\$ 52,902	\$ 48,661
\$ -	\$ 170,807	\$ 94,890	\$ 120,260	\$ 66,503	\$ 397,701
-	-	-	-	2,193,686	1,730,952
-	-	-	-	-	357,961
-	-	-	-	-	59,913
2,136,455	1,157,112	627,311	2,876,577	57,669	237,332
<u>\$ 2,136,455</u>	<u>\$ 1,327,919</u>	<u>\$ 722,201</u>	<u>\$ 2,996,837</u>	<u>\$ 2,317,858</u>	<u>\$ 2,783,859</u>
\$ -	\$ 1,394,619	\$ 2,840,945	\$ 3,314,618	\$ -	\$ -
-	28,733	28,733	10,328	-	-
-	-	-	-	10,000	768,892
<u>\$ -</u>	<u>\$ 1,423,352</u>	<u>\$ 2,869,678</u>	<u>\$ 3,324,946</u>	<u>\$ 10,000</u>	<u>\$ 768,892</u>
<u>\$ 3,102,709</u>	<u>\$ 3,719,677</u>	<u>\$ 4,363,277</u>	<u>\$ 4,368,340</u>	<u>\$ 3,427,576</u>	<u>\$ 3,884,533</u>
<u><u>\$ 5,282,360</u></u>	<u><u>\$ 6,519,845</u></u>	<u><u>\$ 8,006,938</u></u>	<u><u>\$ 10,742,845</u></u>	<u><u>\$ 5,808,336</u></u>	<u><u>\$ 7,485,945</u></u>

**TOWN OF PURCELLVILLE, VIRGINIA**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>				
General property taxes	\$ 1,369,653	\$ 1,663,988	\$ 2,092,568	\$ 2,409,596
Other local taxes	1,853,901	2,224,667	2,659,820	2,799,546
Permits, privilege fees and regulatory licenses	136,264	178,096	148,767	142,564
Fines and forfeitures	59,282	66,885	78,732	77,431
Revenue from use of money and property	16,693	29,961	105,679	151,842
Miscellaneous	64,465	76,994	79,747	52,917
Intergovernmental:				
Local government	400,000	-	89,500	204,000
Commonwealth	702,094	636,121	900,310	824,384
Federal	39,207	15,189	155,585	4,205
Total revenues	<u>\$ 4,641,559</u>	<u>\$ 4,891,901</u>	<u>\$ 6,310,708</u>	<u>\$ 6,666,485</u>
<b>Expenditures</b>				
General government administration	\$ 1,795,888	\$ 1,225,017	\$ 1,462,066	\$ 1,903,006
Public safety	587,969	921,222	1,128,938	1,393,867
Public works	1,411,398	1,707,738	2,152,098	2,093,861
Parks, recreation and cultural	-	17,077	17,806	21,720
Community development	-	431,104	665,467	529,779
Capital projects	300,707	558,864	1,201,440	993,440
Pass-through grant	-	-	-	-
Debt service				
Principal	96,648	84,370	73,865	125,752
Interest and other fiscal charges	29,121	29,217	84,750	113,786
Bond issue costs	-	-	-	-
Total expenditures	<u>\$ 4,221,731</u>	<u>\$ 4,974,609</u>	<u>\$ 6,786,430</u>	<u>\$ 7,175,211</u>
Excess of revenues over (under) expenditures	<u>\$ 419,828</u>	<u>\$ (82,708)</u>	<u>\$ (475,722)</u>	<u>\$ (508,726)</u>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 20,359	\$ 17,314	\$ 17,308	\$ 1,160,741
Transfers out	-	-	-	(993,440)
Refunding bonds issued	-	-	-	-
Issuance of debt	-	-	2,233,000	-
Proceeds from sale of property	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>\$ 20,359</u>	<u>\$ 17,314</u>	<u>\$ 2,250,308</u>	<u>\$ 167,301</u>
Net change in fund balances	<u>\$ 440,187</u>	<u>\$ (65,394)</u>	<u>\$ 1,774,586</u>	<u>\$ (341,425)</u>
Debt service as a percentage of noncapital expenditures	3.30%	2.46%	2.90%	3.77%

Table 5

	2008	2009	2010	2011	2012	2013
\$	2,469,194	\$ 2,728,737	\$ 2,487,151	\$ 2,526,829	\$ 2,526,297	\$ 2,850,968
	2,898,002	2,787,900	2,881,876	2,996,580	3,191,608	3,705,243
	91,661	192,209	103,501	118,070	81,782	102,822
	83,729	66,087	65,268	80,287	73,046	84,156
	126,148	98,761	55,765	69,615	50,350	44,400
	96,347	1,900,565	2,103,213	2,106,173	70,166	80,487
	126,000	150,000	165,000	-	-	687,739
	1,294,824	956,767	1,282,739	1,380,629	3,148,812	3,361,171
	123,533	9,794	129,176	209,437	39,367	34,404
\$	<u>7,309,438</u>	<u>8,890,820</u>	<u>9,273,689</u>	<u>9,487,620</u>	<u>9,181,428</u>	<u>10,951,390</u>
\$	2,096,975	\$ 2,342,444	\$ 2,109,213	\$ 2,348,933	\$ 2,366,088	\$ 2,390,979
	1,506,641	1,566,094	1,606,485	1,626,498	1,788,562	1,838,119
	2,120,074	2,812,620	2,724,992	2,821,523	2,769,287	2,747,417
	41,174	27,794	33,063	26,800	80,475	153,330
	607,290	517,069	486,933	412,050	420,361	426,093
	3,329,921	2,626,704	7,966,091	5,885,407	6,468,774	4,723,932
	-	-	-	-	-	-
	224,322	265,970	448,699	496,895	672,460	3,440,182
	100,002	169,385	318,906	570,022	665,834	769,333
	-	-	88,274	143,973	-	-
\$	<u>10,026,399</u>	<u>10,328,080</u>	<u>15,782,656</u>	<u>14,332,101</u>	<u>15,231,841</u>	<u>16,489,385</u>
\$	<u>(2,716,961)</u>	<u>(1,437,260)</u>	<u>(6,508,967)</u>	<u>(4,844,481)</u>	<u>(6,050,413)</u>	<u>(5,537,995)</u>
\$	1,771,518	\$ 2,263,960	\$ 5,223,555	\$ 8,071,938	\$ 5,838,232	\$ 1,115,904
	(1,554,222)	(1,043,728)	(4,003,323)	(6,956,034)	(4,722,328)	-
	2,565,600	-	-	4,241,000	-	-
	1,700,000	1,454,523	6,775,828	6,366,117	-	4,840,000
	-	-	-	-	-	1,259,700
	-	-	-	(4,142,633)	-	-
\$	<u>4,482,896</u>	<u>2,674,755</u>	<u>7,996,060</u>	<u>7,580,388</u>	<u>1,115,904</u>	<u>7,215,604</u>
\$	<u>1,765,935</u>	<u>1,237,495</u>	<u>1,487,093</u>	<u>2,735,907</u>	<u>(4,934,509)</u>	<u>1,677,609</u>
	4.99%	5.94%	10.98%	13.90%	14.63%	33.99%

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business Licenses	Other Local Taxes	Total
2013	\$ 2,850,968	\$ 931,067	\$ 209,182	\$ 149,973	\$ 1,229,495	\$ 709,692	\$ 475,834	6,556,211
2012	2,526,297	952,497	201,784	154,275	788,948	621,289	472,815	5,717,905
2011	2,526,828	878,531	208,945	136,777	775,398	549,271	447,658	5,523,408
2010	2,487,151	811,566	204,768	127,915	679,083	633,268	425,276	5,369,027
2009	2,728,737	688,327	201,503	126,268	689,856	534,537	547,409	5,516,637
2008	2,469,194	678,260	200,387	134,023	682,534	625,138	577,660	5,367,196
2007	2,898,002	652,195	256,927	128,959	699,300	525,813	536,352	5,697,548
2006	2,799,546	616,091	301,533	130,093	638,441	572,165	401,497	5,459,366
2005	1,663,988	404,052	287,238	124,902	459,910	585,062	363,503	3,888,655
2004	1,369,653	352,816	259,332	108,322	351,554	456,957	324,920	3,223,554

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

Fiscal Year	Real Estate	Personal Property	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2013	\$ 1,010,965,950	\$ 63,685,657	\$ 20,575,695	\$ 1,095,227,302	1,095,227,302	100.00%
2012	976,555,250	61,387,349	17,270,331	1,055,212,930	1,055,212,930	100.00%
2011	960,616,700	62,755,192	12,415,217	1,035,787,109	1,035,787,109	100.00%
2010	961,287,250	56,657,467	12,470,666	1,030,415,383	1,030,415,383	100.00%
2009	1,048,886,350 *	108,172,940	12,226,592	1,169,285,882	1,169,285,882	100.00%
2008	1,160,800,550	56,347,033	11,912,214	1,229,059,797	1,229,059,797	100.00%
2007	1,195,641,850	58,069,859	11,220,869	1,264,932,578	1,264,932,578	100.00%
2006	1,013,555,550	49,728,198	9,652,257	1,072,936,005	1,072,936,005	100.00%
2005	734,660,050	36,787,240	9,280,605	780,727,895	780,727,895	100.00%
2004	571,086,300	31,157,197	10,493,964	612,737,461	612,737,461	100.00%

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

\* In fiscal year 2009, the Personal Property tax due date was changed, therefore, two tax bill cycles are included.

Note: This schedule % of assessment reflects that Loudoun Co. tax bill is based on 100% of assessment. Some localities tax on less than 100% of assessed value ex: tax is based on 80% of assessed value.

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

Fiscal Years	Direct Rates						Overlapping Rates County of Loudoun, Virginia		
	Real Estate	FF Service Tax District	Personal Property	Volunteers	Machinery and Tools	Merchants' Capital	Real Estate	Personal Property	Machinery and Tools
2013	.225/.225	NA/.035	1.05	0.01	0.55	N/A	1.205	4.20	2.75
2012	.23/.225	N/A	1.05	0.01	0.55	N/A	1.24	4.20	2.75
2011	.23/.23	N/A	1.05	0.01	0.55	N/A	1.29	4.20	2.75
2010	.225/.23	N/A	1.05	0.01	0.55	N/A	1.30	4.20	2.75
2009	0.19/.225	N/A	1.05	0.01	0.55	N/A	1.245	4.20	2.75
2008	0.18/0.19	N/A	1.05	0.01	0.55	N/A	1.14	4.20	2.75
2007	0.17/0.18	N/A	1.05	0.01	0.55	N/A	0.92	4.20	2.75
2006	0.20/0.17	N/A	1.05	0.01	0.55	N/A	0.89	4.20	2.75
2005	0.21/0.20	N/A	1.05	0.01	0.55	N/A	1.04	4.20	2.75
2004	0.22/0.21	N/A	1.05	0.01	0.55	N/A	1.11	4.20	2.75

(1) Per \$100 of assessed value

Source: Town Finance Department and Treasurer of Loudoun County

Principal Property Taxpayers  
Current Year and 9 Years Ago

Taxpayer	Type Business	Fiscal Year 2013		Fiscal Year 2004	
		2013 Assessed Valuation	% of Total Assessed Valuation	2004 Assessed Valuation	% of Total Assessed Valuation
Jordan River Acquisitions LLC	Shopping Center (1251 E Main St)	\$ 16,100,210	1.56%	891,750	0.22%
Main St. Station LLC	Shopping Center (1000 E Main St)	13,348,090	1.30%	\$ 1,785,400	0.43%
S R B Enterprises LLC	Shopping Center (711 E Main St)	11,749,140	1.14%	4,412,400	1.07%
Purcellville Shopping Center LLC	Shopping Center (609 E Main St)	10,553,480	1.02%	7,485,200	1.82%
Valley Medical Center LLC	Medical Center (125 Hirst Road)	8,952,860	0.87%	N/A	N/A
Maple Avenue Apartments LP	Apartments (610 Dominion TE)	4,924,920	0.48%	4,596,300	1.12%
Main Street Associates LP	Apartments (123 16th St)	4,145,370	0.40%	4,327,400	1.05%
413 Browning Court LLC	Office Building(413 Browning Court)	3,402,050	0.33%	N/A	N/A
C K D Purcellville LLC	Office Building (400 Browning Ct)	3,286,290	0.32%	N/A	N/A
Loudoun Valley Investments LC	Industrial (121 N Bailey Ln)	3,095,000	0.30%	N/A	N/A
		<u>\$ 79,557,410</u>	<u>7.72%</u>	<u>\$ 22,606,700</u>	<u>0.71%</u>

Source: Loudoun County Assessor of Real Estate taxable data  
Note: Total Assessed Value is adjusted for land use deferral.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	RE Tax Levy for Fiscal Year	PP Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 2,448,170	\$ 422,435	\$ 2,870,605	\$ 2,746,752	95.69%	N/A	\$ 2,746,752	95.69%
2012	2,214,116	395,634	2,609,750	2,523,249	96.69%	68,260	2,591,510	99.30%
2011	2,208,797	383,180	2,591,977	2,494,927	96.26%	91,041	2,585,969	99.77%
2010	2,192,212	319,036	2,511,248	2,436,375	97.02%	70,652	2,507,027	99.83%
2009	2,183,022	633,639 *	2,816,661	2,725,048	96.75%	83,986	2,809,034	99.73%
2008	2,137,439	343,010	2,480,449	2,435,698	98.20%	40,063	2,475,761	99.81%
2007	2,075,259	336,483	2,411,741	2,347,023	97.32%	61,092	2,408,114	99.85%
2006	1,873,509	496,583	2,370,092	2,302,526	97.15%	61,435	2,365,352	99.80%
2005	1,552,514	356,666	1,909,180	1,813,721	95.00%	N/A	1,905,127	99.79%
2004	1,280,899	306,309	1,587,208	1,570,824	98.97%	N/A	1,583,860	99.79%

Source: Town Finance Department and Loudoun County Commissioner of Revenue

\* In fiscal year 2009, the PP tax due date was changed, therefore, two tax bill cycles are included.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities			Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Other Notes/ Bonds	Capital Leases	General Obligation Bonds			
2013	\$ 19,929,554	\$ 1,190,000	\$ -	\$ 43,055,234	\$ 64,174,788	13.97%	\$ 8,114
2012	18,444,736	1,275,000	-	44,146,465	63,866,201	14.10%	8,158
2011	19,032,196	1,360,000	-	45,216,445	65,608,641	14.70%	8,416
2010	12,953,021	1,445,000	-	47,287,639	61,685,660	14.83%	7,983
2009	6,483,776	1,530,000	-	40,873,842	48,887,618	12.68%	6,406
2008	5,220,223	1,605,000	-	27,122,557	33,947,780	8.75%	4,528
2007	2,783,945	-	-	13,380,619	16,164,564	4.46%	2,213
2006	2,906,550	-	3,147	13,758,440	16,668,137	5.05%	2,340
2005	731,571	-	45,113	10,349,788	11,126,472	3.90%	1,660
2004	776,173	-	84,881	10,277,168	11,138,222	4.86%	1,914

## Notes:

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

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

TOWN OF PURCELLVILLE, VIRGINIA

Legal Debt Margin Information  
Last Ten Fiscal Years

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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 61,008,943	\$ 78,604,002	\$ 107,885,328	\$ 124,464,884
Total net debt applicable to limit	<u>11,138,222</u>	<u>11,126,472</u>	<u>16,668,137</u>	<u>16,164,564</u>
Legal debt margin	\$ <u>49,870,721</u>	\$ <u>67,477,530</u>	\$ <u>91,217,191</u>	\$ <u>108,300,320</u>
Total net debt applicable to the limit as a percentage of debt limit	18.26%	14.16%	15.45%	12.99%

Table 12

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 122,474,266	\$ 111,097,731	\$ 103,391,108	\$ 103,343,018	\$ 99,381,070	\$ 102,790,304
<u>33,947,780</u>	<u>48,887,618</u>	<u>61,685,660</u>	<u>65,608,641</u>	<u>63,866,201</u>	<u>64,174,788</u>
\$ <u><u>88,526,486</u></u>	\$ <u><u>62,210,113</u></u>	\$ <u><u>41,705,448</u></u>	\$ <u><u>37,734,377</u></u>	\$ <u><u>35,514,869</u></u>	\$ <u><u>38,615,516</u></u>
27.72%	44.00%	59.66%	63.49%	64.26%	62.43%

## Legal Debt Margin Calculation for Fiscal Year 2013

Total assessed value of real estate	\$ 1,027,903,036
Debt limit (10% of total assessed value)	102,790,304
Net debt applicable to limit	<u>64,174,788</u>
Legal debt margin	\$ <u><u>38,615,516</u></u>

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County of Loudoun Subtotal, overlapping debt	\$ 1,004,330	\$ 1.77%	\$ 17,743
Town of Purcellville, direct debt			\$ 19,719,736
Total direct and overlapping debt			\$ 19,737,479

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 of Purcellville. This process recognizes 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 government's boundaries and dividing it by the County's total taxable assessed value.

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

Fiscal Year	Net Bonded Debt (1), (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita
2013	\$ 19,929,554	1.94%	2,520
2012	18,444,736	1.86%	2,356
2011	19,032,196	1.84%	2,441
2010	12,953,021	1.25%	1,676
2009	6,483,776	0.58%	850
2008	5,220,223	0.43%	696
2007	2,783,945	0.22%	381
2006	2,906,550	0.27%	408
2005	731,571	0.09%	109
2004	776,173	0.13%	133

(1) Includes all long-term general obligation bonded debt, Literary Fund Loans, and excludes revenue bonds, capital leases, and compensated absences.

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

(3) Net bonded debt is tax supported debt.

Demographic and Economic Statistics  
Last Ten Calender Years

Calender Year	Purcellville Population (1)	Loudoun County Per Capita Income (2)	Purcellville Median Age (3)	Purcellville School Age Population (4)	Loudoun County Unemployment Rate (5)
2013	7,909	58,067	34.4	2,410	4.5
2012	7,829	57,838	34.1	2,330	4.4
2011	7,796	57,242	33.9	2,297	4.7
2010	7,727	53,824	33.6	2,105	5.0
2009	7,632	50,519	33.8	2,105	5.3
2008	7,497	51,773	33.9	2,105	2.9
2007	7,304	49,607	34.0	1,511	2.2
2006	7,122	46,388	34.1	1,511	2.3
2005	6,704	42,582	34.1	1,511	2.7
2004	5,818	39,380	34.1	792	2.9

## Sources:

- (1) 2010: US Bureau of Census, 2010 Decennial Census.  
2002-2009,2011-2012: Loudoun County Department of Planning, June 4, 2013.
- (2) 2004-2011: Bureau of Economic Analysis, US Department of Commerce, November 26, 2012.  
2012-2013: Loudoun County Department of Finance & Management Services, October 2, 2013.
- (3) 2010: US Bureau of Census, 2010 Decennial Census.  
2002-2009,2011-2012: Loudoun County Department of Planning, September 19, 2013.
- (4) 2003-2009: Loudoun School Census (triennial), Loudoun County Public Schools;  
2010-2012: Weldon Cooper Center for Public Service, Demographics & Workforce Group  
School-Age Population Estimates, June 2013.
- (5) Local Area Unemployment Statistics, Virginia Employment Commission, Month of June each year.  
Values for 2009-2012 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.

Principal Employers  
Current Year and 5 Years Ago

Employer	Fiscal Year 2013		Fiscal Year 2008	
	Employees	Rank	Employees	Rank
Loudoun County Schools	607	1	483	1
Blue Ridge Veterinary Assoc., Inc.	125	2	90	7
Harris Teeter	125	3	n/a	n/a
Home School Legal Defense	112	4	90	6
Virginia Regional Transportation Center	99	5	131	4
Patrick Henry College	85	6	100+	5
Giant	85	7	147	2
Magnolia's at the Mill	81	8	n/a	n/a
Town of Purcellville	73	9	75	9
Dominion Paving and Milling	50	10	n/a	n/a

Source: Town Business License Renewal

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

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administration	6.75	6.3	7.75	7.75	7.75	7.50	7.75	7.50	8.50	8.50
Finance Administration	4.5	6.0	5.50	6.50	7.50	7.50	7.50	7.50	7.50	7.50
Public Safety/Police	11.0	14.0	14.50	15.50	14.50	14.00	15.00	15.00	15.00	15.00
Public Works	5.0	4.0	4.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
General Maintenance	8.25	10.0	9.25	10.00	10.00	10.00	10.00	9.00	9.00	9.00
Planning & Zoning	3.75	4.0	4.75	6.75	4.75	4.75	4.00	3.00	4.00	4.00
Parks & Recreation	n/a	1.00	1.00							
Water Treatment	6.0	9.5	10.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00
Wastewater Treatment	6.0	10.5	10.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Totals	<u>51.25</u>	<u>64.25</u>	<u>65.75</u>	<u>71.50</u>	<u>70.50</u>	<u>69.75</u>	<u>70.25</u>	<u>68.00</u>	<u>70.00</u>	<u>70.00</u>

Source: IRS Form 941s

Operating Indicators by Function  
Last Nine Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>Administration</u></b>									
Special Events	19	22	18	19	17	23	22	19	20
FOIA Requests Processed	N/A	90	116	160	75	157	227	161	115
<b><u>Finance</u></b>									
Utility Bills Processed	15,309	15,168	15,096	15,188	15,392	15,201	15,209	15,763	15,913
Tax Bills Processed	10,906	10,532	11,517	11,757	19,366	12,342	12,959	12,740	12,881
Accounts Payable Transactions	N/A	N/A	5,885	6,157	6,139	6,089	6,133	6,133	6,175
<b><u>Public Safety</u></b>									
Parking Violations	151	170	316	183	163	177	172	128	229
Traffic violations	1,386	1,579	1,637	1,618	1,356	1,671	1,692	1,021	1,457
Incident Reports	586	739	856	912	829	1,103	986	680	933
<b><u>Public Works</u></b>									
<b><u>Maintenance Dept.</u></b>									
Work Orders, number of	N/A	570	264	596	890	902	1,190	1,406	1,356
New Meters Installed	N/A	N/A	14	53	22	13	12	22	27
Miss Utilitys Processed	N/A	N/A	711	1,355	830	899	783	1,186	905
<b><u>Water Dept.</u></b>									
Total Gallons Treated (millions)	N/A	N/A	190	206	207	203	202	196	194
Samples in Compliance, % of	N/A	N/A	100%	100%	100%	100%	100%	100%	100%
Violations, number of	N/A	N/A	-	1	1	0	0	0	0
<b><u>Wastewater Dept.</u></b>									
Daily average of gallons treated	593,300	593,900	622,400	625,400	536,500	575,200	590,200	591,200	638,400
Complaints, number of	N/A	N/A	-	3	2	3	0	0	1
<b><u>Planning and Zoning</u></b>									
Occupancy Permits Issued	294	144	92	120	98	108	83	82	90
Zoning Permits Issued	676	436	375	286	178	183	178	268	137
Development Plans Processed	N/A	54	63	85	30	26	19	13	15

Source: Individual town departments.

Note: Only nine years of history is available for this table.

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration										
Administration Buildings	1	2	2	2	2	2	2	2	2	1
Bus Stops for Public Transportation	-	-	-	1	1	1	1	1	6	6
Public Parking Lots	2	2	2	2	2	2	2	2	4	4
Vehicles	1	1	2	2	2	2	2	1	1	1
Finance										
Vehicles	-	-	-	-	-	-	-	-	-	-
Parks and Recreation										
Recreation Facilities - Buildings	1	1	1	1	2	2	2	2	2	2
Recreation Facilities - Fields, Parks	-	-	-	-	1	1	1	1	1	1
Public safety										
Administration Buildings	-	-	-	-	-	-	-	-	-	-
Radar Smart Trailers	3	3	3	3	3	3	3	3	1	-
Vehicles	5	7	9	12	13	11	10	10	11	11
Public works										
<u>Maintenance Dept.</u>										
Heavy Equipment (Backhoes, etc)	7	9	11	11	13	14	17	20	20	22
Maintenance Facility	1	1	1	1	1	1	2	2	2	2
Message Boards	-	2	3	3	3	3	3	3	3	3
Traffic Signals	-	-	-	-	2	2	2	2	2	2
Vehicles	10	13	14	16	16	18	18	21	21	20
<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 Buildings	2	2	2	3	3	3	3	4	4	4
Vehicles	3	3	3	3	4	4	4	4	5	6
Water Reservoir(s)	1	1	1	1	1	1	1	1	1	1
Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
Modular Bldg @ Plant	-	-	-	-	1	1	1	1	1	1
Wells/Well Houses	3	3	4	4	5	7	8	8	9	9
<u>Wastewater Dept.</u>										
Pump Stations	9	9	9	9	9	6	6	6	6	6
Vehicles	2	2	3	3	5	5	5	5	5	5
Wastewater Treatment Plant	1	1	1	1	1	1	1	1	1	1
Planning and Zoning										
Vehicles	1	1	1	1	1	1	1	1	1	1

Source: Town depreciation schedule.

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund, of Town of Purcellville, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Purcellville, Virginia's basic financial statements, and have issued our report thereon dated November 18, 2013.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Purcellville, Virginia's internal control over financial reporting (internal control) to determine the 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 of Purcellville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Purcellville, Virginia's internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 18, 2013