Town of Purcellville Virginia

Comprehensive Annual Financial Report

Year Ended

June 30, 2015

TOWN OF PURCELLVILLE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

Prepared By:

Elizabeth B. Krens
Director of Finance

TOWN OF PURCELLVILLE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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November 23, 2015

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, 2015. 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. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Town also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the Town Council no later than the close of the previous fiscal year. Activities of the general fund, the parks and recreation special revenue fund, the two utility enterprise funds and capital project funds are included in the Town's annual budget. 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, 2015. 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:

Incorporated in 1908, Purcellville is one of seven independent towns in Loudoun County, Virginia. The Town's corporate limits encompass approximately 3.42 miles positioned in western part of the County along the principal east-west transportation corridor, Route 7. Purcellville lies about 40 miles west of Washington, D.C with a population of 8,075. Once a stop along the W&OD rail line, Purcellville has maintained its historic old-town feel through the restoration and maintenance of its many downtown structures, a reflection of the Victorian architecture popular during the early 1900s. Today, Purcellville is the economic hub of western Loudoun County and a popular weekend destination for antiquing, entertainment, farmer's markets, wineries, breweries and restaurants.

The Town is operated based on a council-manager form of government. Purcellville 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 2015 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 early fall each year. The focus of this session is for Council to review its vision, mission, core values, strategic initiatives and action items. This strategy serves as the foundation of Council and staff actions throughout the year. The next step is the annual budget development process that begins in the fall and incorporates the Council's Strategic Plan into a fiscal plan for the next fiscal year. The staff and Council work on the budget plan through the winter months with budget adoption in the spring. Throughout the year, the Town Manager and department managers continue to closely monitor budget and fiscal policy compliance as well as performance metrics. The Town Council also maintains "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.

At the end of fiscal year 2015, the Town's total net position increased by $809,411, with $248,386 from the governmental activities and $561,025 from business-type or utility activities. In addition, the governmental fund's total fund balance at the end of fiscal year 2015 was $6.7 million. Of this amount, $5.0 million was unassigned and available for future spending. This amount exceeds the Town's fund balance policy target of $3 million or 30% of total revenues.

The Town received its first public credit rating from all three national credit rating agencies in the fall of 2013: AAA from Standard & Poor's, Aa2 from Moody's Investors Services and AA from Fitch Ratings. In August 2015, Fitch affirmed the Town's AA rating following their routine credit review. No new debt was issued in fiscal year 2015 but the Town did benefit from a cost of funds rate reduction on the 2008 Virginia Resource Authority (VRA) loan used to finance the Basham Simms Wastewater Facility. This opportunity allowed the Town to lower the interest rate on the bond from 2.77% to 2.52%.

The Town's Capital Improvement Plan (CIP) is relatively modest for the next five years and new debt issuance is not anticipated in the short term. The 2013 debt restructuring modified the utility debt service structure which will increase in fiscal year 2020 especially in the sewer fund. The Town will continue to work with financial consultants to model the impact of utility user fees and proposed development to manage these changes. During fiscal year 2016 budget process, Council adopted a 5% increase in sewer user rates and no change to water user rates.

The Town's property assessments continue to increase following the recent recession. The 2015 real property values increased by 8.45% and preliminary forecasts for 2016 anticipate continued growth for both existing properties and new construction. For tax year 2015, Council increased the real property tax rate from $.21 to $.22 per $100 of assessed value. The Fireman's Field Service Tax and personal property tax rates remained unchanged. Development currently underway is buildout at the Purcellville Green townhouses, Gateway shopping center, Mayfair residential and industrial and Catoctin Corner. The Town continues to receive applications for annexation and in-town development for both residential and commercial projects.

Major Initiatives/Awards:

The following is a partial listing of a significant initiatives and achievements accomplished across all departments in fiscal year 2015:

- No change to the Town's strong investment grade ratings of AA/AAA from the three national credit rating agencies. Fitch confirmed the AA rating during a routine rating review in August 2015.
- Received 6th GFOA Distinguished Budget Presentation Award for fiscal year 2015.
- Received 7th GFOA Certificate of Achievement for fiscal year 2014 CAFR.
- Received VML's Green Government Challenge, Silver Certification Award.
- Received ICMA's Certificate of Distinction for exceeding the standards by the ICMA Center for Performance Measurement.
- Received Virginia Department of Health's Excellence in Water Award.
- Received the Virginia Department of Health's Excellence in Waterworks. Operations Performance Award for the sixth consecutive year.
- Received Visit Loudoun's 2014 Tourism Event of the Year Award.
- Received the People's Choice Award from Virginia Wine Lover Magazine in the categories of "Best Wine Festival in the Northern Region" and "Best Wine Themed Getaway."
- Enhanced the management training program by offering over 30 webinars from ICMA that focused on local government management and operations.
- Completed the A Street shared used trail construction.
- Completed the East Main Street Sidewalk project.
- Completed Fireman's Field Facilities Phase B project to include storage building construction.
- Installed emergency generators at the Main Street well complex, water treatment facility and Marsh well.
- Upgraded the chemical delivery system at the raw water building.
- Initiated the bulk water sales pilot project at the Maintenance Facility.
- Approved the Brown settlement agreement for land condemnation for the SCR roadway.

- Recruited new Assistant Town Manager.
- Recruited new Police Chief.
- Police Department maintained State Accreditation by Virginia Law Enforcement Professional Standards Commission.
- Adopted Town Council Code of Ethics, Council Norms and Procedures, Public Meeting Conduct Policy, Rules for Agenda Development Public Hearing and Citizen Comments and Town Council Member's Communication and Activities Disclosure process.
- Established new expanded rules for Statement of Economic Interest for staff, committees, commissions and boards.
- Adopted Town's new BLA/Annexation process.
- Hosted the first general Citizen Feedback Session.
- Developed and completed the new Citizen Survey.
- Adopted 2014 EDAC Tourism Plan.
- Assisted with the establishment of 29 new businesses, 27 new home occupations, expansion of 5 businesses, and relocation of 12 businesses to Purcellville.

Awards and Acknowledgements:

The Town received its seventh Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014 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 Finance Department staff. In particular, I want to thank Paula Hicks whose work year-round ensures this financial document is accurate, complete and timely in its release.

Sincerely,

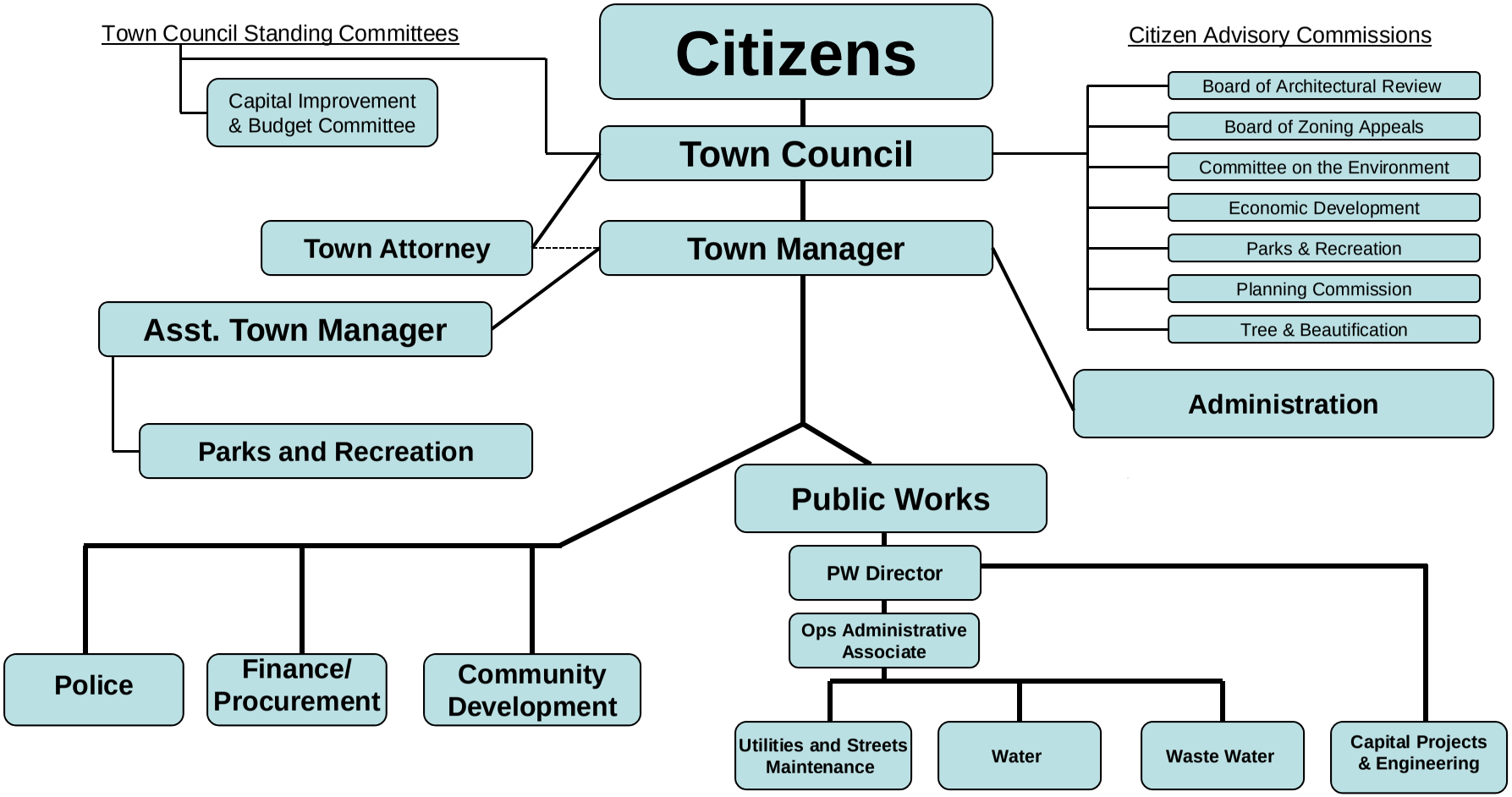
Robert W. Lohr, Jr.

Town Manager

Elizabeth B. Krens

Director of Finance

Town of Purcellville Organization Chart: January 2015



TOWN OF PURCELLVILLE, VIRGINIA

COUNCIL

Kwasi Fraser, Mayor
John Nave, Vice-Mayor

Doug McCollum
Joan Lehr

Karen Jimmerson
Patrick McConville II

Benjamin Packard

OFFICIALS

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
Sally Hankins	Town Attorney
Cynthia McAlister	Chief of Police
Vadah McCann	Director of Administation

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, 2014

Executive Director/CEO

Independent Auditors' Report

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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2015, the Town adopted new accounting guidance, GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and *71, Pension Transition for Contributions Made Subsequent to the Measurement Date –an amendment of GASB Statement No. 68*. 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, budgetary comparison information, and schedules related to pension and OPEB funding progress, on pages 3-10, and 73-75, 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 Town of Purcellville, Virginia's basic financial statements. The introductory section, supporting schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting 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 supporting 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 23, 2015, on our consideration of Town of Purcellville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 23, 2015

As management of Town of Purcellville (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $58.5 million (*net position*). Of this amount, $9.6 million (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased $809,411, of which the governmental activities accounted for a $248,386 increase and business-type activities accounted for a $561,025 increase.

- The ending fund balance of the Town's general fund was $5.8 million, an increase of $810,888 from the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5.0 million, or 58% of the general fund expenditures.

- The Town's total long-term obligations decreased by $716,583 during the current fiscal year.

- The Town implemented Statement of Governmental Accounting Standards (GASB Statement) Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Accordingly, the net pension liability and related information are reported on the statement of net position along with a more comprehensive measure of pension expense and enhanced, note disclosures and required supplementary information. More information regarding the implementation of this new accounting standard can be found in Notes 14 and 7 of the Notes to Financial Statements.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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 68 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and schedules of funding progress relating to the Town's participation in its pension plan and other post-employment benefits. Required supplementary information can be found on pages 71 through 75 of this report.

Overview of the Financial Statements (Continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows of resources by $58.5 million at the close of the most recent fiscal year. A large portion of the Town's net position ($47.9 million, 82% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

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

Town of Purcellville, Virginia
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 8,994,168	$ 9,455,133	$ 7,677,765	$ 6,672,714	$ 16,671,933	$ 16,127,847
Capital assets	54,889,773	54,974,698	54,896,886	55,437,207	109,786,659	110,411,905
Total assets	$ 63,883,941	$ 64,429,831	$ 62,574,651	$ 62,109,921	$ 126,458,592	$ 126,539,752
Deferred outflows of resources	$ 642,700	$ 345,562	$ 1,624,679	$ 1,615,889	$ 2,267,379	$ 1,961,451
Long-term liabilities outstanding	$ 21,602,041	$ 22,032,295	$ 44,286,120	$ 44,572,449	$ 65,888,161	$ 66,604,744
Other liabilities	1,146,788	1,531,159	1,208,240	1,061,592	2,355,028	2,592,751
Total liabilities	$ 22,748,829	$ 23,563,454	$ 45,494,360	$ 45,634,041	$ 68,243,189	$ 69,197,495
Deferred inflows of resources	$ 1,801,246	$ 1,158,563	$ 159,882	$ -	$ 1,961,128	$ 1,158,563
Net position:						
Net investment in capital assets	$ 35,096,434	$ 34,615,139	$ 12,826,291	$ 13,902,748	$ 47,922,725	$ 48,517,887
Restricted	989,533	1,992,726	-	-	989,533	1,992,726
Unrestricted	3,890,599	3,445,511	5,718,797	4,189,021	9,609,396	7,634,532
Total net position	$ 39,976,566	$ 40,053,376	$ 18,545,088	$ 18,091,769	$ 58,521,654	$ 58,145,145

As previously disclosed, the Town implemented GASB Statement Number 68 and 71, effective for the fiscal year ending June 30, 2015. The implementation of these standards required a restatement of beginning net position (as of July 1, 2014). Reference Note 14 for the impact of this restatement of beginning net position. 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.

Government-wide Financial Analysis: (Continued)

As noted previously, the Town's overall (governmental and business-type activities) net position increased by $809,411 during the current fiscal year. The business-type activities reported an increase in net position of $561,025 and the governmental activities reported an increase of $248,386.

Governmental activities increased the Town's net position by $248,386. The following table summarizes the Town's Statement of Activities:

Town of Purcellville, Virginia
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 218,696	$ 284,745	$ 4,689,646	$ 4,714,969	$ 4,908,342	$ 4,999,714
Operating grants and contributions	798,187	789,086	28,287	29,368	826,474	818,454
Capital grants and contributions	755,462	1,862,645	2,325,382	1,506,757	3,080,844	3,369,402
General revenues:						
Property taxes	3,344,853	3,088,573	-	-	3,344,853	3,088,573
Other taxes	4,186,769	3,829,675	-	-	4,186,769	3,829,675
Unrestricted revenues from the use of money and property	40,442	41,890	1,030	2,244	41,472	44,134
Miscellaneous	112,530	85,990	174,807	167,616	287,337	253,606
Gain (loss) on sale of capital asset	(9,735)	-	35,000	-	25,265	-
Grants and contributions not restricted to specific programs	391,107	392,714	-	-	391,107	392,714
Total revenues	$ 9,838,311	$ 10,375,318	$ 7,254,152	$ 6,420,954	$ 17,092,463	$ 16,796,272
Expenses:						
General government administration	$ 2,763,529	$ 2,923,193	$ -	$ -	$ 2,763,529	$ 2,923,193
Public safety	1,947,552	1,919,119	-	-	1,947,552	1,919,119
Public works	2,978,601	3,472,819	-	-	2,978,601	3,472,819
Parks, recreation and culture	341,526	265,740	-	-	341,526	265,740
Community development	1,957,359	1,858,057	-	-	1,957,359	1,858,057
Interest on long-term debt	652,262	833,107	-	-	652,262	833,107
Water fund	-	-	2,536,825	2,116,235	2,536,825	2,116,235
Sewer fund	-	-	3,105,398	3,336,116	3,105,398	3,336,116
Total expenses	$ 10,640,829	$ 11,272,035	$ 5,642,223	$ 5,452,351	$ 16,283,052	$ 16,724,386
Increase (decrease) in net position before transfers	$ (802,518)	$ (896,717)	$ 1,611,929	$ 968,603	$ 809,411	$ 71,886
Transfers	$ 1,050,904	$ 1,115,904	$ (1,050,904)	$ (1,115,904)	$ -	$ -
Increase (decrease) in net position	$ 248,386	$ 219,187	$ 561,025	$ (147,301)	$ 809,411	$ 71,886
Net position-beginning of year, as restated	$ 39,728,180	$ 39,834,189	$ 17,984,063	$ 18,239,070	$ 57,712,243	$ 58,073,259
Net position-end of year	$ 39,976,566	$ 40,053,376	$ 18,545,088	$ 18,091,769	$ 58,521,654	$ 58,145,145

Overview of the Financial Statements (Continued)

Government-wide Financial Analysis (Continued)

Generally, net position changes are for the difference between revenues and expenses. The Town reported an increase in net position of governmental activities of $248,386 in 2015. The Town reported a decrease of approximately $1.1 million in capital grants and contributions as a result of lower State and County contributions for capital projects. Additionally, property taxes and other taxes increased $0.2 million and $0.4, respectively, and public works expenses decreased $0.5 million. All other revenues and expenses were fairly consistent with the prior years. The combination of these factors resulted in a similar increase in net position in 2014 and 2015.

Business-type activities increased the Town's net position by $561,025. 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. The largest contributing factor to the increase in net position was a $.8 million increase in availability revenue for new utility connections. The water fund expenses increased $.4 million due to terminated capital projects that did not result in assets requiring costs to be expensed in the current year. The sewer fund expenses decreased $.2 million due to reduction in bond issuance costs.

Financial Analysis of the Town's Funds

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

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

The Town's 2015 governmental fund revenues were $640,306 less than 2014. This decrease can be attributed to a decrease in State and County contributions for capital projects. The 2015 governmental fund expenditures, excluding principal payments, were $664,594 less than 2014 due to a decrease in public works street expenditures. The Town refunded several existing general obligation bonds during fiscal year 2014, with a portion of the bonds issued to provide for a current refunding of debt.

The Town's total fund balance for all funds ended 2015 with a fund balance of $6.7 million, a decrease from 2014 of $348,187. Of this amount, $5.0 million was unassigned and available for future spending, an increase of $817,322 over fiscal year 2014.

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 $18.5 million. Unrestricted net position at the end of the year was $5.7 million, an increase from the prior year in the amount of $1.5 million.

General Fund Budgetary Highlights

General Fund revenues exceeded budget projections by $553,277 in 2015. The most significant increases and positive trends were reported in the categories of property tax, meals tax and zoning fees. However, budgetary shortfalls were reported in business license revenue due to a reduction in commercial construction projects and County gas tax due to the market decline in the price of fuel.

General Fund Budgetary Highlights: (Continued)

The 2015 expenditures were less than budgeted by $831,197. These expenditure reductions were realized across all departments and debt service savings. The largest savings was from Public Works department, however, over $130,000 will need to be spent in future years as the Town did not spend all highway maintenance program funds received from the Commonwealth in fiscal year 2015.

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, 2015, amounts to $109.8 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	
	2015	2014	2015	2014	2015	2014
Land	$ 4,310,764	$ 4,310,764	$ 3,039,509	$ 3,039,509	$ 7,350,273	$ 7,350,273
Buildings	10,829,695	11,137,737	-	-	10,829,695	11,137,737
Utility plant in service	-	-	50,766,176	49,170,093	50,766,176	49,170,093
Improvements other than buildings	3,820,050	3,482,320	117,500	138,300	3,937,550	3,620,620
Infrastructure	32,640,321	26,753,101	-	-	32,640,321	26,753,101
Machinery & Equipment	643,788	818,872	545,917	161,176	1,189,705	980,048
Vehicles	113,061	173,384	17,552	46,616	130,613	220,000
Contruction in progress	2,532,094	8,298,520	410,232	2,881,513	2,942,326	11,180,033
Total	$ 54,889,773	$ 54,974,698	$ 54,896,886	$ 55,437,207	$ 109,786,659	$ 110,411,905

Additional information on the Town's capital assets can be found in Note 4 on pages 38 and 39 of this report.

Capital Asset and Debt Administration: (Continued)

Long-term obligations: At the end of the current fiscal year, the Town had total outstanding obligations of $65.9 million and details are summarized in the following table:

Town of Purcellville, Virginia
Outstanding Obligations
For the Year Ended June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 19,094,249	$ 19,642,757	$ 43,475,334	$ 44,173,657	$ 62,569,583	$ 63,816,414
Notes payable	1,020,000	1,105,000	-	-	1,020,000	1,105,000
Capital leases	-	-	345,026	-	345,026	-
Net pension liability	17,760	-	5,880	-	23,640	-
OPEB obligation	1,120,330	930,669	357,206	297,495	1,477,536	1,228,164
Compensated absences	349,702	353,869	102,674	101,297	452,376	455,166
Total	$ 21,602,041	$ 22,032,295	$ 44,286,120	$ 44,572,449	$ 65,888,161	$ 66,604,744

Obligations associated with governmental activities decreased by $430,254 in 2015 due to regular principal payments. This decrease was offset by the new reporting of pension liability and increase in other post-employment benefits.

Obligations associated with business-type activities decreased by $286,329 in 2015 primarily due to regular principal payments. The decrease was offset by the new reporting of pension liability, increase in other post-employment benefits and new capital lease for the vac truck.

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, 2015.

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

Economic Factors and Next Year's Budgets and Rates

The Town of Purcellville is located in western Loudoun County at the base of the Blue Ridge Mountains also known as the D.C. Wine Country. Over the last two decades, the Town experienced strong residential and commercial growth with a population of 8,075. The Town serves as the traditional business hub of western Loudoun County with a population that exceeds 60,000 within a fifteen minute drive of the center of Town. Loudoun County continues to be ranked as one of the nation's wealthiest counties with a median annual household income of about $122,000 according to the United States Census Bureau. In 2014, Loudoun County's unemployment rate was 4.0%, significantly lower than the national rate. The Town continues to benefit from its close proximity to the Washington metropolitan area, highly educated population and lucrative job market.

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

The Town's total taxable property assessed value has grown by 19% since 2010, the lowest point during the recent nationwide economic recession. In tax year 2015, real property assessments increased by 8.45% with a 5.46% increase in existing properties and 2.99% increase in new construction. The Town continues to experience commercial development with the Chick-Fil-A in the Gateway shopping center, Catoctin Corner and Mayfair industrial. Residential development continues with Purcellville Green townhouses and Mayfair residential. The Town continues to receive annexation and in town development applications. The current residential/business tax base split is 76/24%.

In the fall of 2013, the Town obtained its inaugural credit rating from the three national credit rating agencies: Standard and Poor's rating of AAA, Moody's Investor Service rating of Aa2, and Fitch Ratings rating of AA. In August 2015, Fitch affirmed the Town's AA credit rating following their routine rating review. These results are highly favorable strong investment grade ratings despite the Town's relatively modest population.

The Town continues to benefit from a diversified revenue stream. The largest General Fund revenue categories in FY15 were property tax (33%), meals tax (18%), revenue from the Commonwealth (13%), sales tax (11%), and business license tax (8%). The revenue collected in these categories increased in FY15 with the exception of business license tax due to fluctuations in commercial construction. The County gas tax (3% of general fund revenue) revenue also declined due to a drop in fuel prices. This contribution from Loudoun County is voluntary and expected to expire in 2018 when funds will be redirected to metro rail costs.

In tax year 2015, the Town Council increased the real estate tax rate to .22/$100. The Fireman's Field service tax rate remained unchanged at .035/$100 with the proceeds directed to 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 expenses, capital improvement plan expenses, debt service and historical usage trends are analyzed to update the Town's rate structure. The Town restructured its utility debt in FY13 and continues to work with consultants to develop a long-term plan to rebuild utility cash reserves used during recession as well as prepare for the increase in annual debt service in FY20. In FY15 Town Council increased sewer user rates by 5%, however, no changes were made to water user rates. Availability or new connection fees were strong in FY15 and this trend is expected to continue based on the Mayfair Water and Sewer Agreement that requires the developer to purchase a minimum number of utility connections per year through FY20.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
As of June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,498,069	$ 6,317,742	$ 11,815,811
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,519,046	-	1,519,046
Accounts receivable	322,324	821,575	1,143,899
Due from other governmental units	336,601	-	336,601
Prepaid items	61,630	20,289	81,919
Restricted assets:			
Cash and cash equivalents	1,256,498	231,664	1,488,162
Cash held for customer deposits	-	286,495	286,495
Capital assets (net of accumulated depreciation):			
Land	4,310,764	3,039,509	7,350,273
Buildings and system	10,829,695	-	10,829,695
Improvements other than buildings	3,820,050	117,500	3,937,550
Machinery and equipment	643,788	545,917	1,189,705
Vehicles	113,061	17,552	130,613
Infrastructure	32,640,321	-	32,640,321
Utility plant in service	-	50,766,176	50,766,176
Construction in progress	2,532,094	410,232	2,942,326
Total assets	$ 63,883,941	$ 62,574,651	$ 126,458,592
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ 320,910	$ 1,518,101	$ 1,839,011
Pension contributions after measurement date	321,790	106,578	428,368
Total deferred outflows of resources	$ 642,700	$ 1,624,679	$ 2,267,379
LIABILITIES			
Accounts payable	$ 292,396	$ 161,223	$ 453,619
Accrued liabilities	264,623	67,295	331,918
Customers' deposits	900	286,495	287,395
Accrued interest payable	292,921	640,311	933,232
Unearned revenue	28,983	52,916	81,899
Deposits held in escrow	266,965	-	266,965
Long-term liabilities:			
Due within one year	868,513	359,900	1,228,413
Due in more than one year	20,733,528	43,926,220	64,659,748
Total liabilities	$ 22,748,829	$ 45,494,360	$ 68,243,189
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	$ 1,318,517	$ -	$ 1,318,517
Items related to measurement of net pension liability	482,729	159,882	642,611
Total deferred inflows of resources	$ 1,801,246	$ 159,882	$ 1,961,128
NET POSITION			
Net investment in capital assets	$ 35,096,434	$ 12,826,291	$ 47,922,725
Restricted for:			
State highway maintenance	131,454	-	131,454
Loudoun county settlement funds	550,734	-	550,734
Fireman's field	92,515	-	92,515
Loudoun Co. - transportation and sidewalk projects	214,830	-	214,830
Unrestricted	3,890,599	5,718,797	9,609,396
Total net position	$ 39,976,566	$ 18,545,088	$ 58,521,654

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, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 2,763,529	$ -	$ -	$ -
Public safety	1,947,552	57,326	153,328	-
Public works	2,978,601	161,370	641,840	253,365
Parks, recreation, and cultural	341,526	-	-	-
Community development	1,957,359	-	3,019	502,097
Interest on long-term debt	652,262	-	-	-
Total governmental activities	$ 10,640,829	$ 218,696	$ 798,187	$ 755,462
Business-type activities:				
Water	$ 2,536,825	$ 2,085,958	$ 28,287	$ 1,264,685
Sewer	3,105,398	2,603,688	-	1,060,697
Total business-type activities	$ 5,642,223	$ 4,689,646	$ 28,287	$ 2,325,382
Total primary government	$ 16,283,052	$ 4,908,342	$ 826,474	$ 3,080,844

General revenues:
General property taxes
Other local taxes:
Local sales and use tax
Business licenses
Utility license taxes
Meals taxes
Cigarette taxes
Bank franchise taxes
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Gain (loss) on disposal 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
$ (2,763,529)	$ -	$ (2,763,529)
(1,736,898)	-	(1,736,898)
(1,922,026)	-	(1,922,026)
(341,526)	-	(341,526)
(1,452,243)	-	(1,452,243)
(652,262)	-	(652,262)
$ (8,868,484)	$ -	$ (8,868,484)
$ -	$ 842,105	$ 842,105
-	558,987	558,987
$ -	$ 1,401,092	$ 1,401,092
$ (8,868,484)	$ 1,401,092	$ (7,467,392)
$ 3,344,853	$ -	$ 3,344,853
998,571	-	998,571
677,503	-	677,503
222,625	-	222,625
1,607,222	-	1,607,222
238,433	-	238,433
286,414	-	286,414
156,001	-	156,001
40,442	1,030	41,472
112,530	174,807	287,337
(9,735)	35,000	25,265
391,107	-	391,107
1,050,904	(1,050,904)	-
$ 9,116,870	$ (840,067)	$ 8,276,803
$ 248,386	$ 561,025	$ 809,411
39,728,180	17,984,063	57,712,243
$ 39,976,566	$ 18,545,088	$ 58,521,654

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Fund Financial Statements

TOWN OF PURCELLVILLE, VIRGINIA **Exhibit 3**

Balance Sheet
Governmental Funds
As of June 30, 2015

	General	Special Revenue (Parks & Recreation)	Capital Projects	Total
ASSETS				
Cash and cash equivalents (Note 2)	$ 5,411,004	$ 16,466	$ 70,599	$ 5,498,069
Receivables (net of allowance for uncollectibles):				
Taxes receivable (Note 1)	1,507,119	11,927	-	1,519,046
Accounts receivable	322,324	-	-	322,324
Due from other governmental units (Note 3)	209,942	-	126,659	336,601
Prepaid items	61,630	-	-	61,630
Restricted assets:				
Cash and cash equivalents	398,419	-	858,079	1,256,498
Total assets	$ 7,910,438	$ 28,393	$ 1,055,337	$ 8,994,168
LIABILITIES				
Accounts payable	$ 87,574	$ 7,564	$ 197,258	$ 292,396
Accrued liabilities	262,779	1,844	-	264,623
Unearned revenue	-	28,983	-	28,983
Deposits-other	-	900	-	900
Deposits held in escrow	266,965	-	-	266,965
Total liabilities	$ 617,318	$ 39,291	$ 197,258	$ 853,867
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	$ 1,460,595	$ 7,222	$ -	$ 1,467,817
FUND BALANCES				
Nonspendable:				
Prepaid items	$ 61,630	$ -	$ -	$ 61,630
Restricted:				
State highway maintenance	$ 131,454	$ -	$ -	$ 131,454
Loudoun Co. settlement funds	-	-	550,734	550,734
Fireman's field	-	-	92,515	92,515
Loudoun Co. - transportation and sidewalk projects	-	-	214,830	214,830
Total restricted fund balance	$ 131,454	$ -	$ 858,079	$ 989,533
Committed:				
Future capital outlay	$ 562,655	$ -	$ -	$ 562,655
Capital asset replacement	27,500	-	-	27,500
Total committed fund balance	$ 590,155	$ -	$ -	$ 590,155
Unassigned	$ 5,049,286	$ (18,120)	$ -	$ 5,031,166
Total fund balances (deficits)	$ 5,832,525	$ (18,120)	$ 858,079	$ 6,672,484
Total liabilities, deferred inflows of resources and fund balances	$ 7,910,438	$ 28,393	$ 1,055,337	$ 8,994,168

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

TOWN OF PURCELLVILLE, VIRGINIA **Exhibit 4**

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
As of June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 6,672,484
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.		54,889,773
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	$ 149,300	
Items related to measurement of net pension liability	(482,729)	(333,429)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		321,790
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.		
Total long-term liabilities	(21,602,041)	
Accrued interest payable	(292,921)	
Deferred charge on refunding	320,910	(21,574,052)
Net Position of governmental activities		$ 39,976,566

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

TOWN OF PURCELLVILLE, VIRGINIA **Exhibit 5**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Special Revenue (Parks & Recreation)	Capital Projects	Total
REVENUES				
General property taxes	$ 2,842,910	$ 396,223	$ -	$ 3,239,133
Other local taxes	4,186,769	-	-	4,186,769
Permits, privilege fees, and regulatory licenses	161,370	-	-	161,370
Fines and forfeitures	57,326	-	-	57,326
Revenue from the use of money and property	1,127	39,215	100	40,442
Miscellaneous	70,006	42,524	-	112,530
Intergovernmental:				
Local government	253,365	-	-	253,365
Commonwealth	1,159,502	-	463,597	1,623,099
Federal	1,024	28,768	38,500	68,292
Total revenues	$ 8,733,399	$ 506,730	$ 502,197	$ 9,742,326
EXPENDITURES				
Current:				
General government administration	$ 2,471,121	$ -	$ -	$ 2,471,121
Public safety	1,968,590	-	-	1,968,590
Public works	2,729,601	-	-	2,729,601
Parks, recreation, and cultural	-	227,434	-	227,434
Community development	431,276	-	-	431,276
Capital outlay	-	-	2,046,356	2,046,356
Debt service:				
Principal retirement	596,531	160,000	-	756,531
Interest and other fiscal charges	548,839	114,485	62,184	725,508
Total expenditures	$ 8,745,958	$ 501,919	$ 2,108,540	$ 11,356,417
Excess (deficiency) of revenues over (under) expenditures	$ (12,559)	$ 4,811	$ (1,606,343)	$ (1,614,091)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,031,904	$ -	$ 227,457	$ 1,259,361
Transfers out	(208,457)	-	-	(208,457)
Issuance of bonds	-	-	215,000	215,000
Total other financing sources (uses)	$ 823,447	$ -	$ 442,457	$ 1,265,904
Net change in fund balances	$ 810,888	$ 4,811	$ (1,163,886)	$ (348,187)
Fund balances - beginning	5,021,637	(22,931)	2,021,965	7,020,671
Fund balances - ending	$ 5,832,525	$ (18,120)	$ 858,079	$ 6,672,484

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (348,187)
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	$ 2,058,314	
Depreciation expense	(2,133,504)	(75,190)
The net effect of various miscellaneous transactions involving capital assets (i.e, sales and donations) is to decrease net position.		(9,735)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	105,717	
(Increase)/decrease in items related to measurement of net pension liability	(482,729)	(377,012)
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:		
Proceeds from the issuance of general obligation bonds	(215,000)	
Principal retired on general obligation bonds	671,531	
Principal retired on notes payable	85,000	
Amortization of premium	91,977	633,508
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	4,167	
(Increase)/decrease in accrued interest payable	5,922	
(Increase)/decrease in net OPEB	(189,661)	
(Increase)/decrease in net pension liability	698,647	
Increase/(decrease) in deferred charge on refunding	(24,652)	
Increase/(decrease) in pension contributions after measurement date	(69,421)	425,002
Change in net position of governmental activities		$ 248,386

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

TOWN OF PURCELLVILLE, VIRGINIA **Exhibit 7**

Statement of Net Position
Proprietary Funds
As of June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,514,106	$ 2,803,636	$ 6,317,742
Prepaid items	10,636	9,653	20,289
Receivables, net of allowances for uncollectibles			
Accounts	285,710	535,865	821,575
Total current assets	$ 3,810,452	$ 3,349,154	$ 7,159,606
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents - unspent bonds proceeds	$ 231,664	$ -	$ 231,664
Cash held for customer deposits	286,495	-	286,495
Total restricted assets	$ 518,159	$ -	$ 518,159
Capital assets:			
Land	2,672,409	367,100	3,039,509
Utility plant in service	13,707,438	44,796,679	58,504,117
Improvements other than buildings	445,000	-	445,000
Vehicles	172,036	156,712	328,748
Machinery and equipment	248,858	655,049	903,907
Construction in progress	410,232	-	410,232
Accumulated depreciation	(3,808,364)	(4,926,263)	(8,734,627)
Total capital assets	$ 13,847,609	$ 41,049,277	$ 54,896,886
Total noncurrent assets	$ 14,365,768	$ 41,049,277	$ 55,415,045
Total assets	$ 18,176,220	$ 44,398,431	$ 62,574,651
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ 529,653	$ 988,448	$ 1,518,101
Pension contributions after measurement date	52,818	53,760	106,578
Total deferred outflows of resources	$ 582,471	$ 1,042,208	$ 1,624,679
Total assets and deferred outflows of resources	$ 18,758,691	$ 45,440,639	$ 64,199,330
LIABILITIES			
Current liabilities:			
Accounts payable	$ 123,945	$ 37,278	$ 161,223
Accrued payroll	33,241	34,054	67,295
Customer deposits	286,495	-	286,495
Accrued interest payable	199,024	441,287	640,311
Unearned revenue	52,916	-	52,916
Bonds - current portion	305,000	-	305,000
Capital lease - current portion	-	44,633	44,633
Compensated absences - current portion	4,591	5,676	10,267
Total current liabilities	$ 1,005,212	$ 562,928	$ 1,568,140
Noncurrent liabilities:			
Bonds - net of current portion	$ 11,401,963	$ 31,768,371	$ 43,170,334
Capital lease - net of current portion	-	300,393	300,393
Compensated absences - net of current portion	41,320	51,087	92,407
Net pension liability	2,915	2,965	5,880
Net OPEB obligation	178,534	178,672	357,206
Total noncurrent liabilities	$ 11,624,732	$ 32,301,488	$ 43,926,220
Total liabilities	$ 12,629,944	$ 32,864,416	$ 45,494,360
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	$ 79,234	$ 80,648	$ 159,882
NET POSITION			
Net investment in capital assets	$ 2,901,963	$ 9,924,328	$ 12,826,291
Unrestricted	3,147,550	2,571,247	5,718,797
Total net position	$ 6,049,513	$ 12,495,575	$ 18,545,088
Total liabilities, deferred inflows of resources, and net position	$ 18,758,691	$ 45,440,639	$ 64,199,330

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

TOWN OF PURCELLVILLE, VIRGINIA **Exhibit 8**

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for services and connection fees	$ 2,058,520	$ 2,576,250	$ 4,634,770
Other revenues	27,438	27,438	54,876
Miscellaneous	8,892	9,053	17,945
Total operating revenues	$ 2,094,850	$ 2,612,741	$ 4,707,591
OPERATING EXPENSES			
Personnel services	$ 574,628	$ 612,631	$ 1,187,259
Employee benefits	219,706	209,641	429,347
Plant operations	835,874	480,928	1,316,802
Well operations	136,644	-	136,644
Pump station operations	-	28,128	28,128
Depreciation	307,992	713,976	1,021,968
Total operating expenses	$ 2,074,844	$ 2,045,304	$ 4,120,148
Operating income (loss)	$ 20,006	$ 567,437	$ 587,443
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	$ 28,287	$ -	$ 28,287
Investment income	956	74	1,030
Rental income	3,050	-	3,050
Cellular lease	153,812	-	153,812
Gain on disposal of capital assets	-	35,000	35,000
Bond issuance costs	-	(9,623)	(9,623)
Interest expense	(461,981)	(1,050,471)	(1,512,452)
Total nonoperating revenues (expenses)	$ (275,876)	$ (1,025,020)	$ (1,300,896)
Income before contributions and transfers	$ (255,870)	$ (457,583)	$ (713,453)
Contributed capital - availability fees	1,264,685	1,060,697	2,325,382
Transfers out	(515,952)	(534,952)	(1,050,904)
Change in net position	$ 492,863	$ 68,162	$ 561,025
Total net position - beginning, as restated	5,556,650	12,427,413	17,984,063
Total net position - ending	$ 6,049,513	$ 12,495,575	$ 18,545,088

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

TOWN OF PURCELLVILLE, VIRGINIA **Exhibit 9**

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,361,051	$ 2,599,424	$ 4,960,475
Payments to suppliers	(420,587)	(533,508)	(954,095)
Payments to and on behalf of employees	(780,658)	(813,722)	(1,594,380)
Net cash provided by (used for) operating activities	$ 1,159,806	$ 1,252,194	$ 2,412,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	$ 28,287	$ -	$ 28,287
Transfers to other funds	(515,952)	(534,952)	(1,050,904)
Net cash provided by (used for) noncapital financing activities	$ (487,665)	$ (534,952)	$ (1,022,617)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	$ (420,725)	$ (153,817)	$ (574,542)
Capital contributions	1,264,685	1,060,697	2,325,382
Bond issuance costs	-	(9,623)	(9,623)
Retirements of long-term indebtedness	(485,000)	(75,296)	(560,296)
Interest expense	(504,944)	(1,058,410)	(1,563,354)
Net cash provided by (used for) capital and related financing activities	$ (145,984)	$ (236,449)	$ (382,433)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	$ 956	$ 74	$ 1,030
Net cash provided by (used for) investing activities	$ 956	$ 74	$ 1,030
Net increase (decrease) in cash and cash equivalents	$ 527,113	$ 480,867	$ 1,007,980
Cash and cash equivalents - beginning (including restricted)	3,505,152	2,322,769	5,827,921
Cash and cash equivalents - ending (including restricted)	$ 4,032,265	$ 2,803,636	$ 6,835,901
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 20,006	$ 567,437	$ 587,443
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	307,992	713,976	1,021,968
Write off of construction in progress	472,922	-	472,922
Cellular lease revenue	153,812	-	153,812
Rental income	3,050	-	3,050
(Increase) decrease in prepaid items	(1,065)	(423)	(1,488)
(Increase) decrease in accounts receivable	17,734	(13,317)	4,417
(Increase) decrease in pension contributions after measurement date	11,394	11,598	22,992
Increase (decrease) in accounts payable	80,074	(24,029)	56,045
Increase (decrease) in accrued payroll	5,729	3,931	9,660
Increase (decrease) in customer deposits	52,840	-	52,840
Increase (decrease) in unearned revenue	38,765	-	38,765
Increase (decrease) in compensated absences	890	487	1,377
Increase (decrease) in net pension liability	(114,674)	(116,722)	(231,396)
Increase (decrease) in net OPEB obligation	31,103	28,608	59,711
Increase (decrease) in items related to measurement of net pension liability	79,234	80,648	159,882
Total adjustments	$ 1,139,800	$ 684,757	$ 1,824,557
Net cash provided by (used for) operating activities	$ 1,159,806	$ 1,252,194	$ 2,412,000

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

Note 1—Summary of Significant Accounting Policies:

A. Financial Reporting Entity

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

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

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

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.

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

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 unavailable revenues. Sales and utility taxes which are collected by the state or utilities and subsequently remitted to the Town are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government. 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 Fund

      The special revenue fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Park and Recreation Fund, which is considered a major fund at June 30, 2015. The primary revenue source for this fund is the Fireman's Field Special Tax District and additional revenue is generated from contributions and users fees associated with special events.

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

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.

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

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 commit 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 $19,617 at June 30, 2015 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.

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

J. Capital Assets

Capital assets, which include property, plant and equipment and infrastructre, 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, 2015 was immaterial.

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

Buildings	50 Years
Utility Plant & Lines	50-75 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.

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

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 $19,617 at June 30, 2015 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. The Town has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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 two items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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

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.

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.

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

S. Fund Equity: (Continued)

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

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

T. Pensions

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

U. Upcoming Pronouncements

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, amends certain provisions of Statement 68 for pension plans and pensions that are within its scope. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

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

U. Upcoming Pronouncements: (Continued)

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension,* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is meant to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures,* will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Note 2—Deposits and Investments:

Deposits:

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

Investments:

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).

Note 2—Deposits and Investments: (Continued)

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, 2015 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, 2015 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investments

Rated Debt Investments Value	Fair Quality Ratings
	AAAm
Local Government Investment Pool	$ 1,014,147
State Non-Arbitrage Pool	231,664
Total	$ 1,245,811

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.

Note 3—Due from Other Governmental Units:

Commonwealth:	
VDOT	$ 126,659
Communications Tax	26,360
Due from Commonwealth	$ 153,019
County of Loudoun:	
Local Sales Tax	$ 183,582
Total	$ 336,601

Note 4—Capital Assets:

Governmental Funds

A summary of changes in capital assets for the year ended June 30, 2015 follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 4,310,764	$ -	$ -	$ 4,310,764
Construction in progress	8,298,520	1,996,431	7,762,857	2,532,094
Total capital assets not being depreciated	$ 12,609,284	$ 1,996,431	$ 7,762,857	$ 6,842,858
Capital assets being depreciated:				
Buildings	$ 12,080,410	$ -	$ -	$ 12,080,410
Improvements other than buildings	4,057,511	658,484	-	4,715,995
Machinery and equipment	2,489,467	39,250	71,253	2,457,464
Vehicles	854,327	22,633	16,102	860,858
Infrastructure	51,539,898	7,104,373	-	58,644,271
Total capital assets being depreciated	$ 71,021,613	$ 7,824,740	$ 87,355	$ 78,758,998
Less: accumulated depreciation for:				
Buildings	$ (942,673)	$ (308,042)	$ -	$ (1,250,715)
Improvements other than buildings	(575,191)	(320,754)	-	(895,945)
Machinery and equipment	(1,670,595)	(204,599)	(61,518)	(1,813,676)
Vehicles	(680,943)	(82,956)	(16,102)	(747,797)
Infrastructure	(24,786,797)	(1,217,153)	-	(26,003,950)
Total accumulated depreciation	$ (28,656,199)	$ (2,133,504)	$ (77,620)	$ (30,712,083)
Net capital assets being depreciated	$ 42,365,414	$ 5,691,236	$ 9,735	$ 48,046,915
Capital assets, net	$ 54,974,698	$ 7,687,667	$ 7,772,592	$ 54,889,773

Note 4—Capital Assets: (Continued)

Business-type Activities

A summary of changes in capital assets for the year ended June 30, 2015 follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 3,039,509	$ -	$ -	$ 3,039,509
Construction in progress	2,881,513	490,186	2,961,467	410,232
Total capital assets not being depreciated	$ 5,921,022	$ 490,186	$ 2,961,467	$ 3,449,741
Capital assets being depreciated:				
Utility plant in service	$ 56,015,573	$ 2,488,544	$ -	$ 58,504,117
Improvements other than buildings	445,000	-	-	445,000
Vehicles	328,748	-	-	328,748
Machinery and equipment	439,523	464,384	-	903,907
Total capital assets being depreciated	$ 57,228,844	$ 2,952,928	$ -	$ 60,181,772
Less: accumulated depreciation for:				
Utility plant in service	$ (6,845,478)	$ (892,463)	$ -	$ (7,737,941)
Improvements other than buildings	(306,700)	(20,800)	-	(327,500)
Vehicles	(282,132)	(29,064)	-	(311,196)
Machinery and equipment	(278,349)	(79,641)	-	(357,990)
Total accumulated depreciation	$ (7,712,659)	$ (1,021,968)	$ -	$ (8,734,627)
Net capital assets being depreciated	$ 49,516,185	$ 1,930,960	$ -	$ 51,447,145
Capital assets, net	$ 55,437,207	$ 2,421,146	$ 2,961,467	$ 54,896,886

Note: Deletions of construction in progress are greater than additions to capital assets due to the fact that several projects that were capitalized in previous years were 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 Town as follows:

Governmental activities:	
General government administration	$ 291,436
Parks and recreation	113,434
Public safety	25,206
Public works	175,606
Community development	1,527,822
Total governmental activities	$ 2,133,504
Business-type activities	$ 1,021,968

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, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
General obligation bonds	$ 18,353,463	$ 215,000	$ (671,531)	$ 17,896,932
Premium on issuance	1,289,294	-	(91,977)	1,197,317
Total general obligation bonds	$ 19,642,757	$ 215,000	$ (763,508)	$ 19,094,249
Notes payable	$ 1,105,000	$ -	$ (85,000)	$ 1,020,000
Net pension liability	$ 716,407	$ 936,289	$ (1,634,936)	$ 17,760
Net OPEB obligation	$ 930,669	$ 205,862	$ (16,201)	$ 1,120,330
Compensated absences	$ 353,869	$ -	$ (4,167)	$ 349,702
Totals	$ 22,748,702	$ 1,357,151	$ (2,503,812)	$ 21,602,041

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
2016	$ 748,543	$ 702,279	$ 85,000
2017	779,121	680,692	85,000
2018	801,268	657,962	85,000
2019	818,500	637,137	85,000
2020	853,500	607,497	85,000
2021-2025	6,477,500	2,182,164	425,000
2026-2030	5,247,500	995,872	170,000
2031-2034	2,171,000	163,300	-
Total	$ 17,896,932	$ 6,626,903	$ 1,020,000

Note 5—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount	Amount Due Within One Year
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.	$ 196,932	$ 63,543
$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.	2,045,000	50,000
$5,055,000 (total bond issued was $5,870,000 allocated between governmental and business-type activities) 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, 2032.	5,055,000	165,000
$11,160,000 (total bonds issued were $33,690,000, allocated between governmental and business-type activities) General Obligation Refunding Bonds Series 2013A & 2013B dated October 16, 2013 with principal payable annually beginning February 1, 2015, bearing interest from 2.00% - 5.00% payable semi-annually, maturing February 1, 2034.	10,600,000	470,000
Premium on bond issuance	1,197,317	-
Total Bonds	$ 19,094,249	$ 748,543
Note Payable:		
Fireman's Field (land). Payments of $75,000 (increased to $85,000 in 2010) due annually with the final installment due 2026, bearing interest at 0%.	$ 1,020,000	$ 85,000
Compensated Absences (Note 6)	$ 349,702	$ 34,970
Net pension liability (Note 7)	$ 17,760	$ -
Net OPEB obligation (Note 12)	$ 1,120,330	$ -
Total general long-term obligations	$ 21,602,041	$ 868,513

Note 5—Long-term Obligations: (Continued)

Business-type Activities:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town's business-type activities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
General obligation bonds	$ 42,168,034	$ -	$ (560,296)	$ 41,607,738
Premium on issuance	2,005,623	-	(138,027)	1,867,596
Total general obligation bonds	$ 44,173,657	$ -	$ (698,323)	$ 43,475,334
Capital lease	$ -	$ 345,026	$ -	$ 345,026
Net pension liability	$ 237,276	$ 310,100	$ (541,496)	$ 5,880
Net OPEB obligation	$ 297,495	$ 64,810	$ (5,099)	$ 357,206
Compensated absences	$ 101,297	$ 1,377	$ -	$ 102,674
Totals	$ 44,809,725	$ 721,313	$ (1,244,918)	$ 44,286,120

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:

Year Ending	General Obligation Bonds		Capital Lease	
June 30,	Principal	Interest	Principal	Interest
2016	$ 305,000	$ 1,618,460	$ 44,633	$ 11,354
2017	301,500	1,605,193	46,102	9,885
2018	316,500	1,591,352	47,619	8,368
2019	331,500	1,576,139	49,186	6,801
2020	1,679,691	1,541,955	50,805	5,183
2021-2025	13,769,770	6,384,115	106,681	5,294
2026-2030	15,329,777	3,834,146	-	-
2031-2034	9,574,000	969,304	-	-
Total	$ 41,607,738	$ 19,120,664	$ 345,026	$ 46,885

Note 5—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount	Amount Due Within One Year
General Obligation Bonds:		
$22,530,000 (total bonds issued were $33,690,000, allocated between governmental and enterprise activities) General Obligation Refunding Bonds Series 2013A & 2013B dated October 16, 2013 with principal payable annually beginning February 1, 2021, bearing interest from 2.00% - 5.00% payable semi-annually beginning February 1, 2015, maturing February 1, 2034.	$ 22,530,000	$ -
$24,944,377 (original amount issued) General Obligation Bond, Series 2008 (VRA) with principal payable annually, bearing interest at 2.77%, maturing 2030. The bond was partially refunded and annual requirements were restructured with issuance of the Series 2013A & 2013B General Obligation Refunding Bonds. After the restructuring the balance was $18,288,255.	15,297,738	-
$815,000 (total bond issued was $5,870,000 allocated between governmental and business-type activities) 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, 2032.	815,000	25,000
$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.	1,965,000	100,000
$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.	1,000,000	180,000
Premium on issuance	1,867,596	-
Total general obligation bonds	$ 43,475,334	$ 305,000
Capital Lease:		
$345,026 Capital Lease dated May 11, 2015 with annual payments of $55,987, including interest of 3.29%. Final installment due January 15, 2022.	$ 345,026	$ 44,633
Compensated Absences (Note 6)	$ 102,674	$ 10,267
Net pension liability (Note 7)	$ 5,880	$ -
Net OPEB obligation (Note 12)	$ 357,206	$ -
Total business-type activities long-term obligations	$ 44,286,120	$ 359,900

Note 5—Long-term Obligations: (Continued)

The assets acquired through capital leases are as follows:

Asset:		
Equipment	$	380,026
Less: Accumulated depreciation		(38,003)
Total	$	342,023

Defeased Debt – Current and Advanced Refundings

On October 16, 2013, the Town issued General Obligation Refunding Bonds Series 2013A and 2013B in the amount of $27,155,000 and $6,535,000 to current refund Series 2008 General Obligation Bonds and Series 2010 General Obligation Refunding bonds in addition to advance refunding Series 2008 General Obligation Bonds, Series 2005A, Series 2005B and partially advance refund VRA Series 2008 Bonds. The Series 2013A and 2013B General Obligation Refunding Bonds were issued at a premium of $3,241,335. In addition to refunding some bonds with higher interest rates, the Town restructured existing debt to provide for a more favorable repayment schedule.

The Series 2013A and 2013B bonds were issued at interest rates from 2.00% - 5.0% to current refund bonds (Series 2008 General Obligation Bonds and Series 2010 General Obligation Bonds (governmental activities), with interest rates of 4.125% and 3.03%, respectively. From the Series 2013A and 2013B refunding bonds, $7,967,405 of the proceeds were used to defease existing debt.

The Series 2013A and 2013B bonds were issued at interest rates from 2.00% - 5.0% to advance refund bonds (Series 2008 General Obligation Bonds and Series 2005A, Series 2005B and partially refund VRA Series 2008 Bonds), with interest rates from 3.00% to 4.46%. From the Series 2013A and 2013B refunding bonds, $28,759,079 of the proceeds were placed in escrow for advance refunding of bonds.

With the issuance of the Series 2013A and Series 2013B the total par amount of bonds current and advance refunded was $34,767,720 and resulted in an economic loss of $1,903,660.

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:

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 $349,702 and the Enterprise Funds have outstanding accrued leave pay of $102,674.

Note 7—Pension Plan:

Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multi-Employer Pension Plan
Administering Entity: Virginia Retirement System (VRS)

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

Note 7—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	22
Inactive members:	
Vested inactive members	8
Non-vested inactive members	13
Inactive members active elsewhere in VRS	31
Total inactive members	52
Active members	62
Total covered employees	136

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been 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 5.00% 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.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 9.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were $428,368 and $520,781 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Note 7—Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

Note 7—Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Note 7—Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Note 7—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Note 7—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2013	$ 9,915,960	$ 8,962,276	$ 953,684
Changes for the year:			
Service cost	$ 555,900	$ -	$ 555,900
Interest	683,141	-	683,141
Contributions - employer	-	520,781	(520,781)
Contributions - employee	-	210,587	(210,587)
Net investment income	-	1,444,988	(1,444,988)
Benefit payments, including refunds of employee contributions	(313,605)	(313,605)	-
Administrative expenses	-	(7,349)	7,349
Other changes	-	76	(76)
Net changes	$ 925,436	$ 1,855,478	$ (930,042)
Balances at June 30, 2014	$ 10,841,396	$ 10,817,754	$ 23,642

Note 7—Pension Plan: (Continued)

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

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	**(7.00%)**	**(8.00%)**
Net Pension Liability	1,613,754	23,642	(1,289,021)

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

For the year ended June 30, 2015, the Town recognized pension expense of $233,349. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 642,611
Employer contributions subsequent to the measurement date	428,368	-
Total	$ 428,368	$ 642,611

$428,368 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	$ (160,653)
2017	(160,653)
2018	(160,653)
2019	(160,652)

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

Deferred revenue/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 Inflows of Resources)

Unavailable revenue representing deferred property tax revenues totaled $1,450,302 at June 30, 2015.

B. Prepaid Property Taxes (Deferred Inflows of Resources)

Property taxes due subsequent to June 30, 2015, but paid in advance by the taxpayers totaled $10,293 at June 30, 2015.

C. Firemen's Field Service Tax (Deferred Inflows of Resources)

At June 30, 2015, the Firemen's Field Service Tax unavailable revenue to be recognized when earned totaled $7,222.

D. Parks and Recreation

Unearned Wine Festival revenue was $14,950 and unearned Build America Bond Subsidy was $14,033 at June 30, 2015.

Note 9—Risk Management:

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

The Town 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.

Note 10—Interfund Transfers:

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 1,031,904	$ 208,457
Capital Projects Fund	227,457	-
Water Fund	-	515,952
Sewer Fund	-	534,952
Total	$ 1,259,361	$ 1,259,361

Transfers were made for capital projects, and debt service.

Note 11—Commitments:

At June 30, 2015 the Town had the following commitments outstanding:

Vendor	Project	Outstanding Commitment
ATCS, PLC	Nursery Avenue Road and Drainage Improvements	$ 164,039
Kimley Horn	21st 23rd Streetscapes Improvements Phase 2	38,804
Geoconcepts Engineering	21st 23rd Streetscapes Improvements Phase 2	89,519
Jefferson Asphalt	21st 23rd Streetscapes Improvements Phase 2	986,764
Kimley Horn	Main and Maple Intersection	32,280
Finley Asphalt	East Main Street Sidewalk Improvements	50,427
Geoconcepts Engineering	East Main Street Sidewalk Improvements	1,822
Beckstrom Electric	Emergency Generator	1,680

Note 12—Other Postemployment Benefits Program:

Background

Governmental Accounting Standards Board (GASB) Statement No. 45 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. Prior to this statement, 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.

Note 12—Other Postemployment Benefits Program: (Continued)

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 $270,672 for fiscal year 2015. 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	$	273,100
Interest on net OPEB obligation		42,986
Adjustment to annual required contribution		(45,414)
Annual OPEB cost (expense)	$	270,672
Contributions made		(21,300)
Increase in net OPEB obligation	$	249,372
Net OPEB obligation - beginning of year		1,228,164
Net OPEB obligation - end of year	$	1,477,536

Note 12—Other Postemployment Benefits Program: (Continued)

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

For 2015, the Town's estimated cash payment of $21,300 was $249,372 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 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 234,343	7.04%	$ 1,006,489
June 30, 2014	248,445	10.78%	1,228,164
June 30, 2015	270,672	7.87%	1,477,536

D. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2015 is as follows:

Actuarial accrued liability (AAL)	$ 2,123,400
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,123,400
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	4,184,800
UAAL as a percentage of covered payroll	50.74%

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.

E. 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.

Note 12—Other Postemployment Benefits Program: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

In the January 1, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.5% 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 6.9% initially, reduced by decrements to an ultimate rate of 6.5% after 65 years. Both rates included a 3.0% 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, 2015, 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

	Unfunded
Investment rate of return	3.50%
Medical cost trend assumption - pre-65	6.50%
Medical cost trend assumption - post-65	6.90%
Payroll growth rate	3.00%

Note 13—Operating Leases:

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

Year Ending June 30,	Amount
2016	$ 153,168
2017	121,470
2018	85,214
2019	34,619
Total	$ 394,471

Note 14—Restatement of Net Position:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* **and Statement No. 71,** *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68***:**

The Town implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	General Fund	Water Fund	Sewer Fund
Net position at June 30, 2014, as reported	$ 40,053,376	$ 5,610,027	$ 12,481,742
Implementation of GASB 68	(325,196)	(53,377)	(54,329)
Net position at June 30, 2014, as restated	$ 39,728,180	$ 5,556,650	$ 12,427,413

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 Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
General property taxes	$ 2,649,875	$ 2,649,875	$ 2,842,910	$ 193,035
Other local taxes	3,940,155	3,940,155	4,186,769	246,614
Permits, privilege fees, and regulatory licenses	80,000	80,000	161,370	81,370
Fines and forfeitures	62,100	62,100	57,326	(4,774)
Revenue from the use of money and property	1,000	1,000	1,127	127
Miscellaneous	29,750	51,725	70,006	18,281
Intergovernmental:				
Local government	290,000	290,000	253,365	(36,635)
Commonwealth	1,103,481	1,104,767	1,159,502	54,735
Federal	-	500	1,024	524
Total revenues	$ 8,156,361	$ 8,180,122	$ 8,733,399	$ 553,277
EXPENDITURES				
Current:				
General government administration	$ 2,503,758	$ 2,600,871	$ 2,471,121	$ 129,750
Public safety	1,998,007	2,019,596	1,968,590	51,006
Public works	3,288,534	3,305,751	2,729,601	576,150
Community development	468,095	499,030	431,276	67,754
Debt service:				
Principal retirement	596,531	596,531	596,531	-
Interest and other fiscal charges	605,110	605,110	548,839	56,271
Total expenditures	$ 9,460,035	$ 9,626,889	$ 8,745,958	$ 880,931
Excess (deficiency) of revenues over (under) expenditures	$ (1,303,674)	$ (1,446,767)	$ (12,559)	$ 1,434,208
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,031,896	$ 1,031,896	$ 1,031,904	$ 8
Transfers out	(129,645)	(140,302)	(208,457)	(68,155)
Total other financing sources (uses)	$ 902,251	$ 891,594	$ 823,447	$ (68,147)
Net change in fund balance	$ (401,423)	$ (555,173)	$ 810,888	$ 1,366,061
Fund balance - beginning	401,423	555,173	5,021,637	4,466,464
Fund balance - ending	$ -	$ -	$ 5,832,525	$ 5,832,525

Parks and Recreation Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	$ 373,668	$ 373,668	$ 396,223	$ 22,555
Revenue from the use of money and property	41,000	41,000	39,215	(1,785)
Miscellaneous	27,050	27,050	42,524	15,474
Intergovernmental:				
Federal	29,194	29,194	28,768	(426)
Total revenues	$ 470,912	$ 470,912	$ 506,730	$ 35,818
EXPENDITURES				
Current:				
Parks, recreation, and cultural	$ 241,072	$ 242,541	$ 227,434	$ 15,107
Debt service:				
Principal retirement	160,000	160,000	160,000	-
Interest and other fiscal charges	114,485	114,485	114,485	-
Total expenditures	$ 515,557	$ 517,026	$ 501,919	$ 15,107
Excess (deficiency) of revenues over (under) expenditures	$ (44,645)	$ (46,114)	$ 4,811	$ 50,925
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 44,645	$ 46,114	$ -	$ (46,114)
Net change in fund balance	$ -	$ -	$ 4,811	$ 4,811
Fund balance - beginning	-	-	(22,931)	(22,931)
Fund balance - ending	$ -	$ -	$ (18,120)	$ (18,120)

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

		2014
Total pension liability		
Service cost	$	555,900
Interest		683,141
Benefit payments, including refunds of employee contributions		(313,605)
Net change in total pension liability	$	925,436
Total pension liability - beginning		9,915,960
Total pension liability - ending (a)	$	10,841,396
Plan fiduciary net position		
Contributions - employer	$	520,781
Contributions - employee		210,587
Net investment income		1,444,988
Benefit payments, including refunds of employee contributions		(313,605)
Administrative expense		(7,349)
Other		76
Net change in plan fiduciary net position	$	1,855,478
Plan fiduciary net position - beginning		8,962,276
Plan fiduciary net position - ending (b)	$	10,817,754
Political subdivision's net pension liability - ending (a) - (b)	$	23,642
Plan fiduciary net position as a percentage of the total pension liability		99.78%
Covered-employee payroll	$	4,110,881
Political subdivision's net pension liability as a percentage of covered-employee payroll		0.58%

This schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer Contributions
For the Year Ended June 30, 2015

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$ 428,368	$ 428,368	$ -	$ 4,309,797	9.94%

This schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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OTHER SUPPLEMENTARY INFORMATION

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Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 2,233,010	$ 2,233,010	$ 2,428,828	$ 195,818
Personal property taxes	391,865	391,865	386,576	(5,289)
Penalties and interest	25,000	25,000	27,506	2,506
Total general property taxes	$ 2,649,875	$ 2,649,875	$ 2,842,910	$ 193,035
Other local taxes:				
Local sales and use taxes	$ 967,827	$ 967,827	$ 998,571	$ 30,744
Cigarette taxes	242,371	242,371	238,433	(3,938)
Business license taxes	724,200	724,200	677,503	(46,697)
Utility license taxes	210,000	210,000	222,625	12,625
Motor vehicle license taxes	150,000	150,000	145,791	(4,209)
Bank franchise taxes	220,000	220,000	286,414	66,414
Cable franchise taxes	9,700	9,700	10,210	510
Meals tax	1,416,057	1,416,057	1,607,222	191,165
Total other local taxes	$ 3,940,155	$ 3,940,155	$ 4,186,769	$ 246,614
Permits, privilege fees, and regulatory licenses:				
Zoning fees	$ 80,000	$ 80,000	$ 161,370	$ 81,370
Total permits, privilege fees, and regulatory licenses	$ 80,000	$ 80,000	$ 161,370	$ 81,370
Fines and forfeitures:				
Police fines	$ 62,100	$ 62,100	$ 57,326	$ (4,774)
Total fines and forfeitures	$ 62,100	$ 62,100	$ 57,326	$ (4,774)
Revenue from use of money and property:				
Interest	$ 1,000	$ 1,000	$ 1,127	$ 127
Total revenue from use of money and property	$ 1,000	$ 1,000	$ 1,127	$ 127
Miscellaneous revenue:				
Miscellaneous	$ 8,050	$ 8,050	$ 15,269	$ 7,219
Proceeds from sales of property	15,000	15,000	36,519	21,519
Local grant & awards	-	21,875	4,375	(17,500)
Donations	-	100	400	300
Community events sign	1,000	1,000	1,070	70
Public Works reimbursement from others	4,000	4,000	10,585	6,585
Vehicle compensation reimbursement	1,700	1,700	1,788	88
Total miscellaneous revenue	$ 29,750	$ 51,725	$ 70,006	$ 18,281
Total revenue from local sources	$ 6,762,880	$ 6,784,855	$ 7,319,508	$ 534,653

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenue:				
Revenues from local governments:				
Gasoline tax funding from Loudoun County	$ 290,000	$ 290,000	$ 253,365	$ (36,635)
Total local intergovernmental revenue	$ 290,000	$ 290,000	$ 253,365	$ (36,635)
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	$ 163,000	$ 163,000	$ 160,586	$ (2,414)
Personal property tax relief funds	201,753	201,753	201,753	-
Total noncategorical aid	$ 364,753	$ 364,753	$ 362,339	$ (2,414)
Categorical aid:				
Shared expenses:				
Aid to Police	$ 90,648	$ 90,648	$ 106,648	$ 16,000
Total shared expenses	$ 90,648	$ 90,648	$ 106,648	$ 16,000
Other categorical aid:				
Other categorical aid	$ -	$ 1,286	$ 21,176	$ 19,890
Fire program funds	20,000	20,000	24,480	4,480
Highway maintenance funds	624,680	624,680	641,840	17,160
Litter control grant	3,400	3,400	3,019	(381)
Total other categorical aid	$ 648,080	$ 649,366	$ 690,515	$ 41,149
Total categorical aid	$ 738,728	$ 740,014	$ 797,163	$ 57,149
Total revenue from the Commonwealth	$ 1,103,481	$ 1,104,767	$ 1,159,502	$ 54,735
Revenue from the federal government:				
Categorical aid:				
Law enforcement funds	$ -	$ 500	$ 1,024	$ 524
Total categorical aid	$ -	$ 500	$ 1,024	$ 524
Total revenue from the federal government	$ -	$ 500	$ 1,024	$ 524
Total General Fund	$ 8,156,361	$ 8,180,122	$ 8,733,399	$ 553,277

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Parks and Recreation Fund:				
Revenue from local sources:				
General property taxes:				
Real property - special tax district	$ 372,168	$ 372,168	$ 394,512	$ 22,344
Penalties and interest	1,500	1,500	1,711	211
Total general property taxes	$ 373,668	$ 373,668	$ 396,223	$ 22,555
Revenue from use of money and property:				
Revenue from the use of property	$ 41,000	$ 41,000	$ 39,215	$ (1,785)
Total revenue from use of money and property	$ 41,000	$ 41,000	$ 39,215	$ (1,785)
Miscellaneous revenue:				
Product sales	$	$ -	$ 29	$ 29
Donations	600	600	1,250	650
Garden plot	450	450	300	(150)
Event revenue	26,000	26,000	40,923	14,923
Miscellaneous		-	22	22
Total miscellaneous revenue	$ 27,050	$ 27,050	$ 42,524	$ 15,474
Total revenue from local sources	$ 441,718	$ 441,718	$ 477,962	$ 36,244
Revenue from the federal government:				
Noncategorical aid:				
BAB subsidy	$ 29,194	$ 29,194	$ 28,768	$ (426)
Total noncategorical aid	$ 29,194	$ 29,194	$ 28,768	$ (426)
Total revenue from the federal government	$ 29,194	$ 29,194	$ 28,768	$ (426)
Total Parks and Recreation Fund	$ 470,912	$ 470,912	$ 506,730	$ 35,818
Capital Projects Fund:				
General Capital Improvements Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Loudoun County settlement	$ -	$ 945,882	$ -	$ (945,882)
Other miscellaneous	-	1,010,793	-	(1,010,793)
Total miscellaneous revenue	$ -	$ 1,956,675	$ -	$ (1,956,675)
Revenue from use of money and property:				
Interest	$ -	$ -	$ 100	$ 100
Total revenue from use of money and property	$ -	$ -	$ 100	$ 100
Total revenue from local sources	$ -	$ 1,956,675	$ 100	$ (1,956,575)
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grants	$ 368,337	$ 2,104,619	$ 463,597	$ (1,641,022)
Total revenue from the Commonwealth	$ 368,337	$ 2,104,619	$ 463,597	$ (1,641,022)
Revenue from the federal government:				
Categorical aid:				
Highway planning and construction	$ -	$ 1,699,848	$ 38,500	$ (1,661,348)
Total categorical aid	$ -	$ 1,699,848	$ 38,500	$ (1,661,348)
Total revenue from the federal government	$ -	$ 1,699,848	$ 38,500	$ (1,661,348)
Total General Capital Improvements Fund	$ 368,337	$ 5,761,142	$ 502,197	$ (5,258,945)
Total Primary Government	$ 8,995,610	$ 14,412,176	$ 9,742,326	$ (4,669,850)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	$ 71,551	$ 72,551	$ 73,690	$ (1,139)
General and financial administration:				
Administration	$ 1,118,881	$ 1,134,336	$ 1,092,460	$ 41,876
Building administration	35,000	35,000	38,536	(3,536)
Legal services	146,545	216,545	210,574	5,971
Financial administration	54,500	54,500	41,367	13,133
Information technology	243,613	245,228	225,775	19,453
Finance	804,604	813,647	758,800	54,847
Retiree benefits	29,064	29,064	29,919	(855)
Total general and financial administration	$ 2,432,207	$ 2,528,320	$ 2,397,431	$ 130,889
Total general government administration	$ 2,503,758	$ 2,600,871	$ 2,471,121	$ 129,750
Public safety:				
Law enforcement and traffic control:				
Police department	$ 1,887,351	$ 1,900,269	$ 1,854,110	$ 46,159
Fire and rescue services:				
Fire department	$ 65,656	$ 65,656	$ 69,480	$ (3,824)
Ambulance and rescue services	45,000	53,671	45,000	8,671
Total fire and rescue services	$ 110,656	$ 119,327	$ 114,480	$ 4,847
Total public safety	$ 1,998,007	$ 2,019,596	$ 1,968,590	$ 51,006
Public works:				
Highways, streets, bridges and sidewalks	$ 770,000	$ 770,000	$ 448,047	$ 321,953
Administration	396,544	399,773	336,776	62,997
General properties	1,223,271	1,234,030	1,110,370	123,660
Capital and engineer	485,719	488,948	428,930	60,018
Refuse	413,000	413,000	405,478	7,522
Total maintenance of general buildings and grounds	$ 2,121,990	$ 2,135,978	$ 1,944,778	$ 191,200
Mass transit	$ -	$ -	$ -	$ -
Total public works	$ 3,288,534	$ 3,305,751	$ 2,729,601	$ 576,150
Community development:				
Planning and community development:				
Planning	$ 409,528	$ 414,372	$ 371,149	$ 43,223
Planning commission	14,349	14,349	13,456	893
Board of zoning and appeals	250	250	400	(150)
Board of architectural review	4,768	4,768	3,249	1,519
Total planning and community development	$ 428,895	$ 433,739	$ 388,254	$ 45,485
Environmental management:				
Environmental service	$ 1,500	$ 1,500	$ 463	$ 1,037
Total enviromental management	$ 1,500	$ 1,500	$ 463	$ 1,037

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Economic development:				
Economic development	$ 29,700	$ 55,791	$ 36,130	$ 19,661
Arts:				
Arts	$ 8,000	$ 8,000	$ 6,429	$ 1,571
Total community development	$ 468,095	$ 499,030	$ 431,276	$ 67,754
Debt service:				
Principal retirement	$ 596,531	$ 596,531	$ 596,531	$ -
Interest and other fiscal charges	605,110	605,110	548,839	56,271
Total debt service	$ 1,201,641	$ 1,201,641	$ 1,145,370	$ 56,271
Total General Fund	$ 9,460,035	$ 9,626,889	$ 8,745,958	$ 880,931
Special Revenue Fund:				
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Management	$ 79,921	$ 80,890	$ 80,256	$ 634
Skating rink	51,500	51,500	39,667	11,833
Train station	37,800	37,800	44,677	(6,877)
Programs	57,650	58,150	54,280	3,870
Firemans Field	12,001	12,001	8,554	3,447
Tree commission	2,200	2,200	-	2,200
Total parks, recreation, and cultural	$ 241,072	$ 242,541	$ 227,434	$ 15,107
Debt service:				
Principal retirement and interest	$ 160,000	$ 160,000	$ 160,000	$ -
Interest and other fiscal charges	114,485	114,485	114,485	-
Total debt service	$ 274,485	$ 274,485	$ 274,485	$ -
Total Parks and Recreation Fund	$ 515,557	$ 517,026	$ 501,919	$ 15,107
Capital Projects Fund:				
Capital projects expenditures:				
General capital projects	$ 453,337	$ 2,124,815	$ 156,130	$ 1,968,685
Main and Maple improvements	-	970,260	11,195	959,065
Main Street sidewalks	-	743,674	506,398	237,276
N. 21st Street sidewalk	-	200,063	2,392	197,671
Southern Collector road	-	791,226	587,440	203,786
Tabernacle renovations	-	44,267	44,207	60
A Street sidewalk	-	411,809	396,978	14,831
Fireman's field upgrades	-	398,984	307,469	91,515
Nursery Avenue drain improvement	-	433,500	34,147	399,353
Total capital projects	$ 453,337	$ 6,118,598	$ 2,046,356	$ 4,072,242
Debt service:				
Interest and other fiscal charges	$ -	$ -	$ 62,184	$ (62,184)
Total Capital Projects Fund	$ 453,337	$ 6,118,598	$ 2,108,540	$ 4,010,058
Total Primary Government	$ 10,428,929	$ 16,262,513	$ 11,356,417	$ 4,906,096

Schedule of Revenues and Expenses - Budget and Actual
Water Fund
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Water Fund:				
Operating revenues:				
Water meter fees	$ 15,890	$ 15,890	$ 13,058	$ (2,832)
Water fees	2,054,460	2,054,460	2,044,456	(10,004)
Miscellaneous income	4,750	4,750	8,892	4,142
Penalties and interest	25,000	25,000	27,438	2,438
Water flushing	1,000	1,000	1,006	6
Total operating revenues	$ 2,101,100	$ 2,101,100	$ 2,094,850	$ (6,250)
Operating expenses:				
Personnel:				
Water staff	$ 548,842	$ 553,686	$ 552,492	$ 1,194
Overtime - Water	30,000	30,000	22,136	7,864
Employee benefits:				
Health insurance	112,773	112,773	127,017	(14,244)
Retirement	54,665	54,665	28,893	25,772
Workers' compensation	12,203	12,203	10,203	2,000
Payroll taxes	44,281	44,281	42,669	1,612
Drug testing	715	715	760	(45)
Life insurance	7,245	7,245	6,325	920
Disability insurance	3,195	3,195	199	2,996
Deferred compensation match	4,680	4,680	3,640	1,040
Plant operations & meter reading:				
Electricity	15,000	15,000	18,019	(3,019)
Telephone	9,450	9,450	11,033	(1,583)
Supplies	15,000	15,000	11,993	3,007
Lab Equipment	11,000	11,000	651	10,349
Contracts	53,200	53,200	48,790	4,410
Uniforms	5,400	5,400	7,032	(1,632)
Safety	9,000	9,000	1,320	7,680
Sludge disposal	14,500	14,500	1,596	12,904
Cross connections	6,800	6,800	113	6,687
Plant repairs	48,000	48,000	23,277	24,723
Water line repairs	29,000	29,000	29,182	(182)
Leak detection	3,100	3,100	97	3,003
Meter repairs & testing	2,000	2,000	2,000	-
New water meters	12,600	12,600	12,259	341
Computer upgrades	2,000	2,000	1,830	170
Chemicals - plant	29,000	29,000	26,947	2,053
Generator WTP	62,000	62,000	-	62,000
Permits	6,800	6,800	2,212	4,588
VDH operations fee	8,200	8,200	8,121	79
GIS layers	22,000	22,000	5,638	16,362
Advertisements	860	860	-	860
Water samples	13,000	13,000	11,261	1,739
Training	8,000	8,000	4,506	3,494
Dues & subscriptions	1,100	1,100	695	405
Consumer reports	500	500	215	285
General expenses	1,300	1,300	575	725
Postage/mailings	11,000	11,000	6,542	4,458
Miscellaneous	500	500	27	473

Schedule of Revenues and Expenses - Budget and Actual
Water Fund
For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Water Fund: (Continued)				
Operating expenses: (Continued)				
Plant operations & meter reading: (Continued)				
Professional services	$ 65,000	$ 65,000	$ 41,511	$ 23,489
Watershed management	15,000	15,000	644	14,356
Forestry management	3,100	3,100	-	3,100
Environmental compliance	3,000	3,000	-	3,000
Mowing	10,000	10,000	8,975	1,025
Administrative supplies	300	300	136	164
Water department emergency	4,200	4,200	-	4,200
Purchased water	70,000	70,000	29,848	40,152
Billing software	3,000	3,000	-	3,000
Water conservation development	5,000	5,000	2,175	2,825
Small projects	-	-	472,922	(472,922)
New equipment & tools	30,000	30,000	7,746	22,254
Vehicle repairs and maintenance	13,000	13,000	21,817	(8,817)
Vehicle purchase	19,000	19,000	-	19,000
Propane	12,000	12,000	14,169	(2,169)
Other expenses:				
Well operations:				
Electricity	40,000	40,000	50,008	(10,008)
Telephone	700	700	739	(39)
Supplies	29,000	29,000	24,890	4,110
Contracts	18,000	18,000	1,368	16,632
Spare parts	5,000	5,000	281	4,719
Repairs	29,000	29,000	21,338	7,662
Chemicals	24,500	24,500	16,194	8,306
Carbon change-out	18,000	18,000	16,960	1,040
Water samples	7,000	7,000	4,866	2,134
Depreciation	270,000	270,000	307,992	(37,992)
Capital outlay	-	553,588	-	553,588
Total operating expenses	$ 1,912,709	$ 2,471,141	$ 2,074,844	$ 396,297
Operating income (loss)	$ 188,391	$ (370,041)	$ 20,006	$ 390,047
Nonoperating revenues (expenses):				
Interest income	$ 500	$ 500	$ 956	$ 456
Cellular lease	146,000	146,000	153,812	7,812
Rental income	3,050	3,050	3,050	-
Intergovernmental revenue	29,606	29,606	28,287	(1,319)
Interest expense	(510,857)	(510,857)	(461,981)	48,876
Total nonoperating revenues (expenses)	$ (331,701)	$ (331,701)	$ (275,876)	$ 55,825
Net income (loss) before operating transfers and contributions	$ (143,310)	$ (701,742)	$ (255,870)	$ 445,872
Other financing sources (uses):				
Contributed capital - availability fees	$ 1,223,045	$ 1,223,045	$ 1,264,685	$ 41,640
Issuance of capital leases	-	553,588	-	(553,588)
Transfers out	(515,948)	(511,104)	(515,952)	(4,848)
Total other financing sources (uses)	$ 707,097	$ 1,265,529	$ 748,733	$ (516,796)
Change in net position	$ 563,787	$ 563,787	$ 492,863	$ (70,924)

Schedule of Revenues and Expenses - Budget and Actual
Sewer Fund
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Sewer Fund:				
Operating revenues:				
Sewer fees	$ 2,604,450	$ 2,604,450	$ 2,576,250	$ (28,200)
Penalties and interest	25,000	25,000	27,438	2,438
Miscellaneous income	1,280	1,280	9,053	7,773
Total operating revenues	$ 2,630,730	$ 2,630,730	$ 2,612,741	$ (17,989)
Operating expenses:				
Personnel:				
Sewer staff	$ 575,735	$ 580,579	$ 589,459	$ (8,880)
Overtime - Sewer	32,500	32,500	23,172	9,328
Employee benefits:				
Health insurance	90,220	90,220	116,828	(26,608)
Retirement	54,406	54,406	29,396	25,010
Workers' compensation	10,349	10,349	7,819	2,530
Payroll taxes	46,530	46,530	45,862	668
Drug testing	715	715	-	715
Deferred compensation match	4,160	4,160	3,300	860
Life insurance	7,210	7,210	6,436	774
Disability insurance	3,195	3,195	-	3,195
Plant operations:				
Electricity	125,000	125,000	133,256	(8,256)
Telephone	10,000	10,000	10,330	(330)
Plant supplies	5,000	5,000	2,006	2,994
Contracts	36,000	36,000	18,285	17,715
Permits	12,500	12,500	10,147	2,353
Uniforms	7,000	7,000	5,503	1,497
Plant repairs	50,000	50,000	27,788	22,212
Sewer line repairs	25,000	25,000	25,382	(382)
Safety	15,500	15,500	6,017	9,483
Lab supplies	42,000	42,000	31,502	10,498
New equipment & tools	40,000	40,000	19,953	20,047
Sludge removal	36,000	36,000	26,623	9,377
Chemicals	88,500	88,500	81,798	6,702
Lab certification	3,500	3,500	-	3,500
Sample analysis	4,000	4,000	2,716	1,284
Computer operations	5,000	5,000	-	5,000
GIS layers	20,000	20,000	8,111	11,889
Billing software	3,000	3,000	-	3,000
Waste disposal	5,500	5,500	-	5,500
Meter repairs, tools, and equipment	3,000	3,000	400	2,600
New water meters	12,000	12,000	8,572	3,428
Touch read HDW	3,500	3,500	2,835	665
Equipment - plant	19,000	19,000	9,135	9,865

Schedule of Revenues and Expenses - Budget and Actual
Sewer Fund
For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Sewer Fund: (Continued)				
Operating expenses: (Continued)				
Plant operations: (Continued)				
Vehicle purchase	44,000	44,000	-	44,000
Vehicle repairs	9,500	9,500	5,969	3,531
Dues & subscriptions	1,000	1,000	680	320
Advertisements	1,000	1,000	-	1,000
Training	5,000	5,000	1,605	3,395
Postage/mailings	11,000	11,000	7,036	3,964
Other expenses	5,500	5,500	634	4,866
Professional services	65,000	65,000	31,502	33,498
Mowing	5,000	5,000	1,420	3,580
Environmental compliance	3,200	3,200	-	3,200
Sewer department emergency	3,000	3,000	1,650	1,350
Administrative supplies	2,750	2,750	73	2,677
Public education	1,000	1,000	-	1,000
Pump station operations:				
Electricity	9,200	9,200	12,084	(2,884)
Telephone	600	600	657	(57)
Repairs	22,000	22,000	2,801	19,199
Contracts	5,000	5,000	4,345	655
Equipment	10,000	10,000	6,248	3,752
Gas and oil	4,200	4,200	1,993	2,207
Depreciation	-	-	713,976	(713,976)
Capital outlay	350,000	464,570	-	464,570
Total operating expenses	$ 1,953,970	$ 2,073,384	$ 2,045,304	$ 28,080
Operating income	$ 676,760	$ 557,346	$ 567,437	$ 10,091
Nonoperating revenues (expenses):				
Interest earned	$ 500	$ 500	$ 74	$ (426)
Gain on disposal of capital assets		-	35,000	35,000
Bond issuance costs		-	(9,623)	(9,623)
Interest expense	(1,155,612)	(1,155,612)	(1,050,471)	105,141
Total nonoperating revenues (expenses)	$ (1,155,112)	$ (1,155,112)	$ (1,025,020)	$ 130,092
Net income before operating transfers	$ (478,352)	$ (597,766)	$ (457,583)	$ 140,183
Other financing sources (uses):				
Contributed capital - availability fees	$ 1,047,600	$ 1,047,600	$ 1,060,697	$ 13,097
Issuance of debt	-	114,570	-	(114,570)
Transfers out	(515,948)	(511,104)	(534,952)	(23,848)
Total other financing sources (uses)	$ 531,652	$ 651,066	$ 525,745	$ (125,321)
Change in net position	$ 53,300	$ 53,300	$ 68,162	$ 14,862

TOWN OF PURCELLVILLE, VIRGINIA **Schedule 5**

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
As of June 30, 2015

	2015	2014
Governmental funds capital assets:		
Land	$ 4,310,764	$ 4,310,764
Buildings	12,080,410	12,080,410
Improvements other than buildings	4,715,995	4,057,511
Machinery and equipment	2,457,464	2,489,467
Vehicles	860,858	854,327
Infrastructure	58,644,271	51,539,898
Construction in progress	2,532,094	8,298,520
Total governmental funds capital assets	$ 85,601,856	$ 83,630,897
Investments in governmental funds capital assets by source:		
General fund	$ 85,601,856	$ 83,630,897
Total governmental funds capital assets	$ 85,601,856	$ 83,630,897

TOWN OF PURCELLVILLE, VIRGINIA

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of June 30, 2015

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	$ 3,877,612	$ -	$ 6,747,324
Public safety:			
Police department	$ -	$ -	$ -
Total public safety	$ -	$ -	$ -
Public works:			
Highways and roads	$ 433,152	$ 2,532,094	$ 144,752
Maintenance of buildings and grounds	-	-	5,188,334
Total public works	$ 433,152	$ 2,532,094	$ 5,333,086
Parks, recreation, and cultural:			
Parks and recreation	$ -	$ -	$ -
Total parks, recreation, and cultural	$ -	$ -	$ -
Total governmental funds capital assets	$ 4,310,764	$ 2,532,094	$ 12,080,410

Improvements Other Than Buildings	Machinery and Equipment	Vehicles	Infrastructure	Total
$ 110,931	$ 223,781	$ 187,468	$ -	$ 7,327,485
-	345,940	76,814	-	4,242,385
$ 110,931	$ 569,721	$ 264,282	$ -	$ 11,569,870
$ 3,850	$ 269,221	$ 356,458	$ -	$ 629,529
$ 3,850	$ 269,221	$ 356,458	$ -	$ 629,529
$ 2,322,081	$ 721,639	$ 240,118	$ 58,644,271	$ 65,038,107
-	896,883	-	-	6,085,217
$ 2,322,081	$ 1,618,522	$ 240,118	$ 58,644,271	$ 71,123,324
$ 2,279,133	$ -	$ -	$ -	$ 2,279,133
$ 2,279,133	$ -	$ -	$ -	$ 2,279,133
$ 4,715,995	$ 2,457,464	$ 860,858	$ 58,644,271	$ 85,601,856

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2015

Function and Activity	Governmental Funds Capital Assets July 1, 2014	Additions	Deductions	Governmental Funds Capital Assets June 30, 2015
General government administration:				
Town council	$ 7,327,485	$ -	-	$ 7,327,485
Finance and administration	4,224,805	17,580	-	4,242,385
Total general government administration	$ 11,552,290	$ 17,580	$ -	$ 11,569,870
Public safety:				
Police department	$ 622,998	$ 22,633	$ (16,102)	$ 629,529
Total public safety	$ 622,998	$ 22,633	$ (16,102)	$ 629,529
Public works:				
Highways and roads	$ 63,407,398	$ 1,688,962	(58,253)	$ 65,038,107
Maintenance of buildings and grounds	6,076,547	21,670	(13,000)	6,085,217
Total public works	$ 69,483,945	$ 1,710,632	$ (71,253)	$ 71,123,324
Parks, recreation, and cultural:				
Parks and recreation	$ 1,971,664	$ 307,469	$ -	$ 2,279,133
Total parks, recreation, and cultural	$ 1,971,664	$ 307,469	$ -	$ 2,279,133
Total governmental funds capital assets	$ 83,630,897	$ 2,058,314	$ (87,355)	$ 85,601,856

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.	1 - 6
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.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.	11 - 14
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	15 - 16
Operating Information These 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.	17 - 19

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)

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	$ 31,508,203	$ 32,879,544	$ 31,855,360	$ 30,862,894
Restricted	-	-	-	-
Unrestricted	4,465,328	2,641,704	2,794,536	4,809,256
Total governmental activities net position	$ 35,973,531	$ 35,521,248	$ 34,649,896	$ 35,672,150
Business-type activities				
Net investment in capital assets	$ 9,222,830	$ 10,214,935	$ 10,211,089	$ 13,004,232
Unrestricted	12,238,724	12,237,431	12,737,618	13,246,469
Total business-type activities net position	$ 21,461,554	$ 22,452,366	$ 22,948,707	$ 26,250,701
Primary government				
Net investment in capital assets	$ 40,731,033	$ 43,094,479	$ 42,066,449	$ 43,867,126
Restricted	-	-	-	-
Unrestricted	16,704,052	14,879,135	15,532,154	18,055,725
Total primary government net position	$ 57,435,085	$ 57,973,614	$ 57,598,603	$ 61,922,851

Table 1

2010	2011	2012	2013	2014	2015
$ 30,549,900	$ 30,838,249	$ 33,175,084	$ 33,837,613	$ 34,615,139	$ 35,096,434
-	-	-	2,546,527	1,992,726	989,533
7,932,422	7,181,242	4,712,380	3,450,049	3,445,511	3,890,599
$ 38,482,322	$ 38,019,491	$ 37,887,464	$ 39,834,189	$ 40,053,376	$ 39,976,566
$ 13,731,932	$ 12,743,081	$ 14,149,999	$ 14,345,188	$ 13,902,748	$ 12,826,291
10,273,480	10,523,471	7,260,056	3,893,882	4,189,021	5,718,797
$ 24,005,412	$ 23,266,552	$ 21,410,055	$ 18,239,070	$ 18,091,769	$ 18,545,088
$ 44,281,832	$ 43,581,330	$ 47,325,083	$ 48,182,801	$ 48,517,887	$ 47,922,725
-	-	-	2,546,527	1,992,726	989,533
18,205,902	17,704,713	11,972,436	7,343,931	7,634,532	9,609,396
$ 62,487,734	$ 61,286,043	$ 59,297,519	$ 58,073,259	$ 58,145,145	$ 58,521,654

TOWN OF PURCELLVILLE, VIRGINIA

Table 2
Page 1 of 2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	$ 1,451,606	$ 1,876,357	$ 2,226,330	$ 2,574,927	$ 2,472,829	$ 1,890,188	$ 3,214,457	$ 3,100,979	$ 2,923,193	$ 2,763,529
Public safety	1,367,893	1,466,000	1,663,801	1,696,590	1,692,290	1,720,461	1,809,443	1,916,652	1,919,119	1,947,552
Public works	3,474,333	3,286,874	3,472,004	4,130,972	3,788,818	3,645,872	2,802,812	3,478,574	3,472,819	2,978,601
Parks, recreation and cultural	32,704	35,241	81,503	66,748	124,442	1,573,776	94,152	68,927	265,740	341,526
Community development	455,350	526,780	584,944	349,850	461,341	377,000	1,666,302	1,708,045	1,858,057	1,957,359
Interest on long-term debt	104,799	113,602	100,727	304,336	228,749	727,584	682,642	742,904	833,107	652,262
Total governmental activities expenses	$ 6,886,685	$ 7,304,854	$ 8,129,309	$ 9,123,423	$ 8,768,469	$ 9,934,881	$ 10,269,808	$ 11,016,081	$ 11,272,035	$ 10,640,829
Business-type activities:										
Water	$ 1,845,569	$ 2,449,890	$ 2,262,486	$ 2,069,090	$ 2,179,820	$ 2,092,401	$ 2,045,177	$ 4,227,361	$ 2,116,235	$ 2,536,825
Sewer	1,704,589	1,868,553	1,962,968	1,726,879	3,069,217	2,702,696	3,051,529	3,023,902	3,336,116	3,105,398
Total business-type activities expenses	$ 3,550,158	$ 4,318,443	$ 4,225,454	$ 3,795,969	$ 5,249,037	$ 4,795,097	$ 5,096,706	$ 7,251,263	$ 5,452,351	$ 5,642,223
Total primary government expenses	$ 10,436,843	$ 11,623,297	$ 12,354,763	$ 12,919,392	$ 14,017,506	$ 14,729,978	$ 15,366,514	$ 18,267,344	$ 16,724,386	$ 16,283,052
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 145,948	$ 140,718	$ 91,069	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public safety	78,732	77,431	83,729	66,087	65,268	80,287	73,046	84,156	64,947	57,326
Public works	2,819	1,846	592	192,209	103,501	94,043	81,782	102,822	217,668	161,370
Operating grants and contributions	233,193	247,883	294,341	659,113	815,203	784,645	736,855	739,275	789,086	798,187
Capital grants and contributions	518,521	574,687	777,854	253,195	388,843	418,501	2,082,699	2,974,978	1,862,645	755,462
Total governmental activities program revenues	$ 979,213	$ 1,042,565	$ 1,247,585	$ 1,170,604	$ 1,372,815	$ 1,377,476	$ 2,974,382	$ 3,901,231	$ 2,934,346	$ 1,772,345
Business-type activities:										
Charges for services:										
Water	$ 801,186	$ 1,028,062	$ 975,004	$ 1,083,580	$ 1,372,182	$ 1,828,883	$ 1,933,357	$ 1,996,566	$ 2,062,128	$ 2,085,958
Sewer	1,100,214	1,574,790	1,358,261	1,472,164	1,733,717	2,016,920	2,224,268	2,386,434	2,652,841	2,603,688
Operating grants and contributions	-	-	-	-	-	-	-	33,237	29,368	28,287
Capital grants and contributions	893,000	2,076,400	1,032,096	5,308,197	1,031,874	1,113,674	780,144	604,954	1,506,757	2,325,382
Total business-type activities program revenues	$ 2,794,400	$ 4,679,252	$ 3,365,361	$ 7,863,941	$ 4,137,773	$ 4,959,477	$ 4,937,769	$ 5,021,191	$ 6,251,094	$ 7,043,315
Total primary government program revenues	$ 3,773,613	$ 5,721,817	$ 4,612,946	$ 9,034,545	$ 5,510,588	$ 6,336,953	$ 7,912,151	$ 8,922,422	$ 9,185,440	$ 8,815,660
Net (expense) / revenue										
Governmental activities	$ (5,907,472)	$ (6,262,289)	$ (6,881,724)	$ (7,952,819)	$ (7,395,654)	$ (8,557,405)	$ (7,295,426)	$ (7,114,850)	$ (8,337,689)	$ (8,868,484)
Business-type activities	(755,758)	360,809	(860,093)	4,067,972	(1,111,264)	164,380	(158,937)	(2,230,072)	798,743	1,401,092
Total primary government net (expense) / revenue	$ (6,663,230)	$ (5,901,480)	$ (7,741,817)	$ (3,884,847)	$ (8,506,918)	$ (8,393,025)	$ (7,454,363)	$ (9,344,922)	$ (7,538,946)	$ (7,467,392)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 2,102,097	$ 2,428,380	$ 2,464,023	$ 2,763,362	$ 2,474,112	$ 2,493,115	$ 2,557,786	$ 2,822,718	$ 3,088,573	$ 3,344,853
Local sales and use taxes	616,091	652,195	678,260	688,327	811,566	878,531	952,497	931,067	898,669	998,571
Meals taxes	638,441	699,300	625,138	689,856	679,083	775,398	788,948	1,229,495	1,384,194	1,607,222
Utility license taxes	301,533	256,927	200,387	201,503	204,768	208,945	201,784	209,182	218,543	222,625
Business licenses	572,165	525,813	682,534	534,537	633,268	549,271	621,289	709,692	666,178	677,503
Other local taxes	531,590	665,311	711,683	673,677	553,191	584,435	627,090	625,807	662,091	680,848
Unrestricted grants and contributions	400,881	210,019	208,556	204,253	372,869	386,923	368,625	369,061	392,714	391,107
Unrestricted revenues from use of money and property	105,679	151,843	126,148	98,761	55,765	69,615	50,350	44,400	41,890	40,442
Miscellaneous	72,547	52,916	96,347	1,900,565	2,103,213	2,130,196	70,166	80,487	88,120	112,530
Gain (loss) on sale of capital asset	-	-	-	-	-	-	-	923,762	-	(9,735)
Transfers	17,308	167,302	217,296	1,220,232	1,220,232	1,115,904	1,115,904	1,115,904	1,115,904	1,050,904
Total governmental activities	$ 5,358,332	$ 5,810,006	$ 6,010,372	$ 8,975,073	$ 9,108,067	$ 9,192,333	$ 7,354,439	$ 9,061,575	$ 8,556,876	$ 9,116,870
Business-type activities:										
Miscellaneous	$ 162,433	$ 135,860	$ 1,095,464	$ 133,621	$ 161,020	$ 154,736	$ 176,481	$ 169,673	$ 167,616	$ 174,807
Gain (loss) on sale of capital asset	-	-	-	-	-	-	-	-	-	35,000
Unrestricted revenues from use of money and property	533,249	661,445	478,266	320,633	92,566	57,927	18,870	5,318	2,244	1,030
Transfers	(17,308)	(167,302)	(217,296)	(1,220,232)	(1,220,232)	(1,115,904)	(1,115,904)	(1,115,904)	(1,115,904)	(1,050,904)
Total business-type activities	$ 678,374	$ 630,003	$ 1,356,434	$ (765,978)	$ (966,646)	$ (903,241)	$ (920,553)	$ (940,913)	$ (946,044)	$ (840,067)
Total primary government	$ 6,036,706	$ 6,440,009	$ 7,366,806	$ 8,209,095	$ 8,141,421	$ 8,289,092	$ 6,433,886	$ 8,120,662	$ 7,610,832	$ 8,276,803
Change in Net Position										
Governmental activities	$ (549,140)	$ (452,283)	$ (871,352)	$ 1,022,254	$ 1,712,413	$ 634,928	$ 59,013	$ 1,946,725	$ 219,187	$ 248,386
Business-type activities	(77,384)	990,812	496,341	3,301,994	(2,077,910)	(738,861)	(1,079,490)	(3,170,985)	(147,301)	561,025
Total primary government	$ (626,524)	$ 538,529	$ (375,011)	$ 4,324,248	$ (365,497)	$ (103,933)	$ (1,020,477)	$ (1,224,260)	$ 71,886	$ 809,411

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumer Utility Tax	Meals Tax	Business Licenses	Other Local Taxes	Total
2015	$ 3,344,853	$ 998,571	$ 222,625	$ 1,607,222	$ 677,503	$ 680,848	$ 7,531,622
2014	3,088,573	898,669	218,543	1,384,194	666,178	662,091	6,918,248
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	627,090	5,749,394
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

TOWN OF PURCELLVILLE, VIRGINIA

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

	2006	2007	2008	2009
Governmental funds:				
Nonspendable:				
Prepaid items	$ -	$ 38,951	$ 43,196	$ 48,897
Restricted for:				
State highway maintenance	$ -	$ -	$ -	$ 170,807
Loudoun County settlement funds	-	-	-	-
Loudoun County - transportation and sidewalk projects	-	-	-	-
Fireman's field	-	-	-	-
USDA bond covenant	-	-	-	-
Unspent bond proceeds	-	920,511	2,136,455	1,157,112
Total restricted fund balance	$ -	$ 920,511	$ 2,136,455	$ 1,327,919
Committed for:				
Loudoun County settlement funds	$ -	$ -	$ -	$ 1,394,619
Street bonds	-	-	-	28,733
Capital expense	-	260,116	-	-
Total committed fund balance	$ -	$ 260,116	$ -	$ 1,423,352
Assigned for:				
Capital projects	$ -	$ -	$ -	$ -
Unassigned	$ 4,121,456	$ 2,560,453	$ 3,102,709	$ 3,719,677
Total governmental funds	$ 4,121,456	$ 3,780,031	$ 5,282,360	$ 6,519,845

Table 4

2010	2011	2012	2013	2014	2015
$ 51,782	$ 52,722	$ 52,902	$ 48,661	$ 63,487	$ 61,630
$ 94,890	$ 120,260	$ 66,503	$ 397,701	$ 35,051	$ 131,454
-	-	2,193,686	1,730,952	945,882	550,734
-	-	-	-	611,809	214,830
-	-	-	357,961	399,984	92,515
-	-	-	59,913	-	-
627,311	2,876,577	57,669	237,332	42,636	-
$ 722,201	$ 2,996,837	$ 2,317,858	$ 2,783,859	$ 2,035,362	$ 989,533
$ 2,840,945	$ 3,314,618	$ -	$ -	$ -	$ -
28,733	10,328	-	-	-	-
-	-	10,000	768,892	691,135	590,155
$ 2,869,678	$ 3,324,946	$ 10,000	$ 768,892	$ 691,135	$ 590,155
$ -	$ -	$ -	$ -	$ 21,654	$ -
$ 4,363,277	$ 4,368,340	$ 3,427,576	$ 3,884,533	$ 4,209,033	$ 5,031,166
$ 8,006,938	$ 10,742,845	$ 5,808,336	$ 7,485,945	$ 7,020,671	$ 6,672,484

TOWN OF PURCELLVILLE, VIRGINIA

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

	2006	2007	2008	2009
Revenues				
General property taxes	$ 2,092,568	$ 2,409,596	$ 2,469,194	$ 2,728,737
Other local taxes	2,659,820	2,799,546	2,898,002	2,787,900
Permits, privilege fees and regulatory licenses	148,767	142,564	91,661	192,209
Fines and forfeitures	78,732	77,431	83,729	66,087
Revenue from use of money and property	105,679	151,842	126,148	98,761
Miscellaneous	79,747	52,917	96,347	1,900,565
Intergovernmental:				
Local government	89,500	204,000	126,000	150,000
Commonwealth	900,310	824,384	1,294,824	956,767
Federal	155,585	4,205	123,533	9,794
Total revenues	$ 6,310,708	$ 6,666,485	$ 7,309,438	$ 8,890,820
Expenditures				
General government administration	$ 1,462,066	$ 1,903,006	$ 2,096,975	$ 2,342,444
Public safety	1,128,938	1,393,867	1,506,641	1,566,094
Public works	2,152,098	2,093,861	2,120,074	2,812,620
Parks, recreation and cultural	17,806	21,720	41,174	27,794
Community development	665,467	529,779	607,290	517,069
Capital outlay	1,201,440	993,440	3,329,921	2,626,704
Debt service				
Principal	73,865	125,752	224,322	265,970
Interest and other fiscal charges	84,750	113,786	100,002	169,385
Bond issue costs	-	-	-	-
Total expenditures	$ 6,786,430	$ 7,175,211	$ 10,026,399	$ 10,328,080
Excess of revenues over (under) expenditures	$ (475,722)	$ (508,726)	$ (2,716,961)	$ (1,437,260)
Other financing sources (uses)				
Transfers in	$ 17,308	$ 1,160,741	$ 1,771,518	$ 2,263,960
Transfers out	-	(993,440)	(1,554,222)	(1,043,728)
Refunding bonds issued (including bond premiums)	-	-	2,565,600	-
Issuance of debt	2,233,000	-	1,700,000	1,454,523
Proceeds from sale of property	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	$ 2,250,308	$ 167,301	$ 4,482,896	$ 2,674,755
Net change in fund balances	$ 1,774,586	$ (341,425)	$ 1,765,935	$ 1,237,495
Debt service as a percentage of noncapital expenditures	2.90%	3.77%	4.99%	5.94%

Table 5

2010	2011	2012	2013	2014	2015
$ 2,487,151	$ 2,526,829	$ 2,526,297	$ 2,850,968	$ 3,095,888	$ 3,239,133
2,881,876	2,996,580	3,191,608	3,705,243	3,829,675	4,186,769
103,501	118,070	81,782	102,822	217,668	161,370
65,268	80,287	73,046	84,156	64,947	57,326
55,765	69,615	50,350	44,400	41,890	40,442
2,103,213	2,106,173	70,166	80,487	88,119	112,530
165,000	-	-	687,739	1,102,228	253,365
1,282,739	1,380,629	1,498,138	3,361,171	1,830,329	1,623,099
129,176	209,437	1,690,041	34,404	111,888	68,292
$ 9,273,689	$ 9,487,620	$ 9,181,428	$ 10,951,390	$ 10,382,632	$ 9,742,326
$ 2,109,213	$ 2,348,933	$ 2,366,088	$ 2,390,979	$ 2,515,213	$ 2,471,121
1,606,485	1,626,498	1,788,562	1,838,119	1,906,858	1,968,590
2,724,992	2,821,523	2,769,287	2,747,417	3,285,281	2,729,601
33,063	26,800	80,475	153,330	183,440	227,434
486,933	412,050	420,361	426,093	420,836	431,276
7,966,091	5,885,407	6,468,774	4,723,932	2,190,996	2,046,356
448,699	496,895	672,460	3,440,182	8,517,384	756,531
318,906	570,022	665,834	769,333	596,339	725,508
88,274	143,973	-	-	165,517	-
$ 15,782,656	$ 14,332,101	$ 15,231,841	$ 16,489,385	$ 19,781,864	$ 11,356,417
$ (6,508,967)	$ (4,844,481)	$ (6,050,413)	$ (5,537,995)	$ (9,399,232)	$ (1,614,091)
$ 5,223,555	$ 8,071,938	$ 5,838,232	$ 1,115,904	$ 1,579,416	$ 1,259,361
(4,003,323)	(6,956,034)	(4,722,328)	-	(463,512)	(208,457)
-	4,241,000	-	-	12,473,453	-
6,775,828	6,366,117	-	4,840,000	-	215,000
-	-	-	1,259,700	-	-
-	(4,142,633)	-	-	(4,655,399)	-
$ 7,996,060	$ 7,580,388	$ 1,115,904	$ 7,215,604	$ 8,933,958	$ 1,265,904
$ 1,487,093	$ 2,735,907	$ (4,934,509)	$ 1,677,609	$ (465,274)	$ (348,187)
10.98%	13.90%	14.63%	33.99%	51.92%	15.94%

TOWN OF PURCELLVILLE, VIRGINIA **Table 6**

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Utility License Tax	Motor Vehicle License Tax	Meals Tax	Business Licenses	Other Local Taxes	Total
2015	$ 3,239,133	$ 998,571	$ 222,625	$ 145,791	$ 1,607,222	$ 677,503	$ 535,057	$ 7,425,902
2014	3,095,888	898,669	218,543	153,981	1,384,194	666,178	508,110	6,925,563
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	2,526,829	878,531	208,945	136,777	775,398	549,271	447,658	5,523,409
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	2,409,596	652,195	256,927	128,959	699,300	525,813	536,352	5,209,142
2006	2,092,568	616,091	301,533	130,093	638,441	572,165	401,497	4,752,388

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	Total Direct Tax Rate **
2015	$ 1,140,041,935	$ 65,961,448	$ 21,628,009	$ 1,227,631,392	$ 1,227,631,392	100.00%	$ 0.29
2014	1,064,663,675	64,959,370	20,976,414	1,150,599,459	1,150,599,459	100.00%	0.30
2013	1,010,965,950	63,685,657	20,575,695	1,095,227,302	1,095,227,302	100.00%	0.31
2012	976,555,250	61,387,349	17,270,331	1,055,212,930	1,055,212,930	100.00%	0.28
2011	960,616,700	62,755,192	12,415,217	1,035,787,109	1,035,787,109	100.00%	0.28
2010	961,287,250	56,657,467	12,470,666	1,030,415,383	1,030,415,383	100.00%	0.27
2009	1,048,886,350 *	108,172,940	12,226,592	1,169,285,882	1,169,285,882	100.00%	0.30
2008	1,160,800,550	56,347,033	11,912,214	1,229,059,797	1,229,059,797	100.00%	0.23
2007	1,195,641,850	58,069,859	11,220,869	1,264,932,578	1,264,932,578	100.00%	0.22
2006	1,013,555,550	49,728,198	9,652,257	1,072,936,005	1,072,936,005	100.00%	0.23

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.
** Computed on a weighted average

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.

TOWN OF PURCELLVILLE **Table 8**

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

	Direct Rates							Overlapping Rates County of Loudoun, Virginia		
Fiscal Years	Real Estate	FF Service Tax District	Personal Property	Volunteers	Machinery and Tools	Merchants' Capital	Total Direct Real Estate Rate	Real Estate	Personal Property	Machinery and Tools
2015	.21/ .22	.035/ .035	1.05	0.01	0.55	N/A	0.25	1.135	4.20	2.75
2014	.225/ .21	.035/ .035	1.05	0.01	0.55	N/A	0.25	1.155	4.20	2.75
2013	.225/.225	NA/.035	1.05	0.01	0.55	N/A	0.26	1.205	4.20	2.75
2012	.23/.225	N/A	1.05	0.01	0.55	N/A	0.23	1.24	4.20	2.75
2011	.23/.23	N/A	1.05	0.01	0.55	N/A	0.23	1.29	4.20	2.75
2010	.225/.23	N/A	1.05	0.01	0.55	N/A	0.23	1.30	4.20	2.75
2009	0.19/.225	N/A	1.05	0.01	0.55	N/A	0.22	1.245	4.20	2.75
2008	0.18/0.19	N/A	1.05	0.01	0.55	N/A	0.19	1.14	4.20	2.75
2007	0.17/0.18	N/A	1.05	0.01	0.55	N/A	0.18	0.92	4.20	2.75
2006	0.20/0.17	N/A	1.05	0.01	0.55	N/A	0.19	0.89	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

		Fiscal Year 2015		Fiscal Year 2006	
Taxpayer	**Type Business**	**2015 Assessed Valuation**	**% of Total Assessed Valuation**	**2006 Assessed Valuation**	**% of Total Assessed Valuation**
Jordan River Acquisitions LLC	Shopping Center (1251 E Main St)	$ 22,040,870	1.89%	$ 4,174,600	0.39%
Main St. Station LLC	Shopping Center (1000 E Main St)	17,175,320	1.47%	11,645,000	1.08%
Purcellville Shopping Center LLC	Shopping Center (609 E Main St)	11,297,420	0.97%	9,174,300	0.85%
Valley Medical Center LLC	Medical Center (125 Hirst Road)	10,840,710	0.93%	N/A	N/A
S R B Enterprises LLC	Shopping Center (711 E Main St)	9,718,070	0.83%	5,365,800	0.50%
Brookfield Autumn Hill LLC	70.83 acre Mayfair Property	8,809,900	0.75%	N/A	N/A
Maple Avenue Apartments LP	Apartments (610 Dominion TE)	5,214,210	0.45%	5,354,800	0.50%
Main Street Associates LP	Apartments (123 16th St)	4,233,320	0.36%	5,041,500	0.47%
Purcellville Development LLC	6.53 acre Catoctin Corner	3,863,380	0.33%	N/A	N/A
413 Browning Court LLC	Office Building(413 Browning Court)	3,442,160	0.29%	N/A	N/A
		$ 96,635,360	8.27%	$ 40,756,000	3.79%

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
2015	2,833,250	438,636	3,271,886	3,099,061	94.72%	N/A	3,099,061	94.72%
2014	2,684,760	431,752	3,116,512	3,021,519	96.95%	83,379	3,104,898	99.63%
2013	2,448,170	422,435	2,870,605	2,746,752	95.69%	117,733	2,864,485	99.79%
2012	2,214,116	395,634	2,609,750	2,523,249	96.69%	80,451	2,603,701	99.77%
2011	2,208,797	383,180	2,591,977	2,494,927	96.26%	93,100	2,588,027	99.85%
2010	2,192,212	319,036	2,511,248	2,436,375	97.02%	71,297	2,507,672	99.86%
2009	2,183,022	633,639 *	2,816,661	2,725,048	96.75%	84,417	2,809,465	99.74%
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%

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

	Governmental Activities			Business-type Activities				
Fiscal Years	General Obligation Bonds	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2015	$ 19,094,249	$ 1,020,000	$ -	$ 43,475,334	345,026	$ 63,934,609	12.54%	$ 7,917
2014	19,642,757	1,105,000	-	44,173,657	-	64,921,414	14.02%	8,141
2013	19,929,554	1,190,000	-	43,194,735	-	64,314,289	14.00%	8,132
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

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

	2006	2007	2008	2009
Debt limit	$ 107,885,328	$ 124,464,884	$ 122,474,266	$ 111,097,731
Total net debt applicable to limit	16,668,137	16,164,564	33,947,780	48,887,618
Legal debt margin	$ 91,217,191	$ 108,300,320	$ 88,526,486	$ 62,210,113
Total net debt applicable to the limit as a percentage of debt limit	15.45%	12.99%	27.72%	44.00%

Table 12

2010	2011	2012	2013	2014	2015
$ 103,391,108	$ 103,343,018	$ 99,381,070	$ 102,790,304	$ 108,560,416	$ 116,163,432
61,685,660	65,608,641	63,866,201	64,314,289	64,921,414	63,934,609
$ 41,705,448	$ 37,734,377	$ 35,514,869	$ 38,476,015	$ 43,639,002	$ 52,228,823
59.66%	59.66%	63.49%	64.26%	59.80%	55.04%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value of real estate	$ 1,161,634,317
Debt limit (10% of total assessed value)	116,163,432
Net debt applicable to limit	63,934,609
Legal debt margin	$ 52,228,823

Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County of Loudoun	$ 1,221,086,675	$ 1.52%	$ 18,593,049
Subtotal, overlapping debt			
Town of Purcellville, direct debt			$ 63,934,609
Total direct and overlapping debt			$ 82,527,658

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
2015	$ 63,934,609	5.21%	$ 7,917
2014	64,921,414	5.64%	8,141
2013	64,314,289	5.87%	8,132
2012	63,866,201	6.05%	8,158
2011	65,608,641	6.33%	8,416
2010	61,685,660	5.99%	7,983
2009	48,887,618	4.18%	6,406
2008	33,947,780	2.76%	4,528
2007	16,164,564	1.28%	2,213
2006	16,668,137	1.55%	2,340

(1) Includes all long-term general obligation bonded debt, capital leases and notes payable paid from tax revenues.

(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 Fiscal Years

Fiscal Year	Purcellville Population (1)	Loudoun County Per Capita Income (2)	Purcellville Median Age (3)	Purcellville School Age Population (4)	Loudoun County Unemployment Rate (5)
2015	8,075	63,171	33.1	2,560	4.0
2014	7,975	60,914	33.2	2,528	4.4
2013	7,902	59,729	33.4	2,505	4.7
2012	7,820	60,801	33.5	2,330	4.8
2011	7,786	58,811	33.6	2,297	5.0
2010	7,727	54,190	33.6	2,105	5.2
2009	7,632	51,676	33.8	2,105	5.0
2008	7,497	51,845	33.9	2,105	2.9
2007	7,304	50,135	34.0	1,511	2.2
2006	7,122	47,134	34.1	1,511	2.4

Sources:

(1) 2010: US Bureau of Census, 2010 Decennial Census.
2005-2009,2011-2015: Loudoun County Department of Planning znd Zoning, Estimates Series, April 22, 2015.

(2) 2005-2013: Bureau of Economic Analysis, US Department of Commerce, November 20, 2014.
2014-2015: Loudoun County Department of Management and Budget, October 8, 2015.

(3) 2010: US Bureau of Census, 2010 Decennial Census.
2005-2009,2011-2015: Loudoun County Department of Planning and Zoning,October 8, 2015

(4) 2003-2009: Loudoun School Census (triennial), Loudoun County Public Schools;
2010-2013: Weldon Cooper Center for Public Service, Demographics & Workforce Group
School-Age Population Estimates for July 1, 2013 (July 2014). 2014 and 2015 are Department of Management and Budget estimates.

(5) Local Area Unemployment Statistics, Virginia Employment Commission, Month of June each year.
Values for 2009-2014 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 7 Years Ago

	Fiscal Year 2015		Fiscal Year 2008	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
Loudoun County Schools	562	1	483	1
Blue Ridge Veterinary Assoc., Inc.	125	2	90	7
Harris Teeter	125	3	n/a	n/a
Home School Legal Defense	100	4	90	6
Wholesale Screening Solutions	100	5	n/a	n/a
Food Lion/Bloom	95	6	80	8
Magnolia's at the Mill	89	7	n/a	n/a
Giant	85	8	147	2
Patrick Henry College	78	9	100+	5
Town of Purcellville	78	10	75	9

Source: Town Business License Renewal

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	7.75	7.75	7.75	7.50	7.75	7.50	8.50	8.50	8.50	9.00
Finance Administration	5.50	6.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Public Safety/Police	14.50	15.50	14.50	14.00	15.00	15.00	15.00	15.00	16.00	17.00
Public Works	4.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00
General Maintenance	9.25	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00
Planning & Zoning	4.75	6.75	4.75	4.75	4.00	3.00	4.00	4.00	4.00	4.00
Parks & Recreation							1.00	1.00	1.00	1.00
Water Treatment	10.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00	9.00
Wastewater Treatment	10.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.50
Totals	65.75	71.50	70.50	69.75	70.25	68.00	70.00	70.00	71.00	73.00

Source: IRS Form 941s

Operating Indicators by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
Special Events	22	18	19	17	23	22	19	20	22	27
FOIA Requests Processed	90	116	160	75	157	227	161	115	105	137
Finance										
Utility Bills Processed	15,168	15,096	15,188	15,392	15,201	15,209	15,763	15,913	15,590	15,787
Tax Bills Processed	10,532	11,517	11,757	19,366	12,342	12,959	12,740	12,881	12,823	12,923
Accounts Payable Transactions	N/A	5,885	6,157	6,139	6,089	6,133	6,133	6,175	6,652	6,291
Public Safety										
Parking Violations	170	316	183	163	177	172	128	229	358	270
Traffic violations	1,579	1,637	1,618	1,356	1,671	1,692	1,021	1,457	1,152	834
Incident Reports	739	856	912	829	1,103	986	680	933	865	756
Public Works										
Maintenance Dept.										
Work Orders, number of	570	264	596	890	902	1,190	1,406	1,356	1,583	1,753
New Meters Installed	N/A	14	53	22	13	12	22	27	25	24
Miss Utility's Processed	N/A	711	1,355	830	899	783	1,186	905	1014	988
Water Dept.										
Total Gallons Treated (millions)	N/A	190	206	207	203	202	196	194	192	201
Samples in Compliance, % of	N/A	100%	100%	100%	100%	100%	100%	100%	100%	100%
Violations, number of	N/A	-	1	1	0	0	0	0	0	0
Wastewater Dept.										
Daily average of gallons treated	593,900	622,400	625,400	536,500	575,200	590,200	591,200	638,400	614,200	549,400
Complaints, number of	N/A	-	3	2	3	0	0	1	1	1
Planning and Zoning										
Occupancy Permits Issued	144	92	120	98	108	83	82	90	102	105
Zoning Permits Issued	436	375	286	178	183	178	268	137	214	198
Development Plans Processed	54	63	85	30	26	19	13	15	17	20

Source: Individual town departments.

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
Administration Buildings	2	2	2	2	2	2	2	1	1	1
Bus Stops for Public Transportation	-	1	1	1	1	1	6	6	6	6
Public Parking Lots	2	2	2	2	2	2	4	4	4	4
Vehicles	2	2	2	2	2	1	1	1	1	1
Finance										
Vehicles	-	-	-	-	-	-	-	-	-	-
Parks and Recreation										
Recreation Facilities - Buildings	1	1	2	2	2	2	2	2	2	2
Recreation Facilities - Fields, Parks	-	-	1	1	1	1	1	1	1	1
Public safety										
Administration Buildings	-	-	-	-	-	-	-	-	-	-
Radar Smart Trailers	3	3	3	3	3	3	1	-	-	-
Vehicles	9	12	13	11	10	10	11	11	12	12
Public works										
Maintenance Dept.										
Heavy Equipment (Backhoes, etc)	11	11	13	14	17	20	20	22	22	22
Maintenance Facility	1	1	1	1	2	2	2	2	2	2
Message Boards	3	3	3	3	3	3	3	3	3	3
Traffic Signals	-	-	2	2	2	2	2	2	2	2
Vehicles	14	16	16	18	18	21	21	20	20	20
Water Dept.										
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	3	3	3	3	4	4	4	4	4
Vehicles	3	3	4	4	4	4	5	6	5	5
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	1	1
Wells/Well Houses	4	4	5	7	8	8	9	9	9	9
Wastewater Dept.										
Pump Stations	9	9	9	6	6	6	6	6	6	6
Vehicles	3	3	5	5	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.

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

To the Honorable Members of 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, 2015, and the related notes to the financial statements, which collectively comprise Town of Purcellville, Virginia's basic financial statements, and have issued our report thereon dated November 23, 2015.

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 23, 2015