



Financial Graphs and Trend Data FY10 through FY19

(Audited data through FY19)

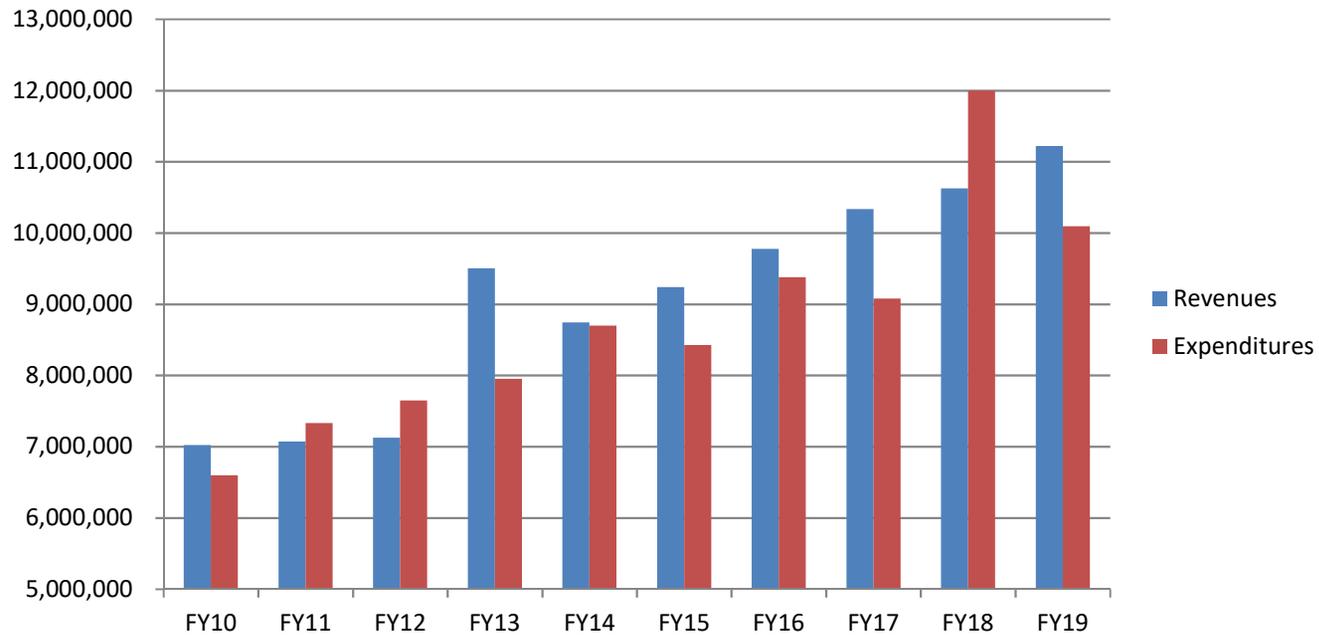
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GOVERNMENTAL FUND OVERVIEW

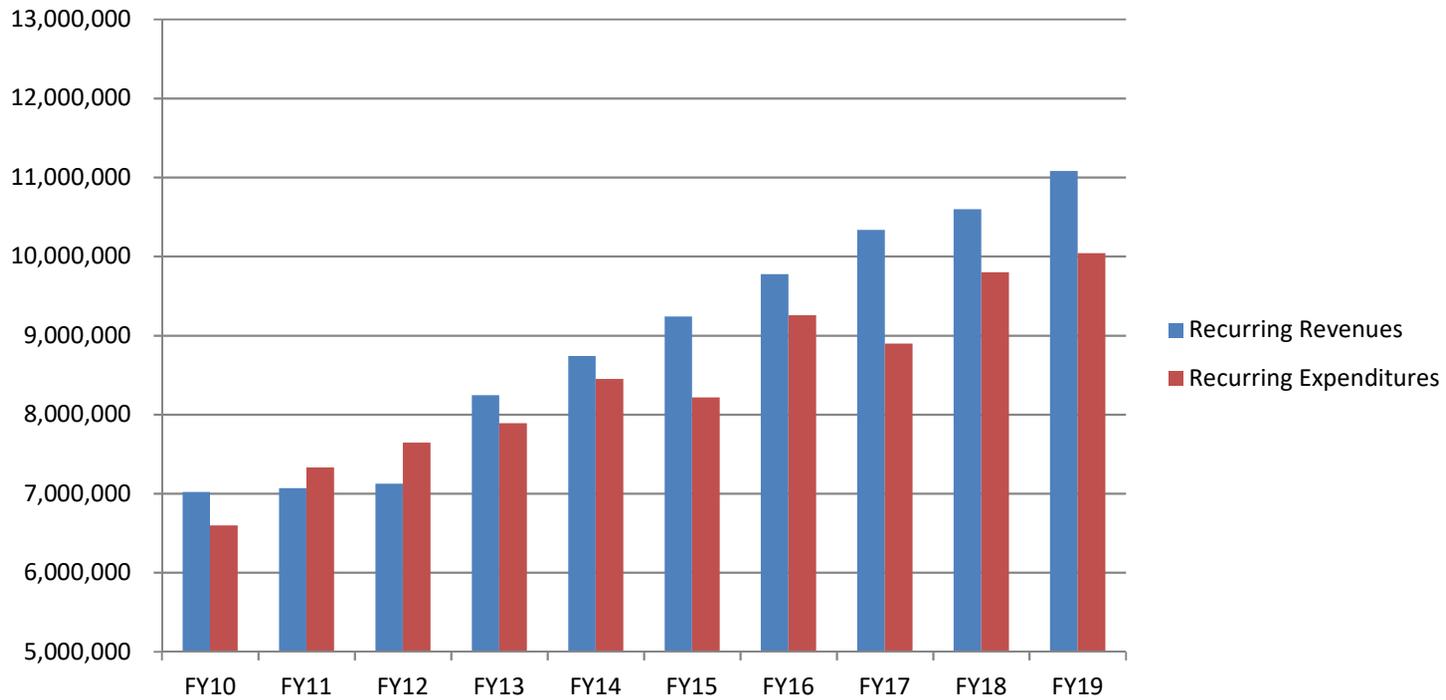
(General Fund and Parks & Rec Special Rev Fund)

FUND OVERVIEW



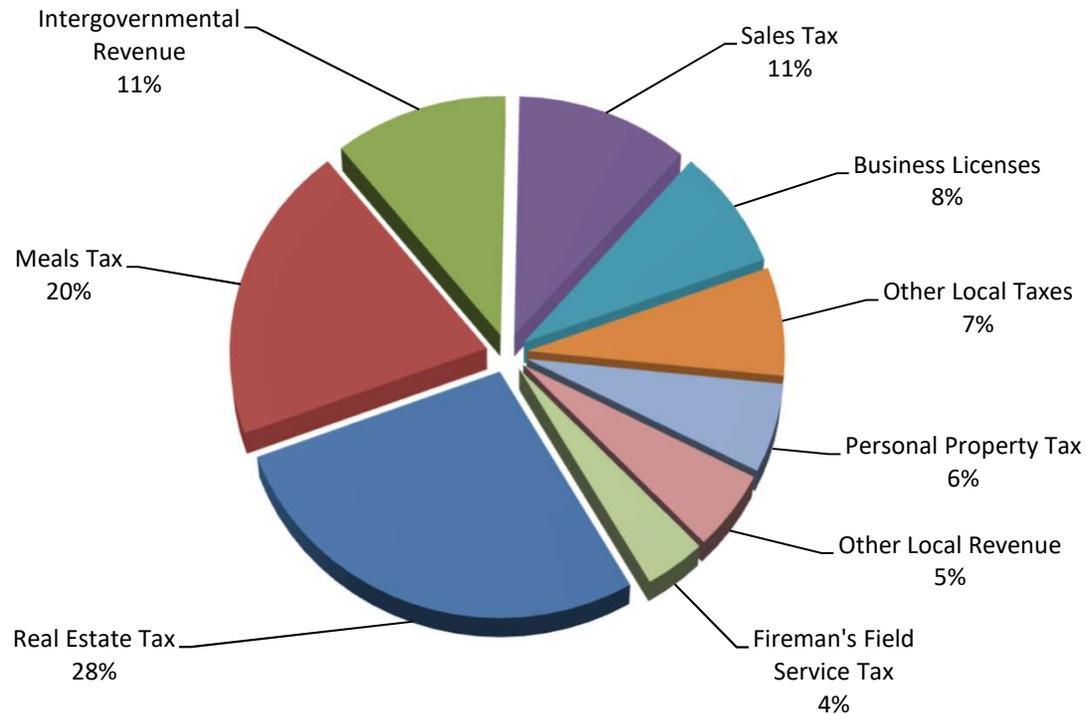
- Includes all operating revenues and expenditures for the General and Parks & Rec Funds.
- FY18 expenditures include one-time use of \$2.033m in reserves to pay-off the Parks & Rec 2010 RBC loan.
- FY13 revenue includes one-time sale of Town Hall \$1.26m; proceeds committed to Capital Reserve Fund to pay debt service from FY14-FY20.

OPERATING OVERVIEW



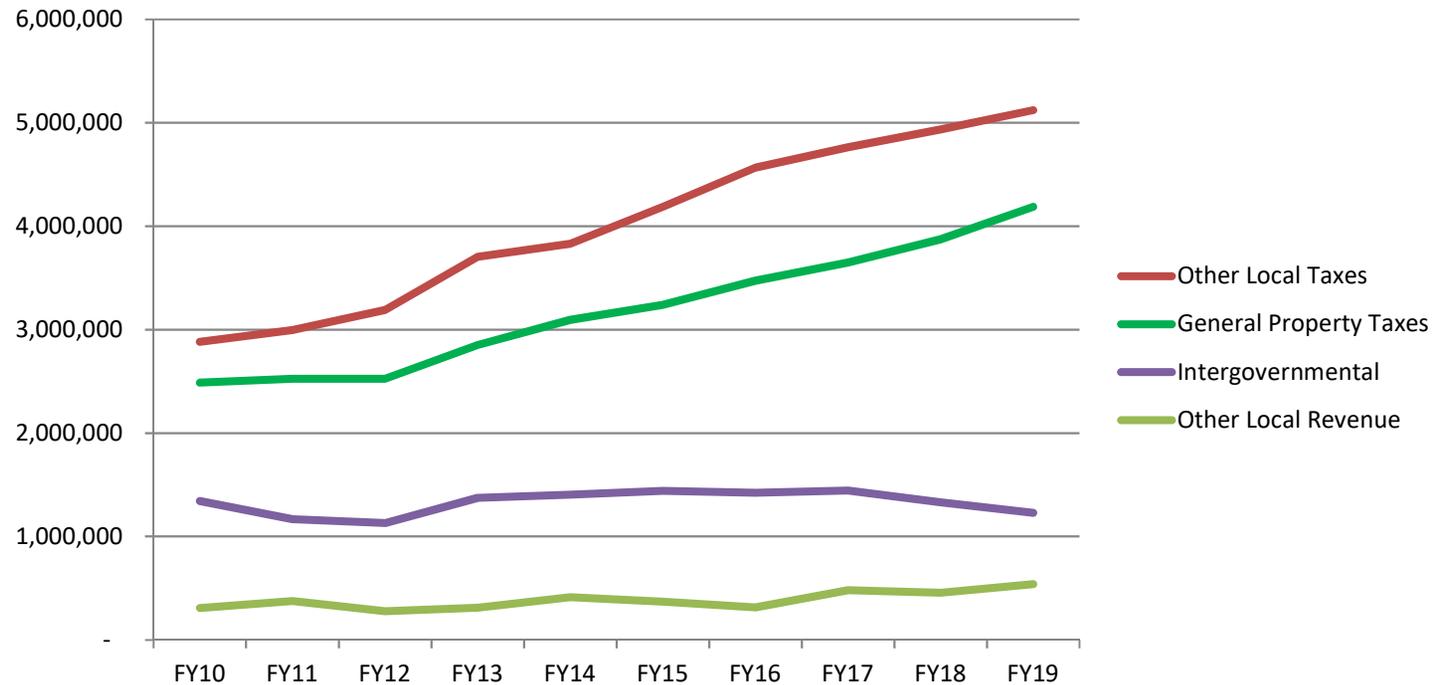
- Includes only recurring revenues and expenditures for the General and Parks & Rec Funds.
- The gap between recurring revenues and expenditures illustrates the fund's structural balance.

FY19 REVENUE OVERVIEW



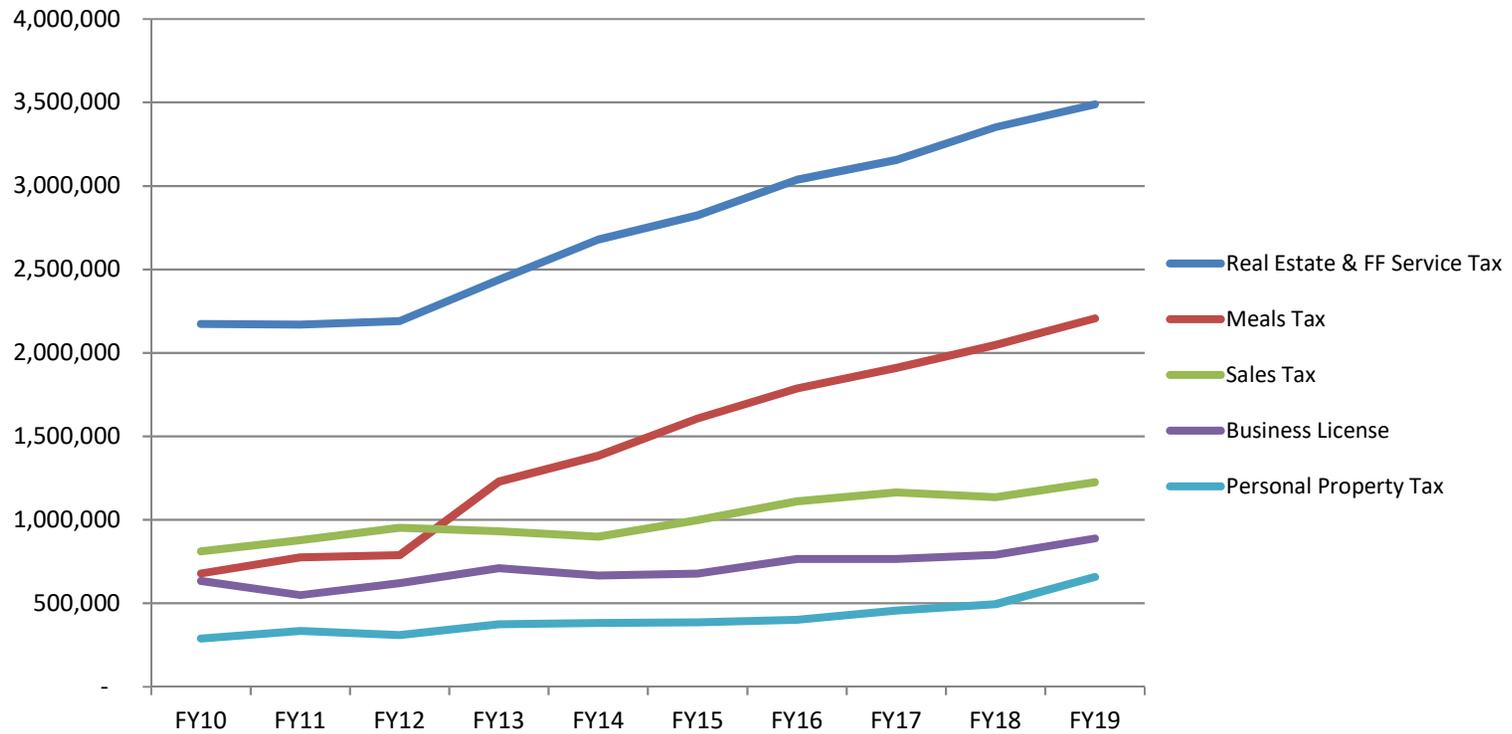
- Other Local Taxes: Cigarette, Utility, Vehicle License, Bank Franchise Tax and PEG Grant.
- Intergovernmental: County Gas Tax, PPTRA, Aid to Police, Communications Tax, VDOT Street Funds & FEMA.
- Other Local Revenue: Permits, Fines, Use of money and property and Miscellaneous.

REVENUE TRENDS



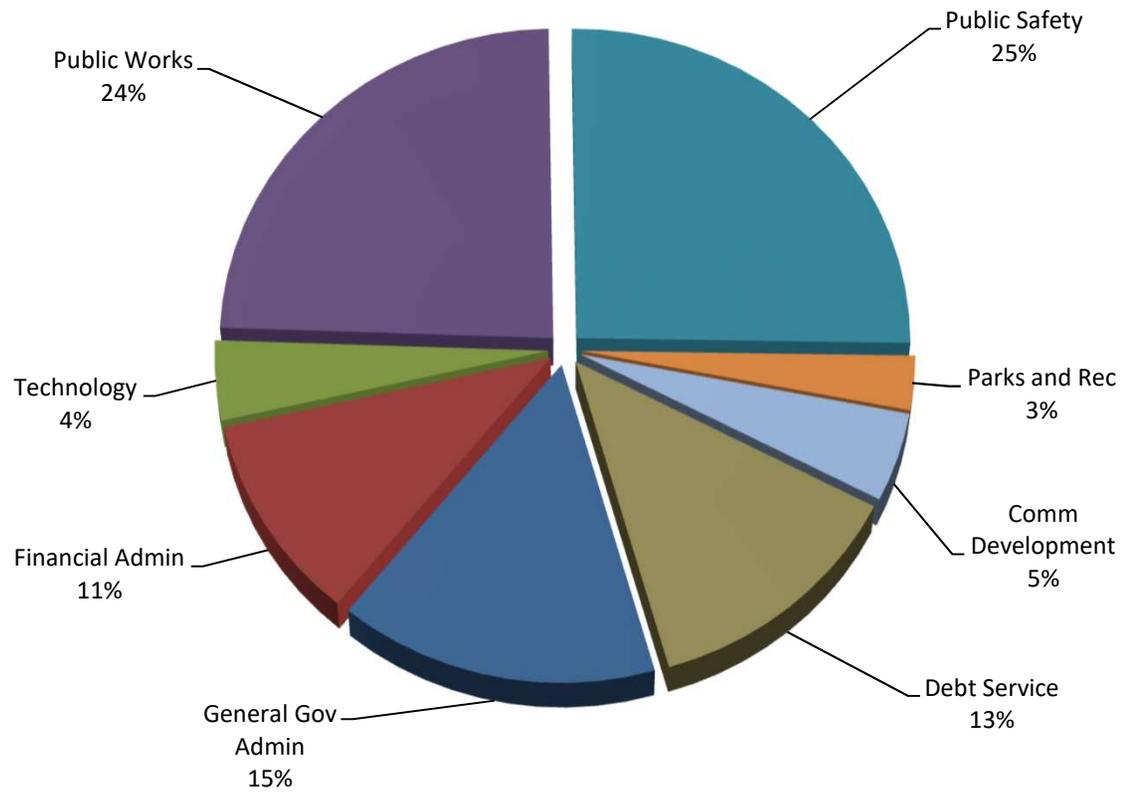
- General Property Taxes: Real Estate, FF Service Tax & Personal Property.
- Other Local Taxes: Sales, Cigarette, BPOL, Meals, Utility, Bank Franchise Tax and PEG Grant.
- Intergovernmental: County Gas Tax, PPTRA, Aid to Police, Communications Tax, VDOT Street Funds & FEMA.
- Other Local Revenue: Permits, Vehicle License Fee, Fines, Use of money and property and Miscellaneous.

TOP 5 LOCAL REVENUE SOURCES

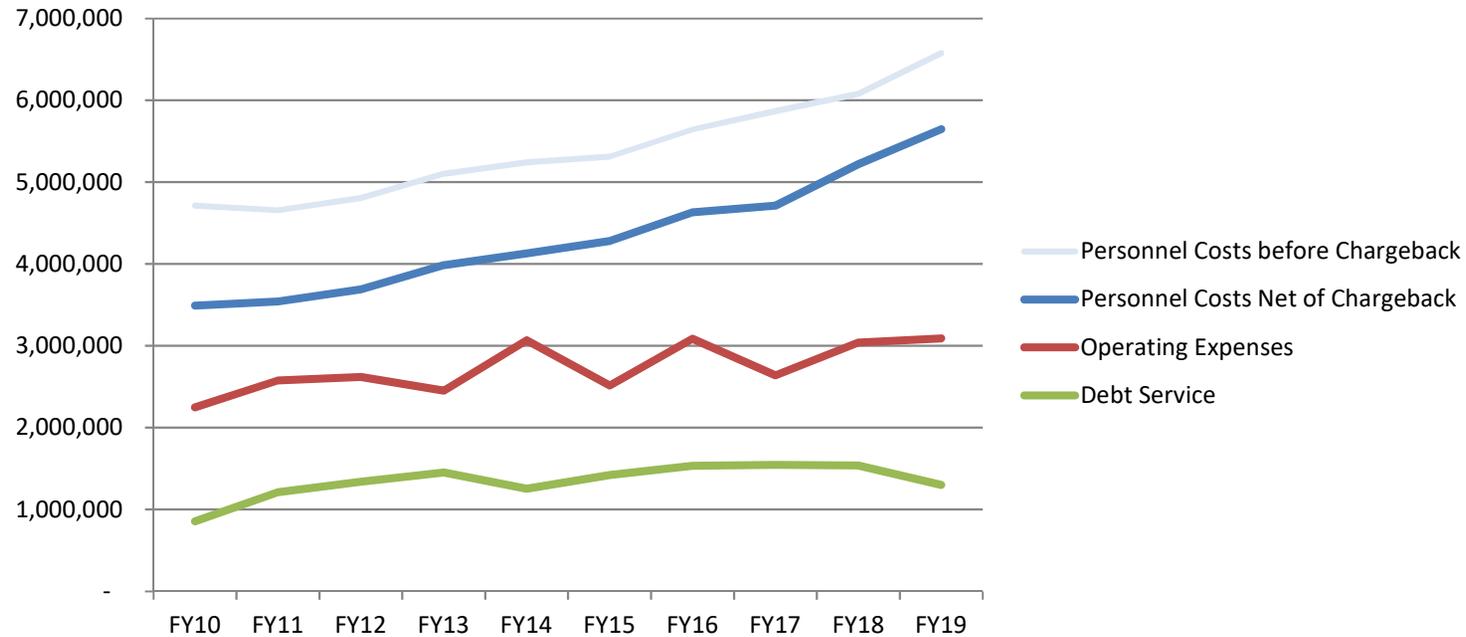


- FY13 Meals Tax rate was increased by 1% (\$440k).
- FY13 Fireman's Field Service Tax was added (\$173k).

FY19 EXPENDITURE OVERVIEW

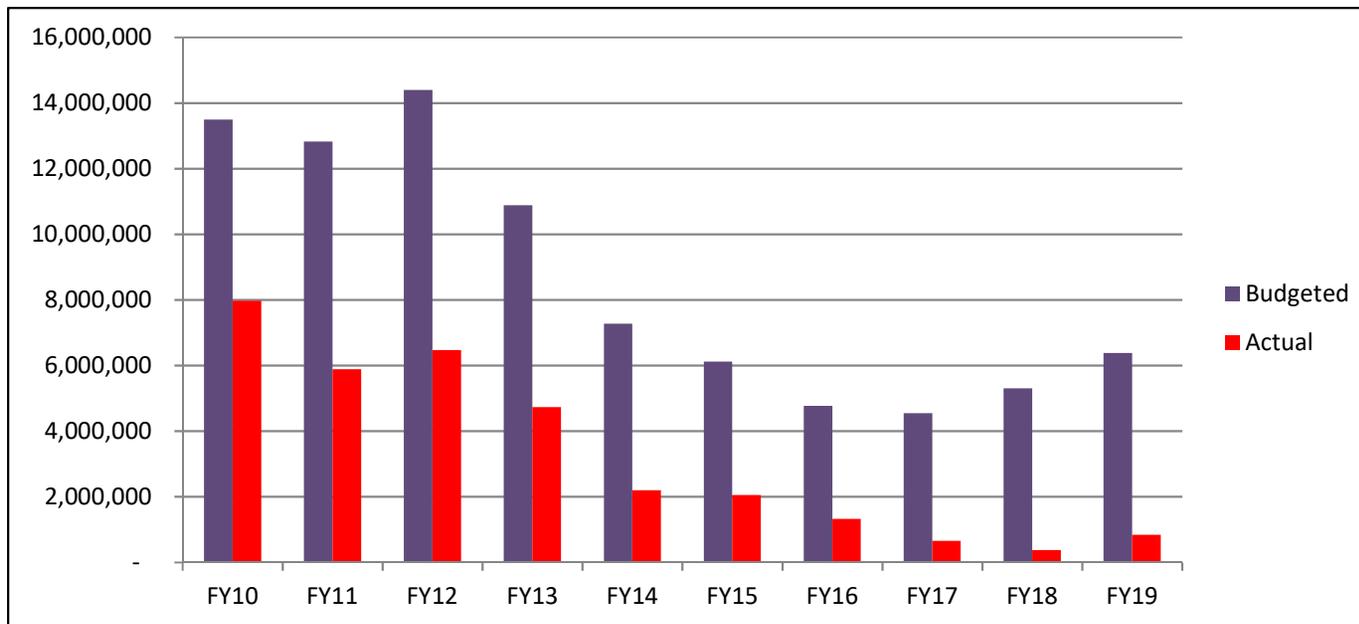


EXPENDITURES BY TYPE



- Chargeback is the accounting practice to allocate indirect personnel costs incurred by the General Fund to support activities of the Utility Funds. In FY19, the Chargeback allocation totaled \$929k for a variety of support to the Utility Funds including maintenance of utility lines, infrastructure, meter reading, engineering, inspections, capital projects, human resources, technology, accounting, utility billing and customer service.
- In FY18 the Chargeback allocation was reduced by \$325k resulting in a steeper increase in Governmental personnel costs.
- According to the Town’s auditors, the chargeback methodology should be consistent over time to insure financial statements are fairly presented.
- Periodic fluctuations in Operating Expenses are mainly due to timing of use of State funding for street maintenance.
- Operating expenditures in FY18 were impacted by Legal costs associated with the Police & HR Investigations (\$527k).

CIP EXPENDITURES

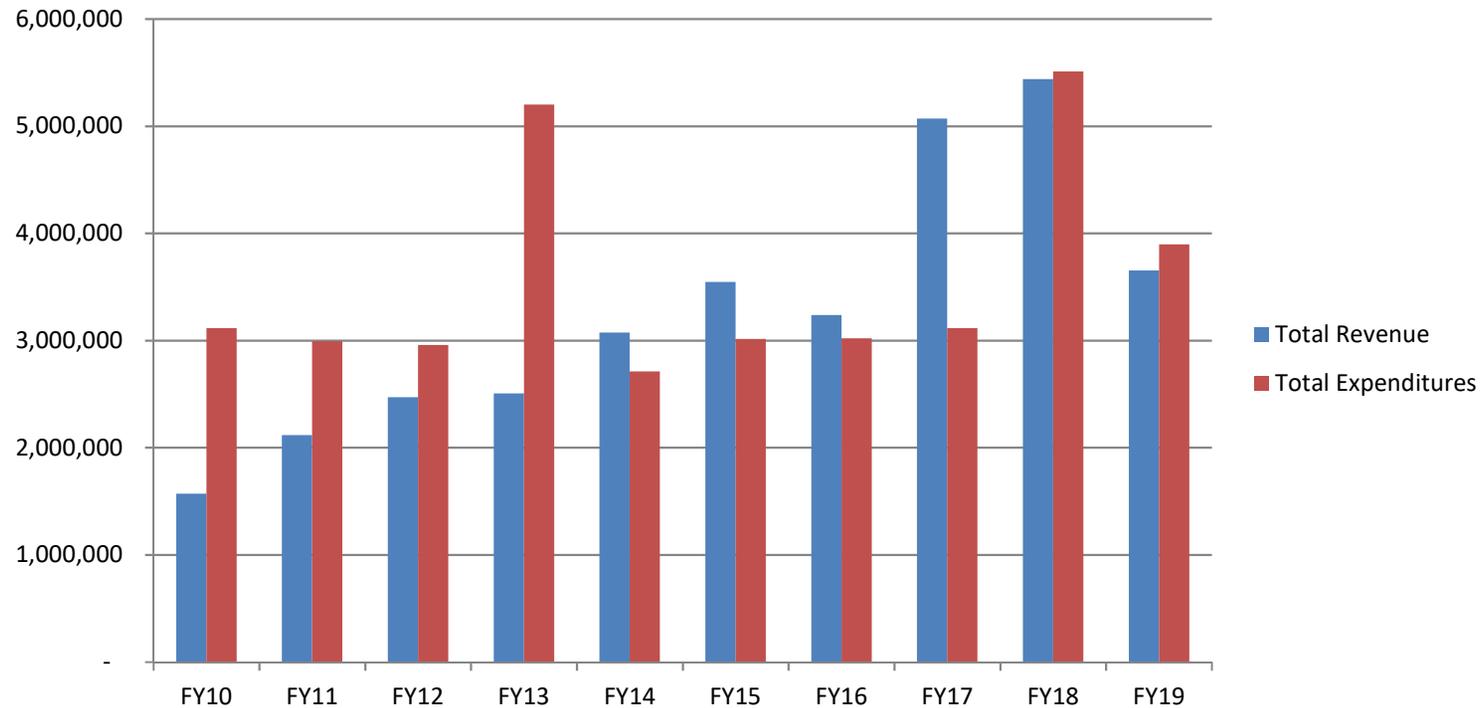


- Strong governments plan for the future and manage infrastructure required to deliver services to its citizens.
- As capital projects tend to have multi-year timelines, unused capital budgets are carried over to the next year for ongoing projects.
- Purcellville grew rapidly over the last 15-20 years and during this time many of the Town's facilities were upgraded and developers often paid for infrastructure expansion. As the Town reaches buildout and growth slows, the Town should expect maintenance costs associated with aging infrastructure and facilities to increase (ex: road repair, facility maintenance).

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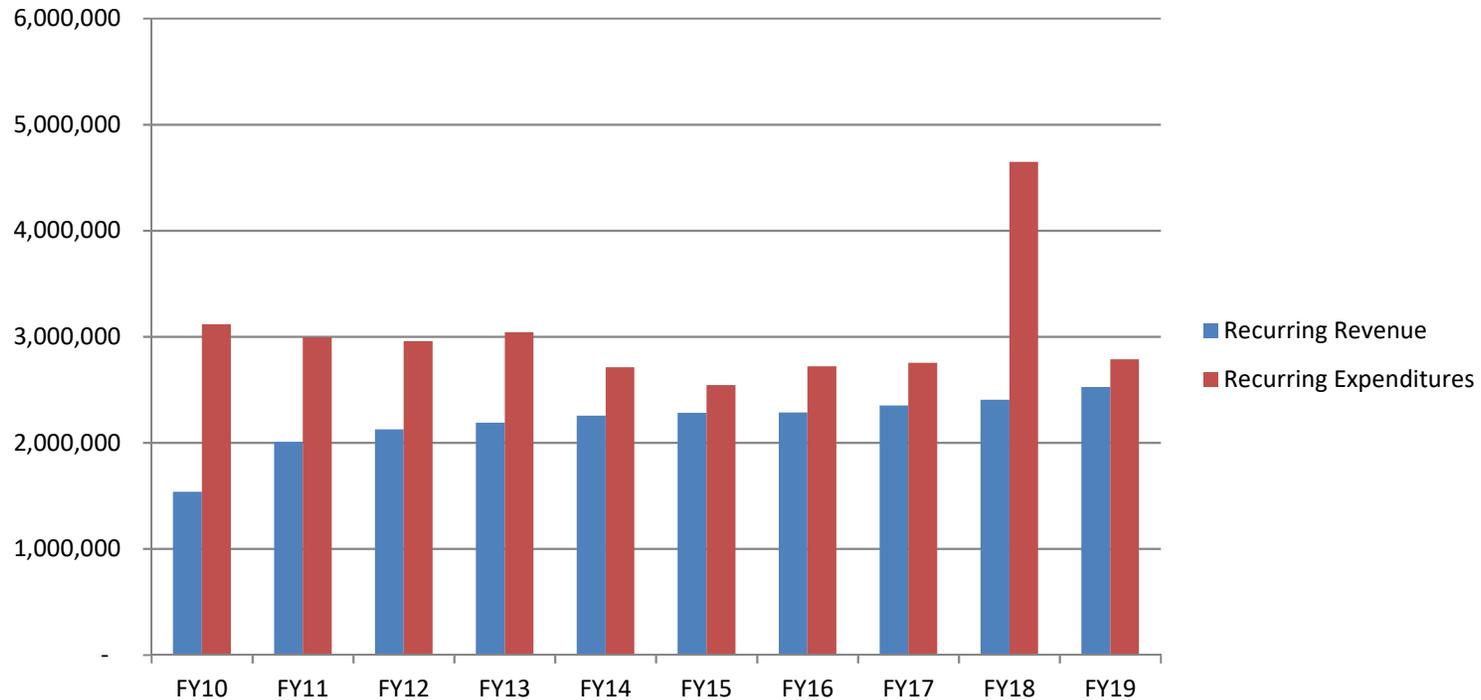
WATER FUND OVERVIEW

WATER FUND OVERVIEW



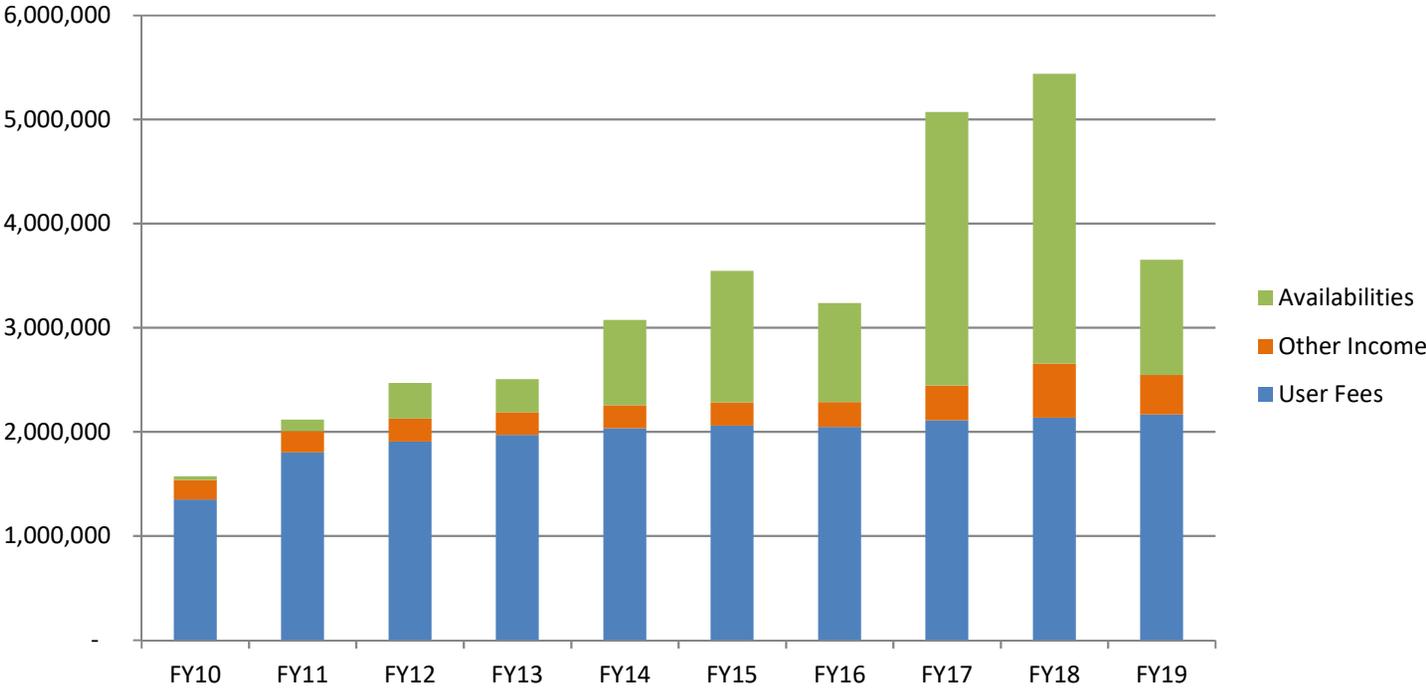
- Includes all revenues and expenditures for the Water Fund.
- Mayfair availabilities were collected faster than expected with the final residential payments received in FY19. Availability revenue is expected to decline sharply as growth slows.
- Reclassification of capital projects to operating expense in FY13 \$2.2 mil and FY15 \$.473.

OPERATING OVERVIEW



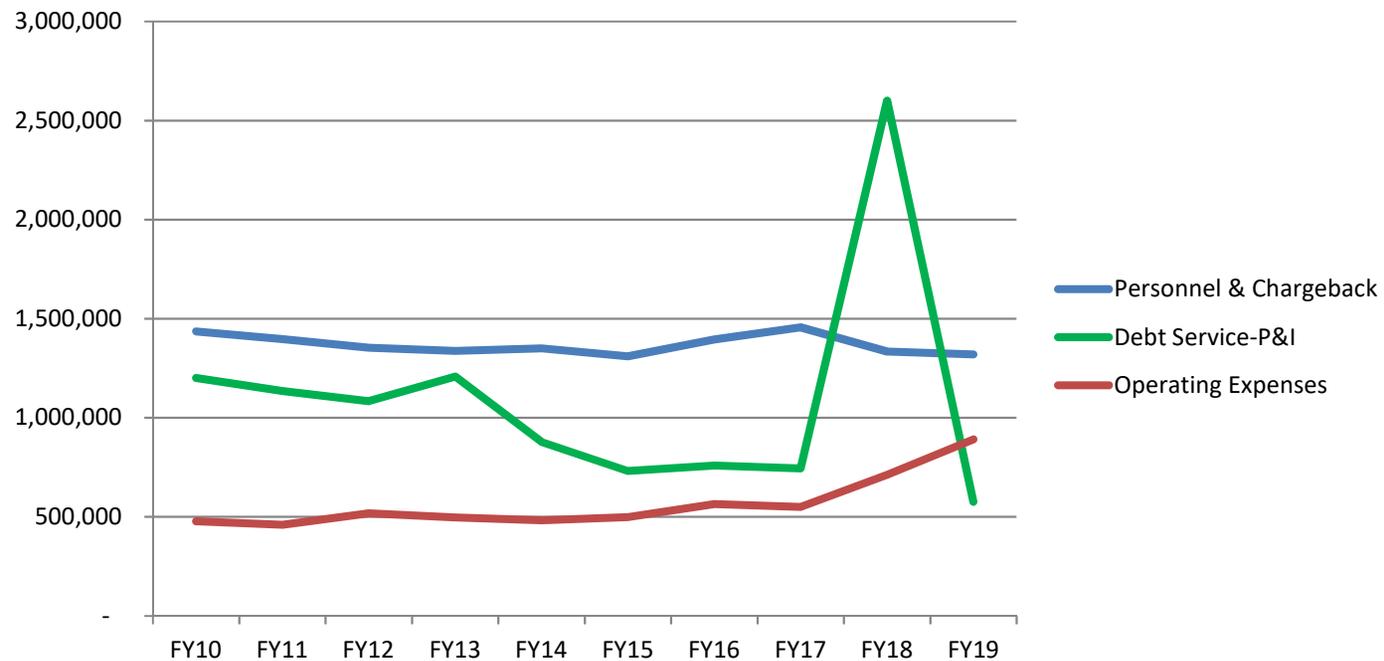
- Includes only recurring revenues and expenditures for the Water Fund.
- Availability revenue is non-recurring driven by new development, therefore, not included in this chart.
- The gap between recurring revenues and recurring expenditures illustrates the fund's structural deficit.
- Forestry revenue is non-recurring and, therefore, not included in this chart. The most recent harvest on the watershed property produced revenue of \$92k in FY17, \$252k in FY18 & \$18k in FY19.
- FY18 Includes principal expense from the payoff of the 2010 BAB Loan.

REVENUE TRENDS



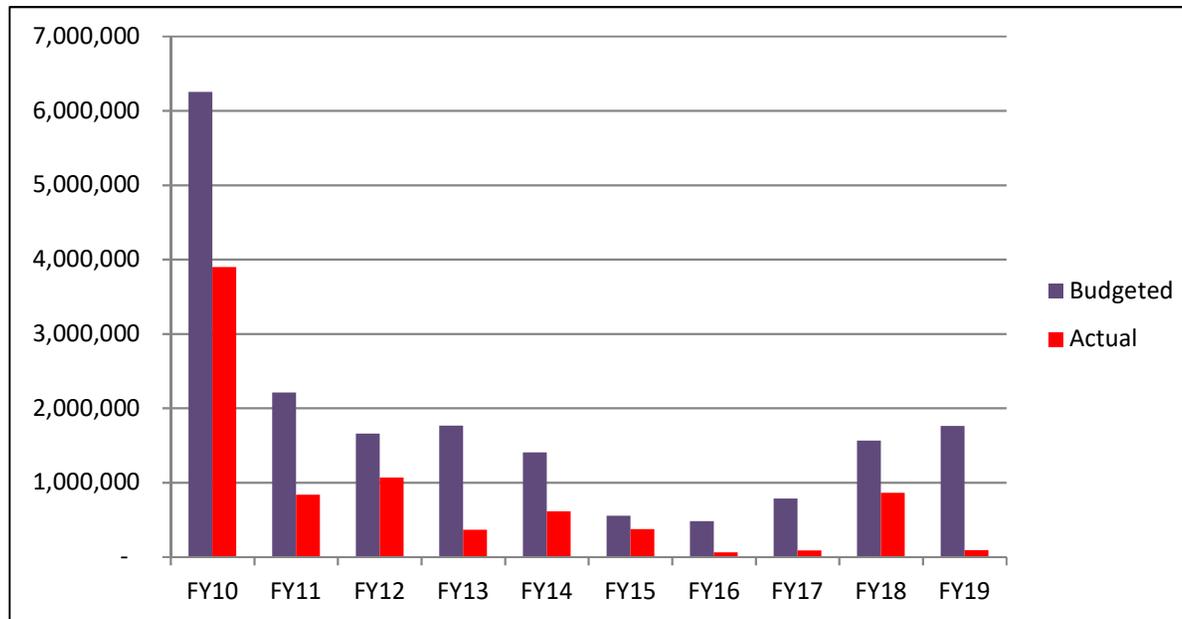
- Recurring: User Fees and some other income such as cell leases.
- Non-Recurring: Availabilities and some other income such as forestry.

EXPENDITURES BY TYPE



- Water Fund expenses have remained fairly flat over time with the exception of new debt and modifications to the chargeback allocation.
- Chargeback (indirect cost allocation) was reduced by 25% in FY18.
- Debt service increased in FY18 due to bond issuance costs and one-time use of \$1.8m in reserves to pay-off the Water portion of the 2010 RBC Loan. FY19 debt service decrease was accomplished by restructuring debt in FY18.
- Operating expenses increased in FY18 due to aging plant and well equipment maintenance. FY19 increases were due to Water Resource Study, well rehabilitation and other maintenance costs.

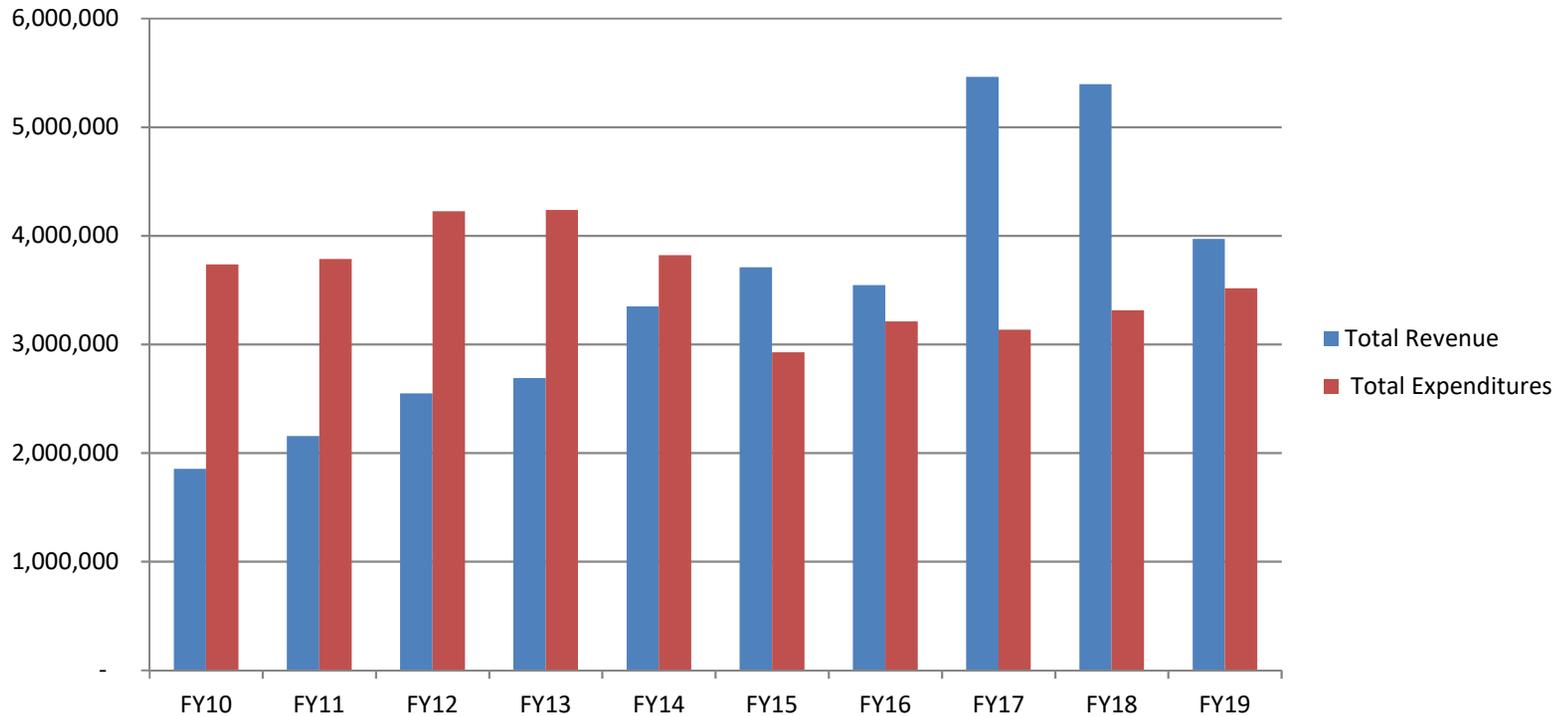
CIP EXPENDITURES



- Strong governments plan for the future and manage infrastructure required to deliver services to its citizens.
- As capital projects tend to have multi-year timelines, unused capital budgets are carried over to the next year for ongoing projects.
- Purcellville grew rapidly over the last 15-20 years and during this time many of the Town's facilities were upgraded and developers often paid for infrastructure expansion. As the Town reaches buildout and growth slows, the Town should expect maintenance costs associated with aging infrastructure and facilities to increase (ex: plant upgrades, facility maintenance, well productivity declines and aging water lines).

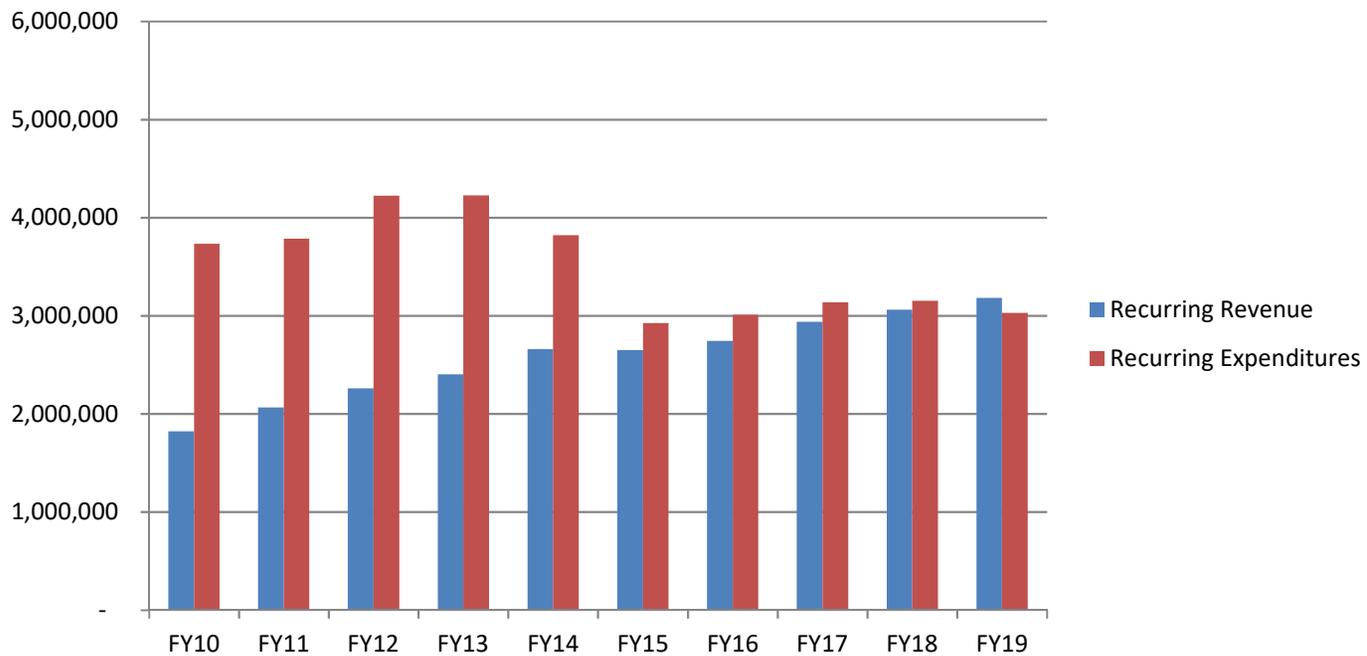
WASTEWATER FUND OVERVIEW

WASTEWATER FUND OVERVIEW



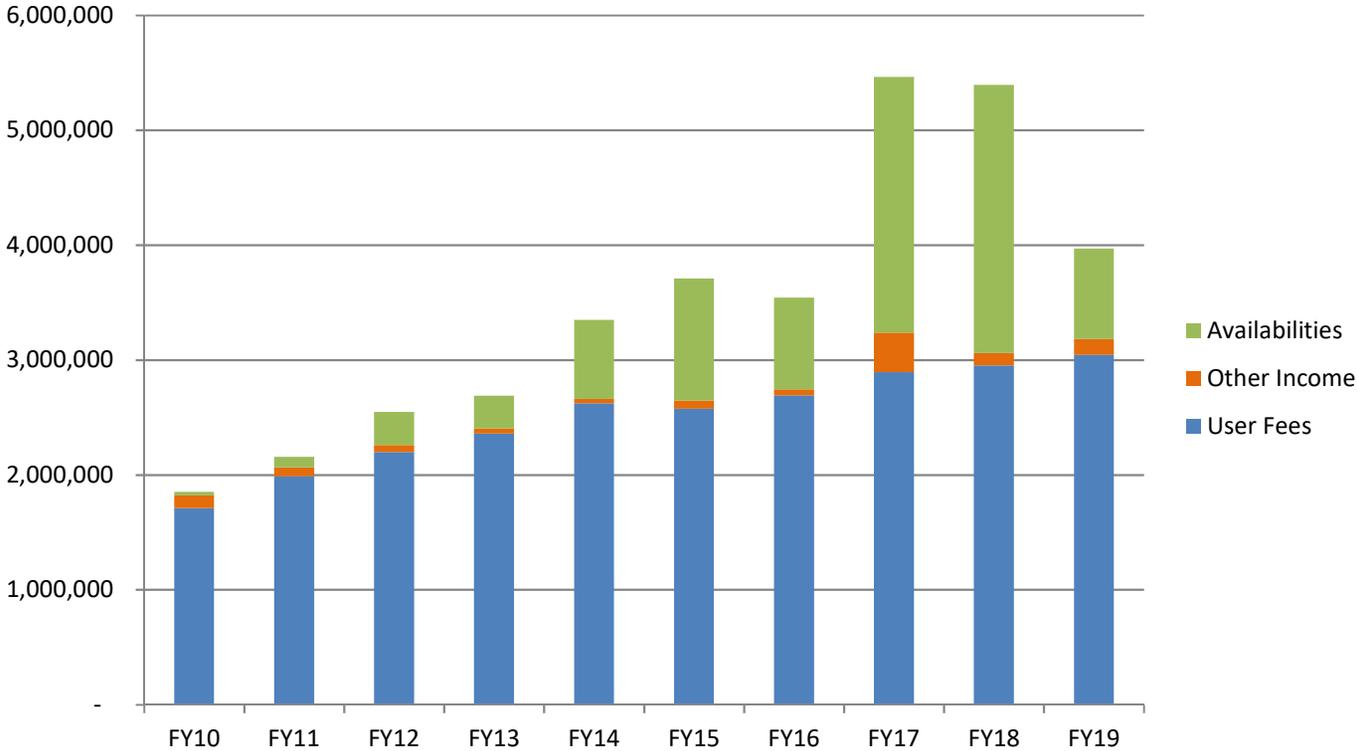
- Includes all revenues and expenditures for the Wastewater Fund.
- Mayfair availabilities were collected faster than expected with the final residential payments received in FY19. Availability revenue is expected to decline sharply as growth slows.
- FY17 revenues include \$300k from one-time sale of Mary's House of Hope.

OPERATING OVERVIEW



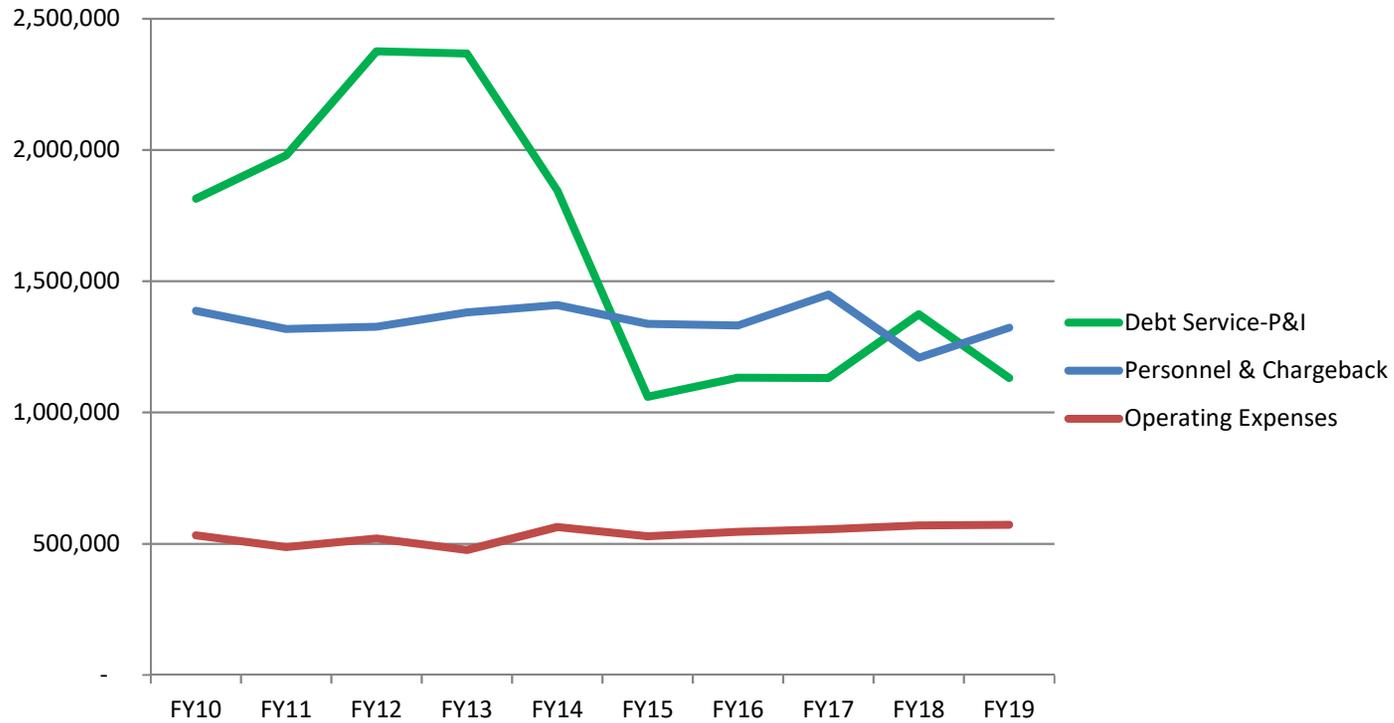
- Includes only recurring revenues and expenditures for the Wastewater Fund.
- Availability revenue is non-recurring driven by new development, therefore, not included in this chart.
- Debt restructuring in FY14 deferred principal payments for FY15 to FY18. Principal payment occurring in FY19 was \$37k.
- The gap between recurring revenues and recurring expenditures illustrates the fund's structural deficit.

REVENUE TRENDS



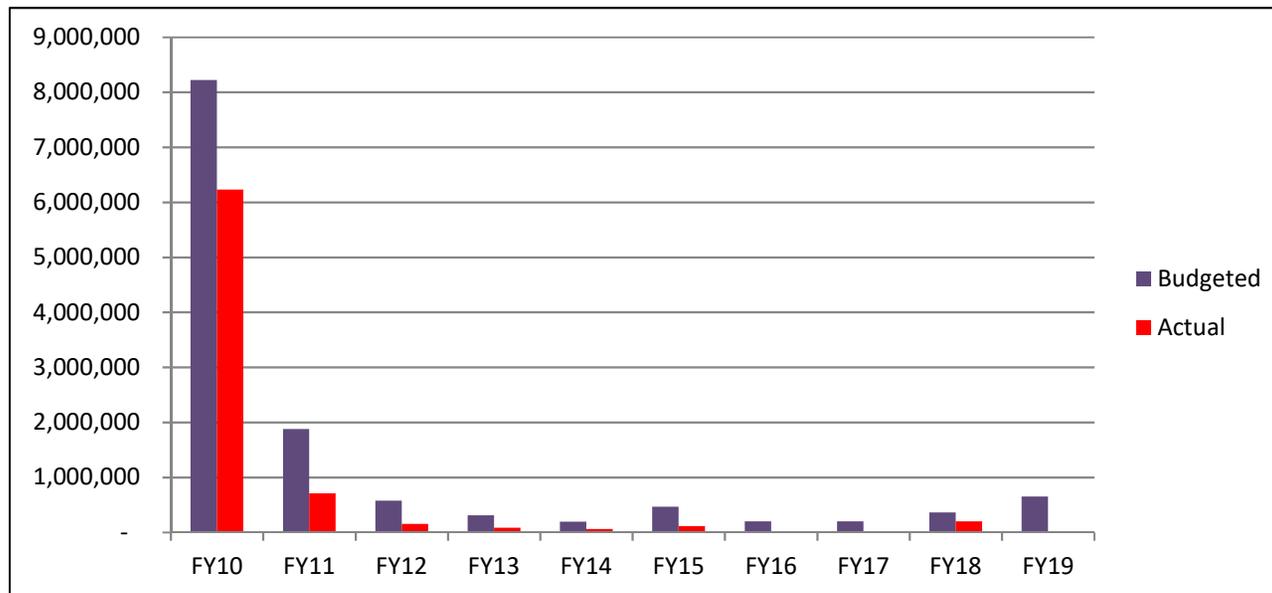
- Recurring: User Fees.
- Non-Recurring: Availabilities and some other income such as sale of Mary’s House of Hope (FY17).

EXPENDITURES BY TYPE



- Wastewater Fund expenses have remained fairly flat over time with the exception of new debt and modifications to the chargeback allocation.
- Chargeback (indirect cost allocation) was reduced by 25% in FY18.
- Debt service increased in FY18 due to bond issuance costs associated with the debt restructure. Debt Service savings in FY19 was accomplished through the 2017 Plan of Finance.

CIP EXPENDITURES



- Strong governments plan for the future and manage infrastructure required to deliver services to its citizen
- As capital projects tend to have multi-year timelines, unused capital budgets are carried over to the next year for ongoing projects.
- Purcellville grew rapidly over the last 15-20 years and during this time many of the Town's facilities were upgraded and developers often paid for infrastructure expansion. As the Town reaches buildout and growth slows, the Town should expect maintenance costs associated with aging infrastructure and facilities to increase (ex: plant upgrades, facility maintenance and aging sewer lines).

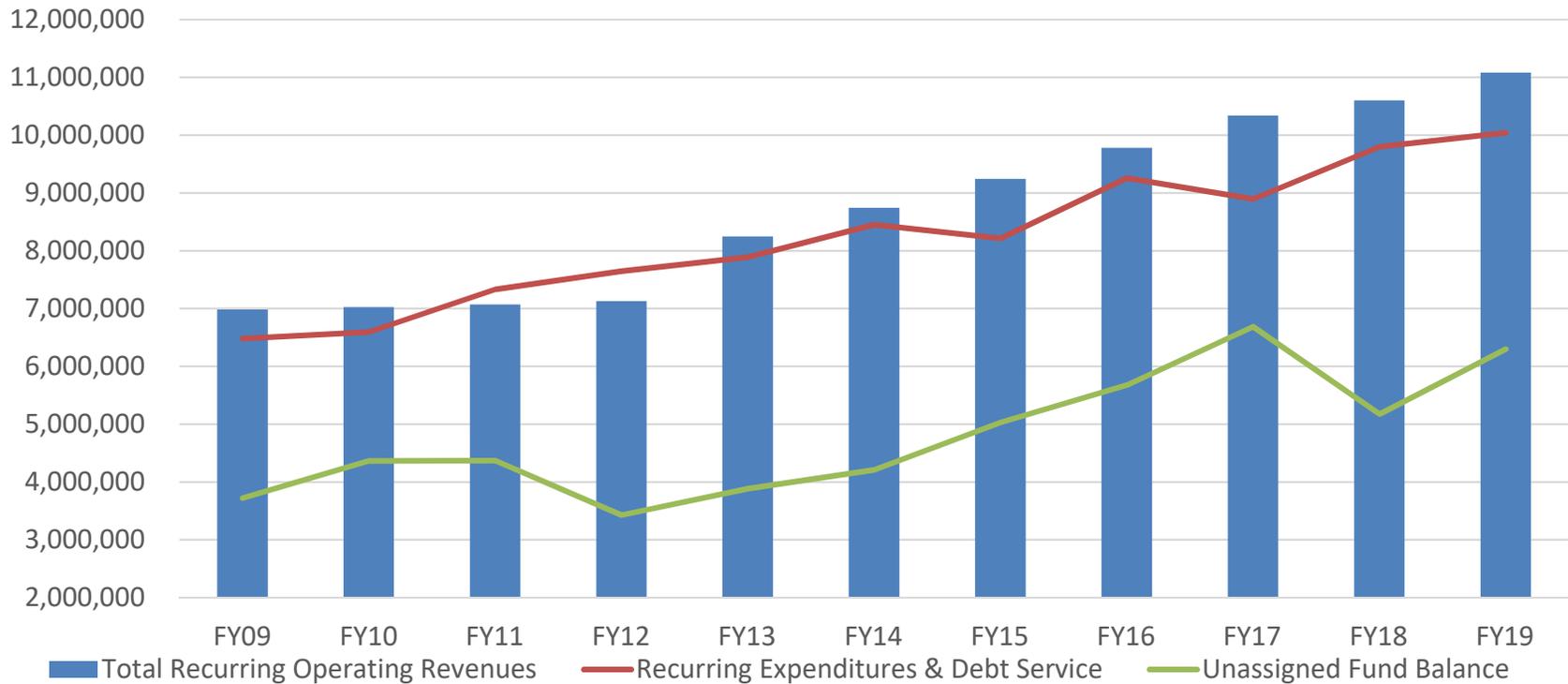
STRUCTURAL BALANCE

STRUCTURAL BALANCE

Structural Balance is the difference between recurring revenues and recurring expenditures and is a key indicator of long term fiscal health. It is best practice to budget conservatively so that a modest operating surplus can be achieved each year. It should be noted that an occasional operating deficit is not necessarily seen as negative especially if funds in excess of reserve policy limits are used to fund planned one-time capital expenditures.

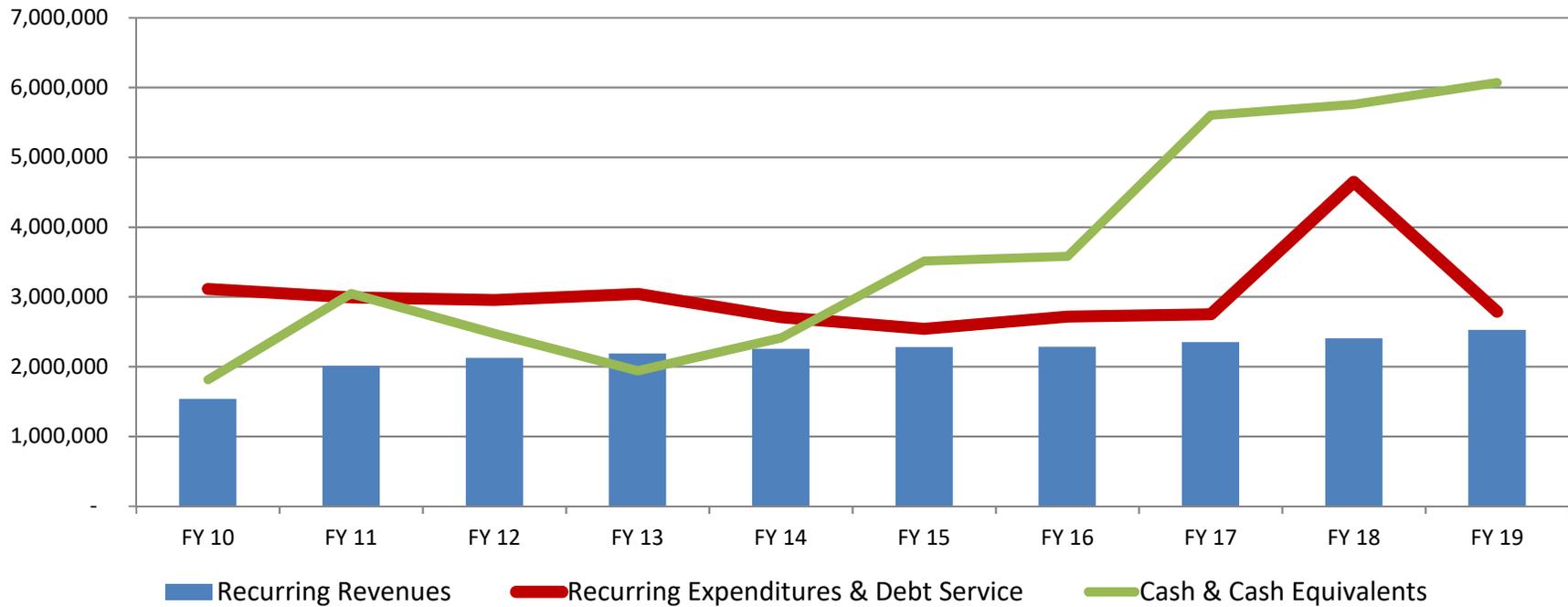
A positive structural balance results in an operating surplus, also known as **Fund Balance or Reserves**. A strong fund balance is also a key indicator of fiscal health as it allows the government to withstand economic downturns, unexpected expenditures or fund one-time needs.

GOVERNMENTAL FUNDS STRUCTURAL BALANCE



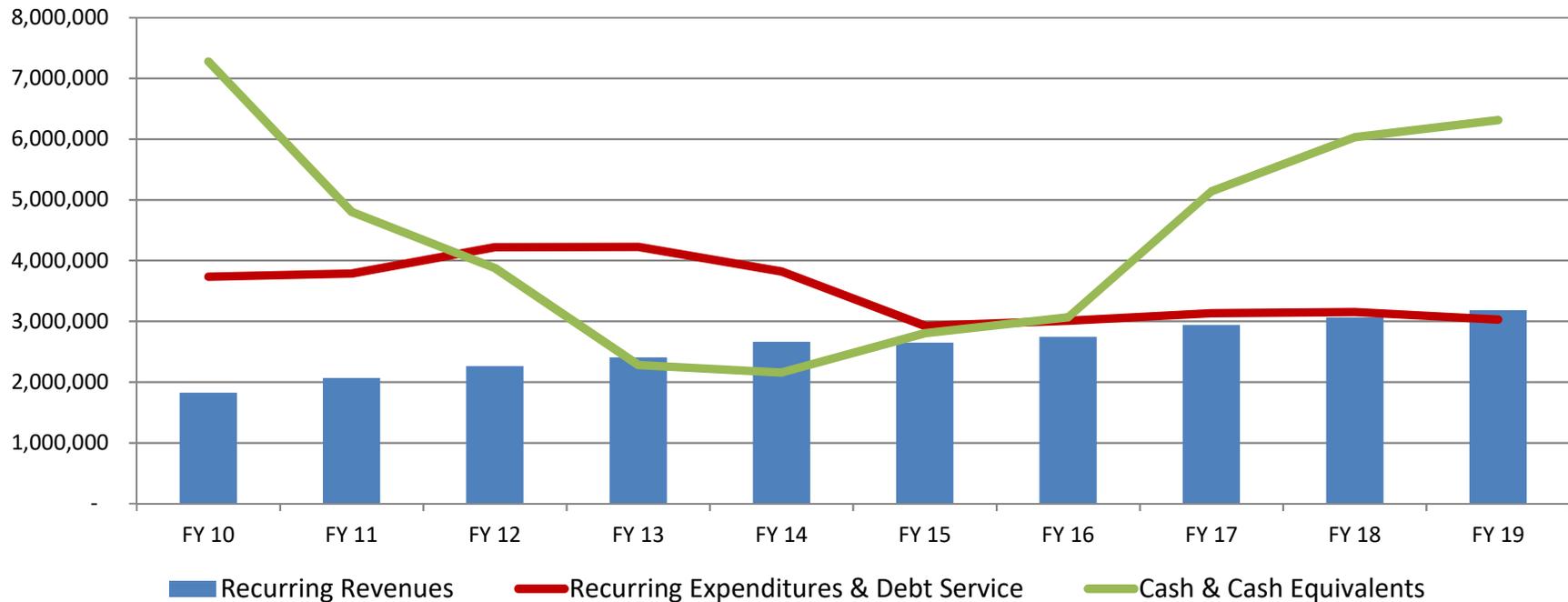
- This graph demonstrates positive trends in managing the governmental fund’s structural balance and reserve levels.
- Fiscal Policy-Unassigned Fund Balance should be a minimum of \$3 million or 30% of the governmental fund’s total revenues.

WATER FUND STRUCTURAL BALANCE



- This graph demonstrates the historical challenges of the water fund’s structural imbalance (recurring expenditures exceeded recurring revenues) offset by strong reserve levels due one-time availability revenues collected from new utility connections. However, as the Town reaches build-out and growth slows, the fund’s fiscal health will be compromised if the structural balance challenges are not resolved.
- Fiscal Policy-Utility cash and equivalents should exceed 100% of total operating expenditures and debt service.

WASTEWATER FUND STRUCTURAL BALANCE



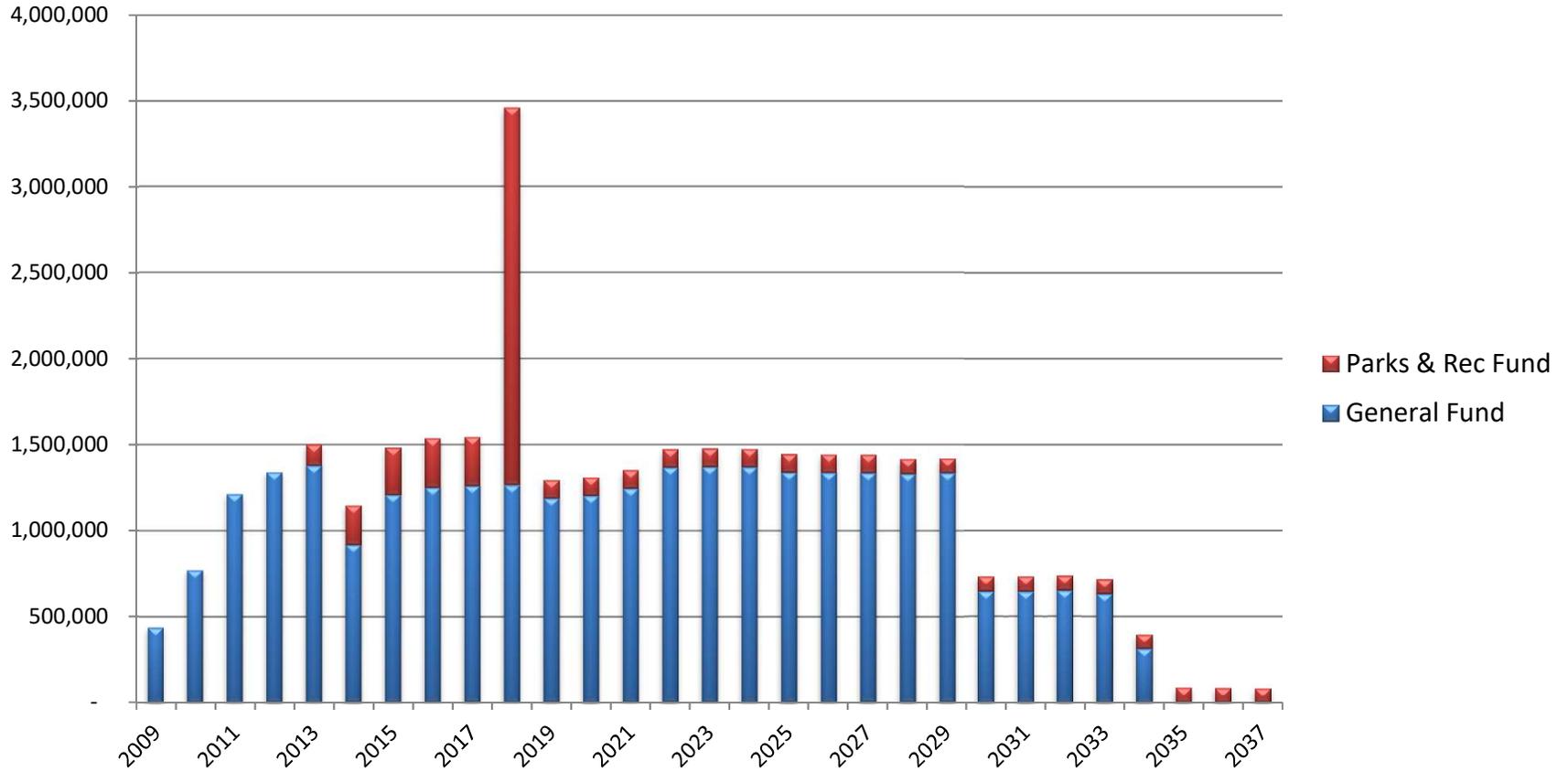
- This graph demonstrates the historical challenges of the wastewater fund’s structural imbalance (recurring expenditures exceeded recurring revenues) offset by strong reserve levels due one-time availability revenues collected from new utility connections. However, as the Town reaches build-out and growth slows and annual debt service levels continue to increase through 2023, the fund’s fiscal health will be compromised if the structural balance challenges are not resolved.
- Fiscal Policy-Utility cash and equivalents should exceed 100% of total operating expenditures and debt service.

RESERVES

	General Fund	Water Fund	Wastewater Fund
	Unassigned	Unrestricted	Unrestricted
	Fund Balance	Net Position	Net Position
FY 19	\$6,299,036	\$6,680,985	\$6,567,170
FY 18	\$5,176,351	\$5,861,862	\$5,700,570
FY 17	\$6,685,555	\$5,801,688	\$5,108,904
FY 16	\$5,676,427	\$3,585,986	\$2,939,071
FY 15	\$5,031,166	\$3,147,550	\$2,571,247
FY 14	\$4,209,033	\$2,242,555	\$1,946,466
FY 13	\$3,884,533	\$1,687,083	\$2,206,799
FY 12	\$3,427,576	\$2,508,134	\$3,736,480
FY 11	\$4,368,340	\$4,887,004	\$5,636,466
FY 10	\$4,363,277	\$3,783,700	\$6,489,780

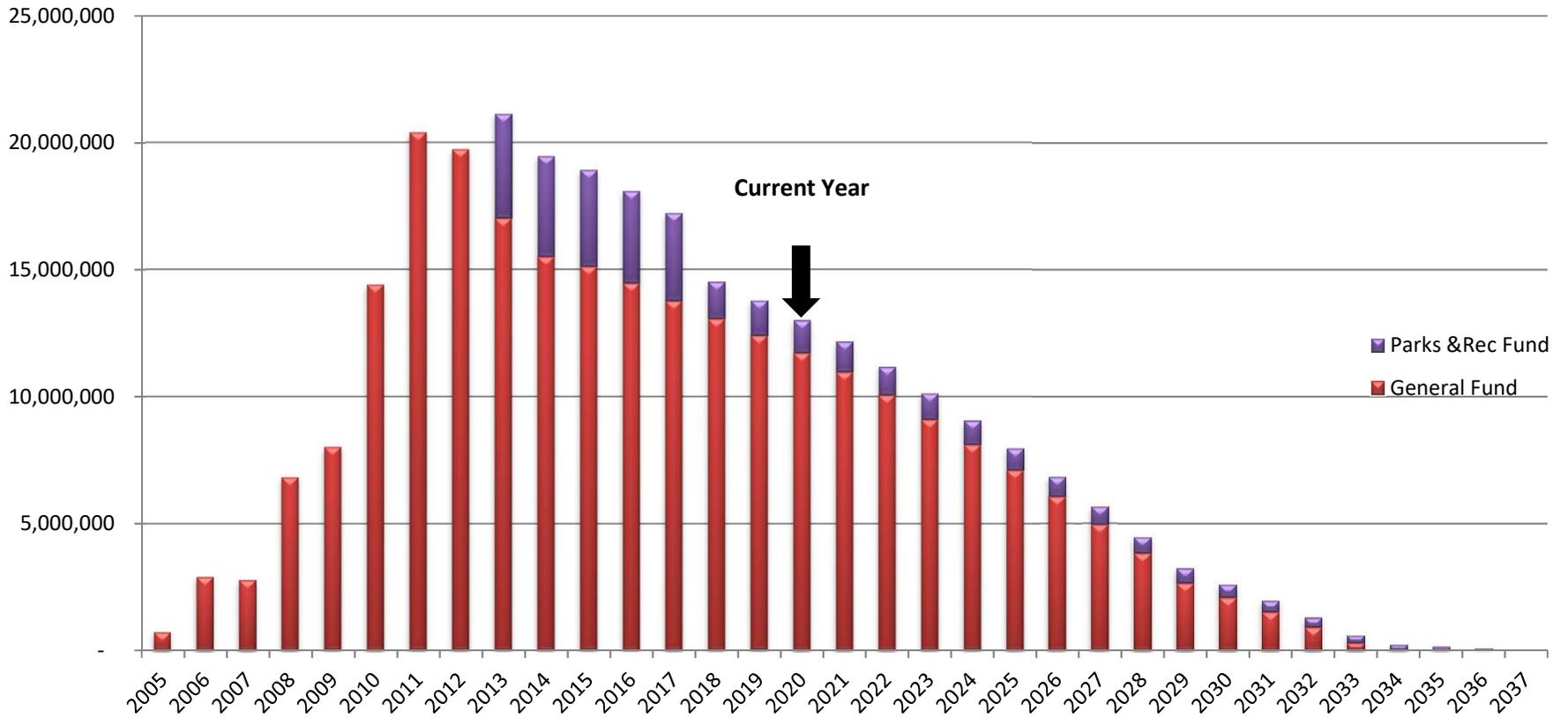
DEBT PROFILE

GOVERNMENTAL FUNDS DEBT SERVICE PROFILE



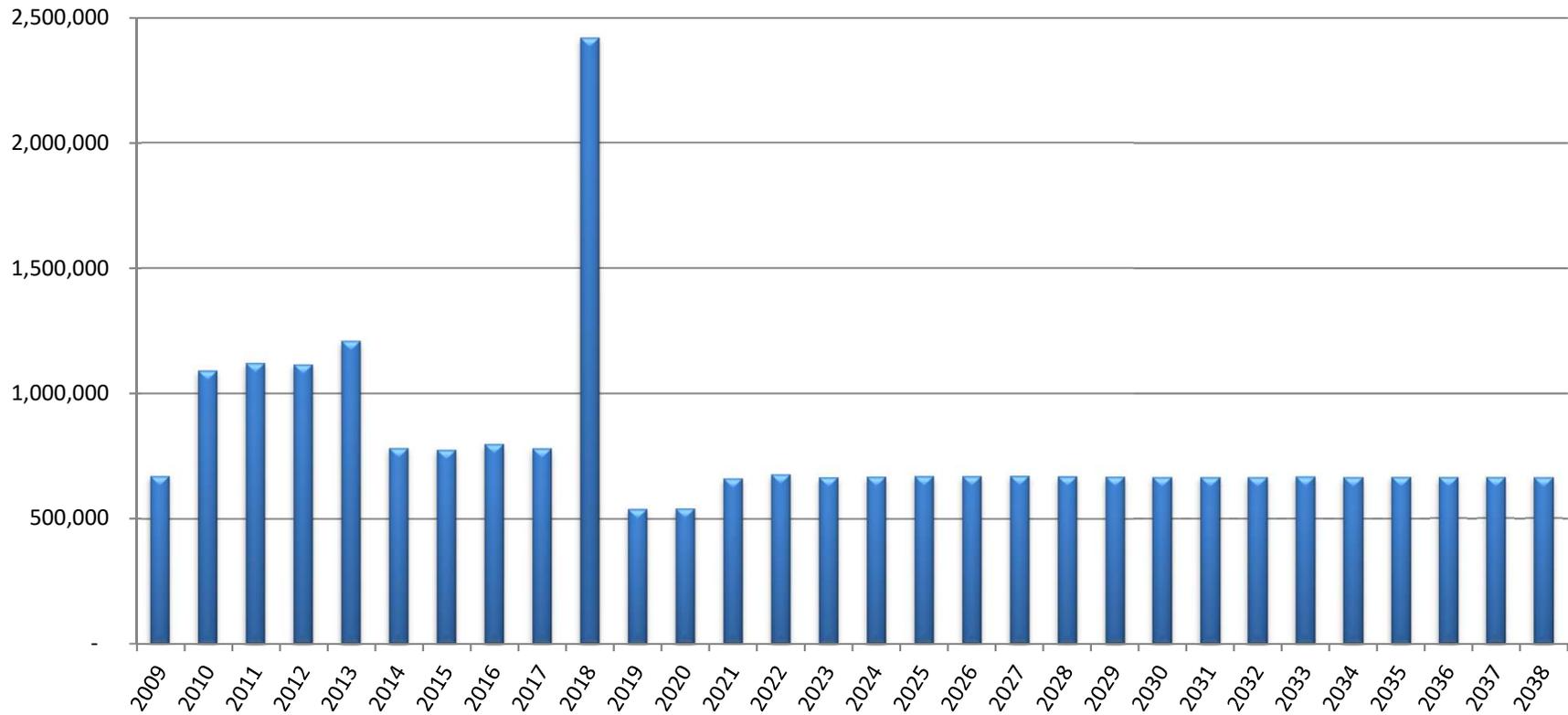
- FY18 includes debt payoff per 2017 Plan of Finance.

GOVERNMENTAL FUNDS OUTSTANDING DEBT BALANCE



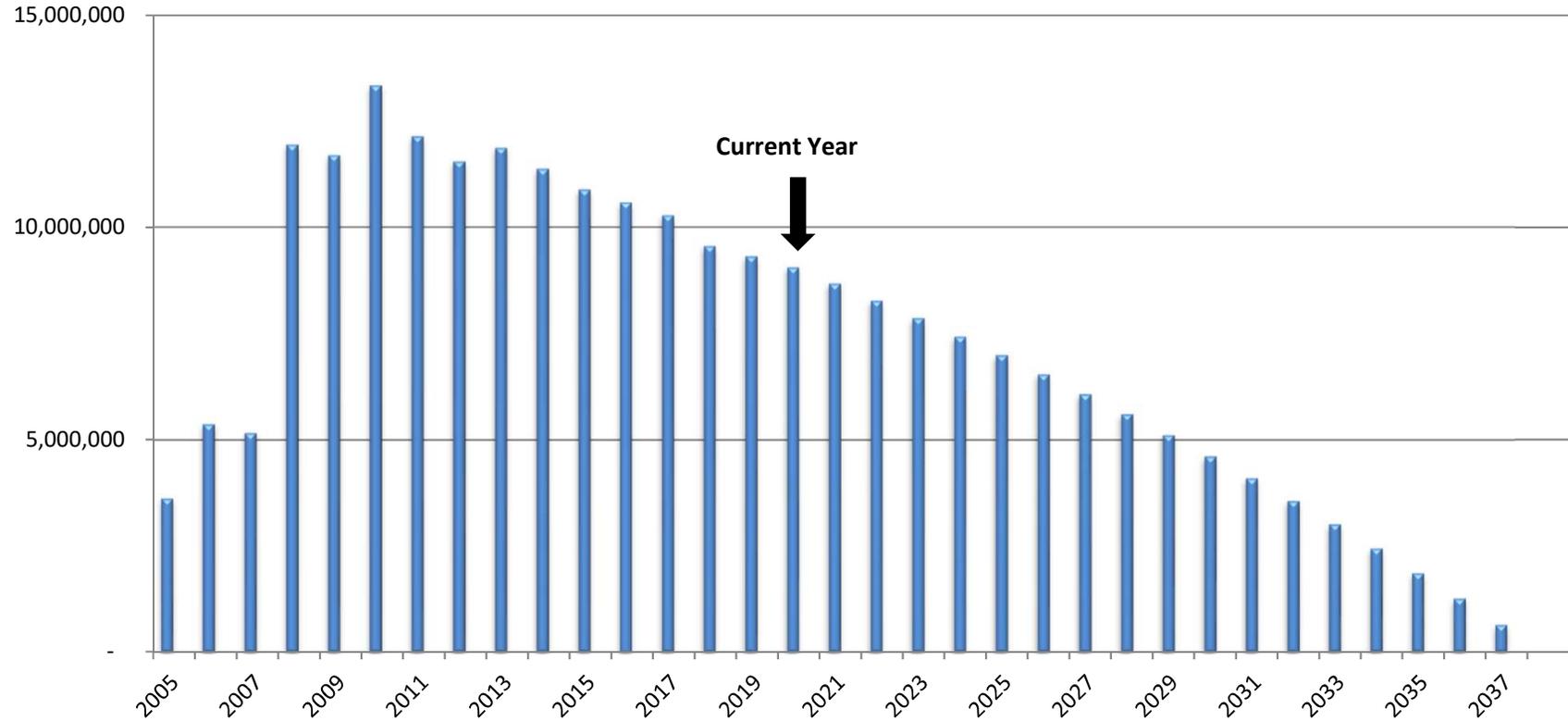
- Debt balance includes restructuring completed in October 2017.

WATER FUND DEBT SERVICE PROFILE



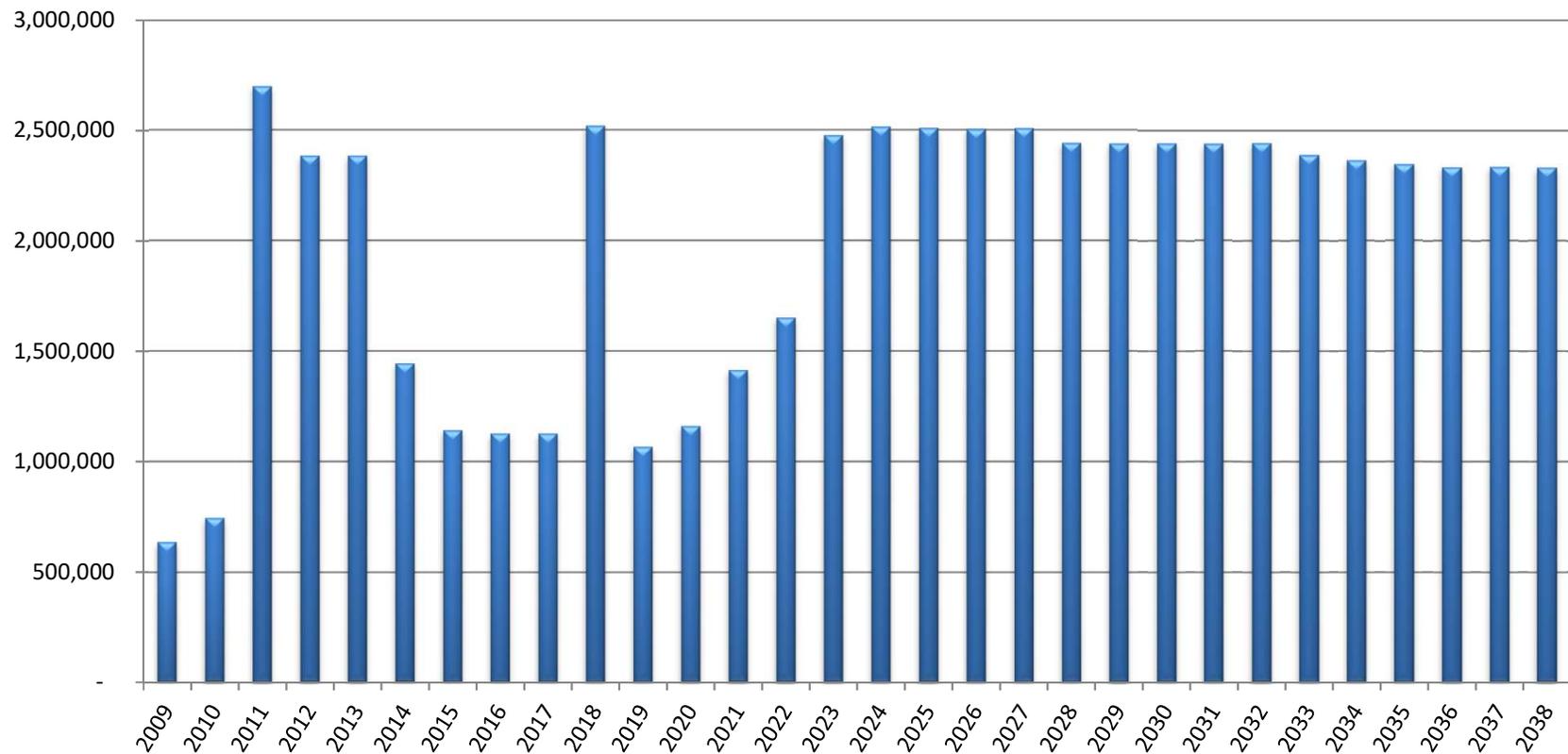
- FY18 includes debt payoff per 2017 Plan of Finance.
- Water debt service will increase by \$122k over the next 2 years.

WATER FUND OUTSTANDING DEBT BALANCE



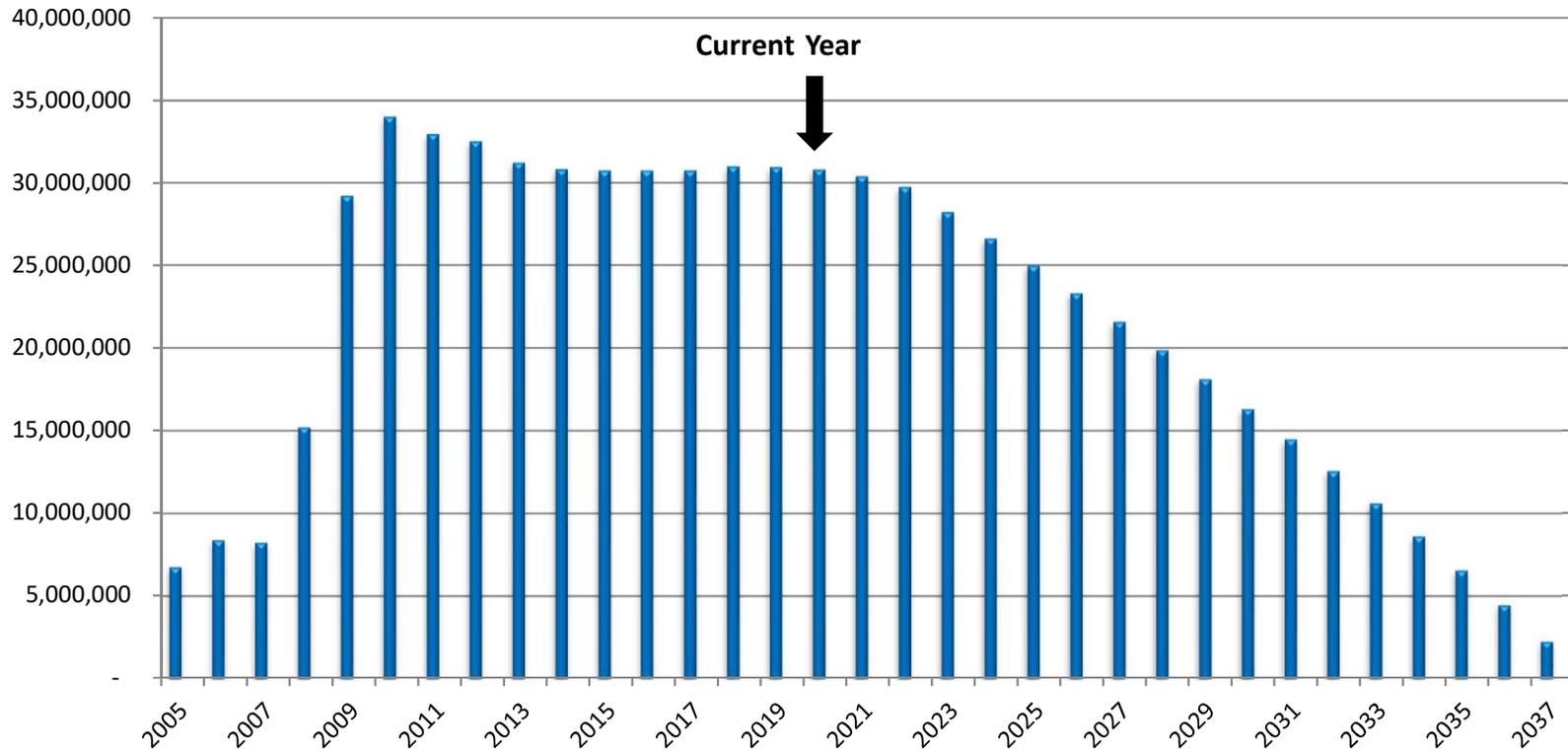
- Debt balance after balloon payoff and restructuring completed in 2017.

WASTEWATER FUND DEBT SERVICE PROFILE



- FY18 includes debt payoff per 2017 Plan of Finance.
- Wastewater debt service will increase by \$1.31 million from 2020 to 2023.

WASTEWATER FUND OUTSTANDING DEBT BALANCE



- Debt balance after balloon payoff and restructuring completed in 2017.

ALL FUNDS OUTSTANDING DEBT BALANCE

