

**FY22 Proposed Budget Q&A**

*(Please note that this document is subject to change and excludes FOIA requests)*

Legend: Answer provided previously  
Additional info since last mtg

Answer is pending

Fund	Rev/Exp		Response	Requested by	Date		Response by	Budget	
	/CIP	Item			Requested			Book Reference	Attachment
GF	Revenue	County Billing impact on citizens	Staff is currently working with County staff to prepare the transition to the County Tax Billing program in tax/calendar year 2022. There will be no change for citizens during 2021 as the Town's Finance Revenue team will continue to manage property taxes. In late 2021 and early 2022 both the County and Town will begin a communication campaign to alert Purcellville citizens, banks, mortgage companies, title companies and real estate professionals that the County will be the tax billing agent for the Town beginning with the spring 2022 real and personal property tax bills.	Vice Mayor Williams	3/17/2021		Finance	n/a	n/a
General	Revenue	Meals Tax growth %	FY21 Budget of \$2.192M was relatively flat with FY19 Actuals of \$2.206M. FY21 Adopted budget increased 15.0% over the FY20 Actuals driven by the April-May Meals Tax Holiday in FY20. FY22 shows 2.8% growth over FY21 Adopted Budget.	CM Stinnette Q#4-5	3/17/2021 & 3/24/21		Finance	page 90	1.1
WW	Revenue	3% Water and 5% Wastewater increase impact on resident	Average Residential User (per Stantec) with Avg bi-monthly usage of 8,000 gallons with the Current 17 Tier Structure Bi-monthly bill was \$217.57 for last year. The Proposed 4 Tier Structure WITH 3% & 5% increase results in a Bi-monthly bill \$228.72. The Bi-Monthly Bill Change increase is \$11.15.	CM Stinnette Q#8	3/17/2021		Connie LeMarr, Finance	n/a	n/a
General to Utility	Expense	Chargeback formula	Attached is the former Q&A, analysis with History updated through FY22, and the FY22 calculation.	Mayor Fraser; CM Bertaut; CM Milan; CM Stinnette Q#7	3/17/2021		Finance	pages 63-64	7.1.1-5
Utility	All	Stantec Financial Analysis Management System (FAMS)	Stantec has completed the model and provided the user manual. Finance staff now has access to FAMS and has attended the training session.	CM Bertaut	3/17/2021		Finance	n/a	n/a
Utility	Expense	FTE/new hire to replace retirees	While we never know when people will actually retire, we know when employees are eligible, and we plan accordingly. It is somewhat easier in the plants than for other positions because operators in the plants have similar jobs, just at different licensing levels. We encourage all of the operators to continue licensing until they get to a Level 1, the highest an operator can attain. We provide financial support for the training and testing that is required to attain higher level licenses.	CM Milan	3/17/2021		Sharon Rauch, HR, 4/5/21	n/a	n/a
All	Expense	FTE Actuals and Vacancies	FTE at 6/30/21 is not known at this time. There are 78 Actual FTE & 7 Vacancies as of 3/17/21: (4) Corporals, (2) Officers (1) Water Utility Maint Tech (See Att.)	CM Stinnette Q#2	3/17/2021		HR & Finance 3/17/21	page 28 for Budget	7.2
All	Expense	3% Salary Enhancement	We are introducing a new employee performance evaluation instrument that will work with the proposed program. There will be a 1.0% COLA and the remainder will be assigned to each of the departments to use for performance increases.	CM Milan; CM Bertaut	3/17/2021 & 3/24/21		Sharon Rauch, HR, 4/5/21	page 21	n/a
All	Expense	Consultants Charges	See attachment for Historical Consulting charges for FY18-FY21 YTD and FY21 Revised Budget.	CM Bertaut; CM Milan	3/17/2021		All	n/a	7.3

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All	Expense	FTE / Consultants	See attached overview regarding contractors/consultants for Departments.	CM Bertaut	3/17/2021		All	n/a	7.4
All	CIP	CIP/USDA loans	Funding sources are displayed on page 192 of the Budget Book. See Attachment for FY22 CIP Summary.	CM Bertaut	3/17/2021		Finance & Engineering	CIP Section pp 187-295	7.5
All	Expense	"Left-over" unallocated dollars from FY21 and their budget disposition (e.g., GF reserve)	Anticipating that we will end the FY near budget with a small Surplus.	CM Stinnette Q#1	3/17/2021		Finance	n/a	n/a
All	Expense	Carry over from FY21 to FY22	Carryover from FY21 to FY22 is estimated in late May and is part of the Appropriation Resolution. The FY22 Budget Adjustments will not be processed until September 2021. Carry Over into FY21 from FY20 was \$9.188M CIP, \$0.234M CARES, and \$0.187M Operating Projects.	CM Stinnette	3/17/2021		Finance	n/a	n/a
All	CIP	Carryover Statute time-out	Code of Virginia Section 15.2-2503 only speaks to an Annual Appropriation. The carryover rules are defined in the annual budget resolution approved by Council. Unspent CIP funds for ongoing projects are carried over annually unless modified in the budget process. The appropriation for the operating funds are not available in future years unless specifically identified in the budget resolution (typically operating projects). CIP carryover continues until the project is complete. Operating projects are more restricted and generally have a carryover limited to one-year.	CM Stinnette	3/17/2021		Finance	n/a	n/a
All	Expense	Deferred leased vehicles and major equipment replacement schedule	At this time, the status of the Town's fleet enables us to comfortably defer the acquisition of additional vehicles and major equipment by one year. Deferred Vehicles schedule is attached.	CM Stinnette Q#3	3/17/2021		Hooper McCann, Admin	pages 340-343	7.6
All	Revenue	Plan for Master Tax & Fee Schedule Public Hearing	The public hearing ad for proposed changes to the Master Tax and Fee Schedule will run in the March 26 and April 2 editions of the newspaper with the public hearing date scheduled for April 13, 2021.	CM Grewe	3/17/2021		Finance	page 67	n/a
All	Expense	Contingency Funds calculation	Unspent budget replenishes fund balance. It is best to maintain around the same amount each year and it is utilized to balance the revenue and expense. Public Works primarily uses it to address emergencies and equipment failure for aging plant. FY22 Contingency amounts are \$105K, \$15K, \$125K, and \$145K for General, Parks and Rec, Water, and Sewer, respectively. They range from 1% in the General Fund to 4% in the Utility Funds of the Operating Budget. FY21 Adopted Budget amounts are \$107K, \$12K, \$124K, and \$144K for General, Parks and Rec, Water, and Sewer, respectively.	CM Stinnette Q#6	3/17/2021		Finance	page 58	n/a
All	n/a	Service Level changes on page 20	See updated matrix on the attachment.	CM Stinnette Q#9	3/17/2021 & 3/24/21		Hooper McCann & Finance	page 20	7.7
All	Expense	Enhancements on Page 21-22	Enhancements include Salary increase and 1 replacement vehicle.	CM Stinnette	3/17/2021		Finance	pages 21-22	n/a
Utility	All	Stantec Utility Rate Study Refresher	Stantec will provide a refresher on April 7	CM Stinnette	3/24/2021		Finance	n/a	n/a

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General	Revenue	Select Cut Forestry Revenue	\$100,000 of Forestry Revenue is included in the Budget. We will be reviewing the Forestry Proposals in the next couple of weeks. Once our team has picked a Forester we will move forward with a Timbering Contractor. The Forester will let staff know when is best to select harvest the timber and which Timber contractor will give the Town the best cost. Projected time will depend on when the timber is bringing the most in that market and what is in highest demand. Staff wants to coordinate with the work that will be done with the reservoir improvements. Current issues are right of way easement, existing roadway improvements and the weather may cause delays.	Mayor Fraser	3/24/2021	Jason Didawick, Public Works	pg 171	n/a
General	Revenue	Tax Revenue Vulnerability (Budget v Actuals)	The greatest vulneraribilty is in Meals Tax. Collections of some tax and utility accounts may also be impacted due to hardship. FY20 Meals Tax was (\$259K) less than planned. FY21 is estimated to outpace the budget by \$16K.	CM Stinnette	3/24/2021	Finance	pg 56 & 90	1.1 & 7.8.1
General	Expense	Consultant Charges-Engineering, Planning, & Development	Long Range Planning of \$40K for Zoning Ordinance update. Prior Year carry over of \$40K from FY20. Initial Budget was \$60K. However, \$20K was transferred to complete the Comprehensive Plan. An RFP is being completed to overhaul zoning and to determine the final cost. Additional funding may be requested via a Budget Amendment to be approved by Council.	CM Bertaut	3/24/2021	David		7.3
General	Expense	Administration expense increase of 8% and \$124K	Admin increase of \$124K is comprised of \$91K for Salary with another \$20K for benefits associated with these increases plus \$20K for employee changes in Health Care election from Single to Dual/Family. Partial offsets in Operations expense of (\$7K).	CM Grewe	3/24/2021	HR & Finance	pg 58 & 92	n/a
General	Expense	PD reduction of (\$157K)	Operations increased \$6K while Pay and Benefits decreased (\$163K). The (\$163K) is comprised of Lapse/Freeze of (\$175K), +\$47K for the 3% enhancement, & (\$35K) for the mix of employee compensation (e.g., promo, new hire, health insurance elections). Salary Lapse/Freeze changed (\$175K) from (\$50K) in FY21 to (\$225K) in FY22.	CM Grewe	3/24/2021	Finance	pg 58 & 92	n/a
All	Expense	Operating Expense	This chart provides additional context regarding Operating changes by year. FY22 decreased from FY21 by (\$581K) or -3.1%. Comparison of Operating Expense excluding Use of Reserves for CIP also decreased over the five-year period.	n/a	4/6/2021	Finance	n/a	7.8.2
General	Expense	Cost for Comp Plan Contractors	Comp Plan is complete and online. Consultant is no longer paid by the Town.	CM Milan	3/24/2021	David Mekarski, Town Manager	n/a	n/a
General to Utility	Expense	Chargeback formula	See below	Mayor Fraser; CM Bertaut; CM Milan; CM Stinnette; CM Grewe	3/24/2021	Finance and Mgt Team	pages 63-64	7.1.1-.5

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General to Utility	Expense	Chargeback Tracking/Measure - Public Works Maintenance	We compared work orders for calendar year 2020 to our estimate. We only varied by .09 FTE from the Limited Allocation of 6.6 and (0.2) FTE from the Full Allocation of 6.89. While Work Orders will vary by year and 2020 was an unusual year due to COVID, our initial analysis was reasonable. Of the 6.6 Limited Allocation PW Adm/Maint FTE, 4 routinely track by WO (1 Team Leader, 3 Maint Tech), 1 Meter Tech is 100% Utility, and 1.6 are Admin. In addition, there are 1.4 Admin, 1 Team Leader, 2 Maintenance Techs working primarily on Street/Facilities, 1 paid directly from WW, and another 1 works on vehicles 2 days a week for a total of 12 FTE.	CM Milan	3/24/2021	Public Works & Finance	pages 63-64	7.1.1-.5
General to Utility	Expense	Chargeback Tracking/Measure - IT	<p>The use of or ticketing system is not a true indicator of IT support to a department. It is inappropriate to purely equate work orders to department support. For example, when the Billing supervisor contacts IT, the work order is charged to Finance since that is her department even though her call may relate to Utility Billing. Thus, overstating IT support of Finance.</p> <p>IT is a service department much like Admin, HR and Finance. IT time and funds are spent working on the infrastructure such as the server, network, internet or software package, which benefit all departments equally. IT is more than a helpdesk answering calls and creating work orders. IT costs should be more of a per user expense as it cost all departments the same subscription based flat rate per user for Licensing, servers, systems support, network equipment, internet usage, cell phone support, etc.</p> <p>In conclusion, FTE remains the most fair and equitable basis for allocations of IT expenditures between Funds.</p>		3/24/2021	Shannon Bohince, IT	pages 63-64	7.1.1-.5
General to Utility	Expense	Chargeback - Use of Apprentice	Limited allocation primarily includes line level FTE. The plan is to start a Water Operator in the field, then learn the plant and maintenance operations and obtain additional classifications. There is a potential future shortage nationwide for Utility Operators. We need to develop a culture to incent them to make this a home and a career. It is expensive to train a new hire and have them leave. We have a unique blend of wells and surface water.	CM Milan	3/24/2021	Jason Didawick, Public Works	n/a	n/a
General to Utility	Expense	Chargeback Subsidy	Town Manager confirmed that Full allocation of \$1.771M less the Limited allocation of \$1.008M equals \$0.763M Subsidy of Utilities. \$0.763M/\$58K (\$58K= \$24K Water + \$34K WW for a 1% rate equivalent) implies that a 13% rate increase is required. The 13% estimate ignores the compounding effect of phasing in an increase.	CM Grewe	3/24/2021	Town Manager	n/a	n/a
Water	Expense	Consultant Charges	Long Range Planning of \$52,873 for the continuation of the Water Resource Study. Engineering Consultants of \$105,000 for the Jacobs Water Resource Study for over 2 years; Taste & Odor at WTP; Task Orders for an array federal and state funding.	CM Bertaut	3/24/2021	David Mekarski, Dale Lehnig	n/a	7.3

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Water	CIP	Encumbering Town \$2.6M for Cash CIP and USDA Loan	Cash Funded CIP of \$245,200 plus obligating Town for the USDA Loan. \$2.325M is the CIP for FY22 only. According to the CIP schedule on page 254 of the Budget Book the total amount is \$5.685M for the three projects. The three projects are: (1) Hirst Reservoir Improvements = \$1,445,000 (2) WTP to Town Water Main Replacement Phase I = 2,000,000 (3) Reservoir to WTP Raw Water Main = \$2,240,000. \$5.7M at 1.125% over 40 years about \$178K/year. Staff will input this information into the new Stantec Financial Analysis Model System (FAMS) to show the impact on users. Need to revisit USDA Loan along with Recovery Act.	CM Grewe	3/24/2021		David Mekarski, Town Manager	pg 21 of 3/24/21 ppt	7.5
Waste water	Expense	Consultant Charges	\$93,140K LR Planning for G Street Sewer System & Sanitary Sewer Master Plan; \$30,400 Engineering Consultants such as Jacobs supporting plans.	CM Bertaut	3/24/2021		Dale Lehnig		7.3
Water & Waste water	R/E/CIP	Inboden taking over management of water/sewer	We are not exploring the idea, which is an alternate form of privatization that would require Council authorization and approval before moving forward.	CM Milan	3/24/2021		David Mekarski, Town Manager	n/a	n/a
Water & Waste water	R/E/CIP	Stantec presentation on April 7th regarding Tiers change	Stantec will present on April 7th	CM Stinnette	3/24/2021		Finance	n/a	n/a
All	Revenue	Certain Governmental Revenue reduced due to COVID	Use of Money and Property. Reduced Investment Income of (\$39K) in General Fund. Reduced (\$32K) Rent and (\$14K) Programs in P&R Fund.	CM Milan	3/24/2021		Finance	pg 90 & 153	n/a
All	Revenue	Use of Reserves to balance Budget	FY22 Use of Reserves is \$173K for General Fund and \$116K for Parks & Rec. Use of Reserves declined in FY22 by \$67K, \$117K, and \$180K for General, Water, and Wastewater funds, respectively. However, the Use of Reserves for P&R increased by \$50K. Consistently, end the year with Actual Revenue outpace the Budget and expenditures below the Budget. See attached History.	CM Grewe; Mayor Fraser	3/24/2021		Finance	pg 56	7.9
All	Expense	FTE funded in Budget	82 funded in Budget (85 - 1 PD Lapse - 2 PD frozen)	CM Stinnette	3/24/2021		Finance	pg 116 for PD	n/a
All	Expense	FTE Vacancies Funding	TM projects that we will not be able to fully recruit and hire full PD staff. Thus, the lapse/freeze for 3 in the FY22 Budget in the amount of \$225K. Budget funds 82 FTE. However, no positions are eliminated.	CM Stinnette	3/24/2021		David Mekarski, Town Manager	n/a	n/a
All	Expense	Contingency Funds calculation	Flat year-over-year not a percentage.	CM Stinnette	3/24/2021		Linda Jackson	n/a	n/a
All	Expense	Chargeback - Limited Allocation	Refer to Q&A. Generally, line level employee.	CM Stinnette	3/24/2021		Liz Krens	pg 63	7.1.1-.5
All	Expense	Budgeted 3% Salary Enhancement (1% COLA + 2% Merit Based Performance)	Previously 3% across the board. Plan is to move away from flat rate across the board to reward for performance.	CM Stinnette	3/24/2021		David Mekarski	pg 21	n/a
All	Expense	Budgeted 3% Salary Enhancement vs Avg Pay Increase in each Department	Budgeting for 3% Salary enhancement at the Departmental Level. However, the average per Department will depend on evaluation of Actual performance.	CM Bertaut	3/24/2021		Linda Jackson	pg 21	n/a

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All	Expense	Chargeback - Estimation Technique	Limited Allocation metrics (# of FTE, Bills, Computers, Capital Projects). PW Maintenance utilizes Work Orders. Meter Tech work relates to Utilities. Methodology. Work Order system is used for Audit for State Funding based on Sign and Street Maintenance. See Auditors memo regarding our approach (i.e., fair, consistent, methodology aligns with other municipalities, limited allocation is noted).	CM Bertaut	3/24/2021		David Mekarski, Liz, Jason	pg 63	7.1.1-.5
All	Surplus / (Deficit)	FY21 Small Surplus anticipated	Based on history, Meals and Sales Tax tend to exceed Budget. Departmental expenditures tend to underrun budget. However, the FY21 Budget is tight. Guess is two to three hundred thousand surplus. See attached History.	CM Stinnette	3/24/2021		Liz Krens	n/a	7.9
All	R/E/CIP	Plans for Department Presentations	No plans to have Departmental presentations since there are so few enhancements.	CM Grewe			Liz Krens, Finance	n/a	n/a
All	R/E/CIP	Various	See list of Q&A from the Mayor on following pages.	Mayor Fraser	3/24 & 3/31/2021		various	various	

<b>Legend:</b>	<b>Fiscal Year (FY)</b>
PRIOR YR3	=FY18
PRIOR YR2	=FY19
LAST YR	=FY20
CURRENT YR	=FY21
CY REV BUDGET	=FY21 Revised(Adopted+Amendmt/Adj)

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## **Questions (3/31/21 Mayor Fraser)**

### **Taxes:**

**1. How does our tax of \$0.75 per Pack of Cigarette compare to other Towns?**

Answer: (3/31/21 Connie LeMarr) See tax rate comparison chart.

**a. Is there room to raise this tax and by how much?**

Answer: (3/31/21 Connie LeMarr) No, legislation capped tax rate as of 1.1.2020.

**2. Does our Transient Occupancy Tax apply to AirBnB and how is that compared to other communities in Western Loudoun?**

Answer: (3/31/21 Connie LeMarr) TOT does apply to AirBnB. However, zoning ordinances currently prohibit short term residential rentals. See tax rate comparison chart.

**3. Does our Business Property Tax of \$0.55 per \$100 apply to servers and computing equipment in a Point of Presence, Central Office or at an edge data center at the base of a Cell Tower?**

**a. How does this compare to other Towns and Loudoun County?**

Answer: (4/6/21 Connie LeMarr) See tax rate comparison chart.

Loudoun Co. assesses business property tax. If the property is owned by a private, non-governmental entity it would be assessed locally by Loudoun County and subject to Purcellville's business tangible rate. If the property is owned by a public service corporation registered with the State of VA, then the state would assess and property would be taxable at Purcellville's real estate rate. Per Loudoun Co., Segra is shown as a subsidiary of the public service corporation Lumos Networks Inc.

**4. How does our Personal Property Vehicle Tax of \$1.05 per \$100 compare to other communities?**

Answer: (3/31/21 Connie LeMarr) See tax rate comparison chart. The \$1.05 rate applies to vehicles & has been in effective for over 20 years.

**a. Can we lower this and increase the Business Property Tax on computing?**

Answer: (3/31/21 Connie LeMarr) Town Council sets rates. Vehicle tax generates significantly higher revenue stream as computer related assessments is about 2% of vehicle assessment. A 1 cent change in Vehicle tax is ~\$7,725 whereas a 1 cent change in Business tax on computers is ~\$180.

**5. Public Utilities tax rate of 1/2 of 1% gross receipts, how does that compare to others and what have we received in this last year?**

Answer: (Connie LeMarr) Virginia state code 58.1-3731 sets a rate not to exceed ½ of 1% of the gross receipts of Public Utilities. Purcellville collected ~\$10K in tax in 2020 for 7 public utilities. The comparative rate is not reported in the Weldon Cooper survey.

**6. Will Segra or Wireless Service Providers be paying our Communications Tax of 5% of sales price of each communications service collected by State and apportioned to localities?**

Answer: (3/31/21 Connie LeMarr) Communications Tax is assessed and collected by VA state taxation department so unclear to staff if applicable.

a. **How does our rate compare to other towns and the county?**

Answer: (3/31/21 Connie LeMarr) VA maximum tax rate is 5%. The rate is not reported in the Weldon Cooper survey.

7. **How do our Electric Utility taxes compare to other towns?**

Answer: (3/31/21 Connie LeMarr) See tax rate comparison chart.

- a. Residential \$1.05 plus \$.0011363 on each kwh
- b. Commercial \$1.72 plus \$.010204 on each kwh
- c. Industrial \$1.72 plus \$.010204 on each kwh

**Fines:** Answer:

1. **How do the following fines compare to other communities?**

Answer: (3/31/21 Chief McAlister) All of these moving violations are pre-set for the entire state of Virginia therefore, they do not vary from jurisdiction to jurisdiction. Please see the link: [https://www.vbbarassoc.com/wp-content/uploads/2019/08/subpoena-memo\\_Virginia-Beach.pdf](https://www.vbbarassoc.com/wp-content/uploads/2019/08/subpoena-memo_Virginia-Beach.pdf)

- a. Failure to obey traffic lights - \$100.00
- b. Driving wrong way on one-way street - \$30.00
- c. Improper passing - \$30.00
- d. Speeding (other than in a residence zone, highway work zone or school crosswalk) \$6.00 per MPH over speed limit
- e. Speeding in residence zone \$200.00 plus \$8.00 per MPH over speed limit

**Service Charges and Fees:**

Answer: (3/31/21 Connie LeMarr) Administrative service charges (aka fixed fee) covers the fixed administrative costs to bring water to the account holder. Basically, covers the operational costs to have readily available treated water at each property. Usage fees begin when the tap is turned on and cover cost added to the system for treating consumed water.

Stantec recommended rates based on the new tier structure. Refer to Draper Aiden's study for comparable data <http://daa.com/wp-content/uploads/2019/10/Report-2019-for-digital-WW.pdf>

1. **What does the Water Administrative Service Charge cover?**

- a. **For the 5/8" pipe this charge was increased by \$0.20 to \$15.20, how does that compare to other municipalities of our size?**

Answer: (pending Dale/Don)

- b. **For the 3/4" pipe this charge was increased by \$33.65 to \$48.65 (224% Increase), how does that compare to other municipalities of our size?**

Answer: (pending Dale/Don)

- i. **How many accounts do we have on the 3/4" pipe?**

Answer: (3/31/21 Connie LeMarr) 25 accounts

2. **What does the Sewer Administrative Service Charge cover?**

- a. **For the 5/8" pipe this charge was increased by \$1.00 to \$16.00, how does that compare to other municipalities of our size?**

Answer: (pending Dale/Don)



**b. For the 3/4" pipe this charge was increased by \$36.20 to \$51.20 (241% Increase), how does that compare to other municipalities of our size?**

**i. How many accounts do we have on the 3/4" pipe?**

Answer: (3/31/21 Connie LeMarr) 25 accounts

**Coronavirus Impact and Relief:**

**1. What was the total lost revenue in FY20 and FY21 for:**

Answer: (3/31/21 Linda Jackson, Finance)

- FY21 Adopted Budget and Annual Estimates for Revenue can be found on page 58 of the Budget Book. These estimates were prepared with the best information available as of January 2021. Based on accounting accruals complete FY21 revenue will not be available until Fall 2021.

Based on estimated actuals the variance from the General Fund Revenue Budget is \$1.442M (Book pages 90-91 for Details). However, it includes \$1.705M of CARES Act Funding. FY21 estimated Meals Tax variance is +\$16K. (\$65K) P&R due to COVID and lack of use of property. +\$205K Water and +\$200K Wastewater which are driven by Availabilities. Please note that this information speaks to the estimated Revenue Budget variance and not the FY21 Surplus/(Deficit) which takes in to account expenditures as well.

- There are a few ways to answer the question related to FY20 loss. First, the FY20 Audited Annual Report Fund Surplus/(Deficit) aka Change in Fund Balance (Attachment 7.9.1). Second, the Revenue variance from the Budget before Use of Reserves (Attachment 7.8). Third, Revenue projections based upon trends before and after COVID.

**a. General Fund**

- i. FY20 Operating Deficit of (\$103K) for General plus +88K for P&R and (\$243K) for CIP bringing the Governmental Deficit to (\$258K).
- ii. FY20 Revenue variance before use of reserves is a surplus of +120K driven by Real Estate Property Tax. COVID related losses include a budget to actual variance in collection of Meals Tax of (\$259K) and Personal Property Tax of (\$44K).
  - FY20 P&R Revenue variance before use of reserves is a deficit of (\$5K).
- iii. The average month for Meals Tax pre-COVID was \$194K. \$194K times 12 months is an annual projection of \$2.328M. This implies a loss of \$421K when compared to Actuals. Another analysis can be made using the monthly seasonality.

**b. Water Fund**

- i. FY20 Total Deficit of \$266K or Cash Equivalent of \$59K
- ii. FY20 Revenue variance before reserves is (\$75K) driven by Availabilities.

**c. Sewer Fund**

- i. FY20 Total Deficit of (\$497K) or Cash Equivalent of (\$265K)
- ii. FY20 Revenue variance before reserves is (\$84K) driven by Availabilities.

**2. For FY21 the Town budgeted for \$2,828,334 for Police Expense, the proposed budget projected that final expense to be \$2,110,601. (Page 56 of the Budget). What contributed to the over \$700k decrease in Police expense from what was projected?**

Answer: (3/31/21 Linda Jackson, Finance) Page 116 of the Budget Book shows that Pay and Benefits is \$2,418,014 for the FY21 Adopted Budget and \$1,672,015 for the Estimated Actuals

for an estimated underrun of \$745,999. Of which, \$442,351 relates to CARES Act Eligible Wages, \$213,067 for Salary driven by vacancies, and \$90,581 for the associated Benefits.

**3. How much of a deficit would the general fund be in if we were not able to apply \$442,351.57 of CARES fund to police salary for FY21**

Answer: (3/31/21 Linda Jackson, Finance) The Operating General Fund deficit for FY20 was (\$102,800). The FY21 deficit for FY21 will not be available until the Annual Report is complete in Fall 2021.

**4. Where in the budget is the Contingency amount \$76,268 from CARES funding reflected?**

Answer: (3/31/21 Linda Jackson, Hooper McCann) FY21 Actuals for the Contingency are \$76,268 (See Attachment 1.2). The CARES Act Contingency is part of the “CARES/CRF Operating” of \$442,899 for Budget and Estimated Actuals shown on page 93 and page 131. The Estimated Actuals in the Budget book were projected back in January with the best available information. The FY21 Budget is comprised of:

- \$50,914 Personal Protective Equipment
- \$105,604 Specialized Cleaning-COVID19
- \$51,245 Network Infrastructure-COVID19
- \$68,651 Workspace Modification
- \$7,810 COVID-19 Testing
- \$14,000 Recovery Planning
- \$25,395 COVID-19 Communications
- \$100,000 CARES ACT Contingency

**Strategic Object Accomplishments:**

Page 34-36 should be followed by a Progress or Status Page on Attainment of our Strategic Objectives. Without the Town communicating it's accomplishments our citizens will not be able to track progress and we will invite baseless and unsubstantiated comments like “the ROI on monetizing of assets has been negative” when we can clearly show for example the monetization of our ROW for fiber optic placement is easily over 100% with little to no cost to the Town, likewise with cellular tower, and select cut forestry management. Below are a few accomplishments we should note.

(pending David/Sally/et al)

**1) Promote Community & Economic Well-Being**

- a. Two new wells invested in and are on-line
- b. Alignment and engagement with the County on 690/7 Interchange and the 287/7 Intersection Improvement
- c. Comprehensive Plan Completed and initiating zoning revisions
- d. Cell Tower #2 RFP completed and selected Wireless Edge for negotiations.
- e. Segra Fiber installed to all schools and county building in Purcellville and Purcellville receives \$30k per year in Right of Way fees from Segra
- f. Initiative underway to preserve Purcellville's historic assets by discouraging demolition of structures
- g. Identified and pursuing nutrient credits and carbon sequestration for environmental sustainability and green revenue generation

- h. Requested and obtained funding from county for major trail development and building infrastructure enhancement at the Tabernacle
- 2) Practice Good Governance
  - a. Organizational realignment
  - b. Initiate updating of ordinance
  - c. Evaluation of long and short term plan for Police Department facility
  - d. Conducted physical and cyber security assessment of Town critical infrastructure assets
  - e. Invested in new SCADA alert systems for water and sewer infrastructures
  - f. Installation of new residential and business water meters to improve accuracy and efficiency
  - g. Implemented voice recognition meeting recording systems and adopted a shorten format of meeting notes taking
  - h. Engagement and advocacy with National League of Cities and Virginia Municipal League for state and federal funding for COVID-19 relief and infrastructure investment
- 3) Strengthen Community Partnership
  - a. Increased Social Media and web engagement and interaction
  - b. Revamped online videos about our community
  - c. Planning Commission and Town Council training for Certified Planner
  - d. Allocation of almost \$1 Million to local businesses and non profits for economic relief during COVID-19
  - e. Implemented testing and wastewater epidemiology surveillance to measure the health of the community during COVID-19
  - f. Alignment and engagement with the Village Case HOA on strategic plans for the Community Garden and old buildings
  - g. Partnership with Discover Purcellville to launch the Town's first mural
- 4) Fund the Future
  - a. Researched, assessed, and pursuing \$750k to \$1.2M of non-tax and non-fee based revenue from nutrient credits and carbon sequestration
  - b. Obtained \$344k in select cut forestry management revenue from the watershed property
  - c. Executed agreement for \$30k per year for Fiber Optics in Town Right of Way from Segra
  - d. Alignment with the preservation easement holder at the watershed property for financial assistance in maintain the property
  - e. Negotiations for a second cellular tower to drive revenue to the utility fund
  - f. Refinanced utility debt to realize \$2M in savings
  - g. Restructured debt to reduced debt service payment to our businesses and residents as we recover from the pandemic
  - h. Evaluated and applying for low interest 40 year loan from the USDA to fund major water and sewer infrastructure projects. Half of the \$25 M of projected projects can be finance at 2.125% over 40 years at a debt service payment of \$13.32 per account per month.

### **Resource Pipeline and Workforce Automation:**

- 1. Number of employees nearing retirement across all departments and within what period of time**

Answer: (pending Sharon)

- 2. Recruiting and training in preparation for retirements**

Answer: (4/5/21 Sharon Rauch) While we never know when people will actually retire, we know when employees are eligible, and we plan accordingly. It is somewhat easier in the plants than for other positions because operators in the plants have similar jobs, just at different licensing levels. We encourage all of the operators to continue licensing until they get to a Level 1, the highest an operator can attain. We provide financial support for the training and testing that is required to attain higher level licenses.

- 3. Impact of automation on reducing operational workload and increasing efficiency**

Answer: (pending Sharon)

### **Salaries and Benefits:**

- 1. Need to clarify that the 3% increase includes a percentage cost of living increase and merit increased based on eligible employees. The way it is written is that everyone will be receiving a 3% increase.**

Answer: (4/5/21 Sharon Rauch)

We are introducing a new employee performance evaluation instrument that will work with the proposed program. There will be a 1.0% COLA and the remainder will be assigned to each of the departments to use for performance increases.

- 2. Will you be offering the voluntary life insurance policy to management and staff and if not why?**

Answer: (pending Sharon)

### **Chargeback and Operational Expense:**

- 1. What exactly will the utility enterprise be receiving for \$393,783 (Equivalence of 3.4 FTE) in FY21 from:**

Answer: (3/31/21 Linda Jackson) Please refer to page 63 of the Budget book and answers below for the details of the \$393,783 and 5 FTE.

- a. Finance – 2.2 FTE**

Answer: (3/31/21 Connie LeMarr) All Utility billing and customer service related activity including producing bi-monthly bills & 2x a month final bills; set up new accounts & close accounts, tenant/landlord management; payment processing; customer service support. Asset management of meters & reading equipment and meter audit coordination.

Accounting activities to include Accounts Payable, Payroll, and Fixed Assets. Other activities include Budget, Procurement, CIP coordination, financial analysis, debt management, treasury management, and independent annual audit.

- b. Engineering – 1.6 FTE**

Answer: (pending Dale)

- c. Human Resources – 0.6 FTE**

Answer: (pending Sharon)

- d. IT – 0.6 FTE**

Answer: (4/5/21 Shannon Bohince). The utility enterprises receive infrastructure (systems software, servers, network, Wifi) usage, support and maintenance from the IT Dept. There is also an average annual costs of pc hardware, software licensing and internet service, which is paid for and supported by IT, at \$1215.49 per user. For the 18 utility employees, this is a total of \$21,878.82 of direct annually costs to IT Dept.

**2. What will be the annual cost to use an outside firm such as ADP and other to deliver the above Finance, Human Resources, Engineering, and IT services to the Utility Enterprise?**

Answer: (3/31/21 Connie LeMarr) Would need cost analysis/quotes for service. Prior exploration of outside payroll services was significantly higher than in-house operations which do not fully transfer all costs to enterprise funds. However, a Third Party will fully charge the enterprise funds.

**3. Our meeting notes from a special meeting last year recommended management look at Imboden to determine ability to lower operational cost. This was different from the privatization of our utility assets, in that with a managed takeover arrangement the Town will still own the utility plants and will be contracting out the operations. We owe it to our tax payers to determine if such a management takeover model will result in substantial savings and still ensure exceptional service delivery. The primary areas of potential savings that needs to be assessed with such a model are as follows:**

**a. Facility operations and maintenance**

Answer: (pending David/Jason/Sean)

**b. Vehicle maintenance, repairs, and replacement**

Answer: (pending David/Jason/Sean)

**c. Chargebacks**

Answer: (pending David)

**Other Revenue to Lessen Burden on Tax Payers:**

**1. I see the \$30k per year from the fiber in our ROW, but I do not see any reference to the projected other non-tax revenue such as, although the Town Manager said he is confident that we will see revenue from the below:**

**a. Cell Tower 2**

Answer: (pending David)

**b. Nutrient credits and Carbon Sequestration**

Answer: (pending David)

### **CIP Potential Funding:**

- 1. Three years ago our then utility consultants told us we would need to raise water and sewer rate annually 9% each or we will face insolvency. Without making that 9% increase in water and in sewer, three years later we are pursuing increases of 3% in water and 5% in sewer, but that does not include projected CIP funding. As such, we need to state expectation on potential funding sources for CIP. Absent such disclosure, some may assume that by us decoupling the CIP from the increases for FY22 we may still need to raise rates annually by an additional 6% in water and 4% in sewer based on the projections made three years ago. However, this is not the case since the CIP estimates made three years ago did not account for the use of long- term low interest debt solutions such as a 40-year 2.125% USDA loan. Using the USDA Loan as an example:
  - a. If we were to finance \$2.5 Million of CIP projects using the currently available USDA loan, with the 2,983 residential and commercial accounts in Purcellville, it will require a \$5.19 increase in the bi-monthly bill per account to service that debt. That is a one-time increase and significantly less than 4% - 6% annual increases.****

Answer: (4/2/21 Liz Krens) \$2.5M is only for the first year. According to the CIP schedule on page 254 of the Budget Book the total amount is \$5.685M for the three projects. The three projects are: (1) Hirst Reservoir Improvements = \$1,445,000 (2) WTP to Town Water Main Replacement Phase I = 2,000,000 (3) Reservoir to WTP Raw Water Main = \$2,240,000. \$5.7M at 1.125% over 40 years about \$178K/year. Staff will into this information into the new Stantec Financial Analysis Model System (FAMS) to show the impact on users.

# **RATE COMPARISON CHART**

Info from 2019 VA Local Tax rate survey done by Weldon Cooper Center for Public Service

	Cigarette	Transient Occupancy	Vehicle Property	Electric						Business Tangible Property Tax				
				Residential	Max	Commercial	Max	Industrial	Max	Heavy Equipment	Computers	Furniture & Fixtures	Machinery & Tools	Data Center
Purcellville	\$0.75	3%	\$1.05	1.05+.0011363	\$2.25	1.72+.010204	\$45	1.72+.010204	\$45	\$0.55	\$0.55	\$0.55	\$0.55	n/a
Loudoun	n/a	5%	\$4.20	.63+.006804	\$2.70	.92+.005393	\$72	.92+.005393	\$72	\$4.00	\$4.20	\$4.20	\$4.00	\$4.20
Leesburg	\$0.75	8%	\$1.00	1.12+.012047	\$2.40	1.84+.010707	\$48	1.84+.010707	\$48	\$1.00	\$1.00	\$1.00	\$1.00	n/a
Middleburg	\$0.55	5%	\$1.00	1.26+.013424	\$2.70	1.26+.007421	\$33	1.26+.007421	\$33	n/a	n/a	n/a	n/a	n/a
Hamilton	n/a	2%	\$1.10	0.006804	\$2.70	0.00005393	\$72	n/a		\$1.10	\$1.10	\$1.10	\$1.10	n/a
Lovettsville	\$0.40	5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Round Hill	\$0.30	n/a	\$1.15	1.26+.013424	\$2.70	1.26+.007421	\$33	1.26+.007421	\$33	\$1.15	\$1.15	\$1.15	\$1.15	n/a

**Response to Meals Tax Growth %:**

The budget for meals tax has growth of 4% from FY20 to FY22. The FY20 actual revenue (\$1,906,056) represented a ~12% loss to the FY20 budget (\$2,165,382) due to the two month Meals Tax Holiday (COVID). The FY21 budget (\$2,191,518) added only a 1.2% increase over FY20 budget in line with less anticipated revenue growth due to COVID. The FY21 *adjusted budget estimate* (\$2,208,039) increases by 0.8% bringing the anticipated FY21 revenue to 2% increase over FY20. The FY22 (\$2,252,200) budget is based on a 2% increase over the adjusted budget estimate.

FY	19	20	21	21 Estimate	22
Budget	2,013,932	2,165,382	2,191,518	2,208,039	2,252,200
Actual	2,206,283	1,906,056			
FY20 actual to budget	10%	-12%	15%		
FY21 vs FY20 budget			1.20%		
FY21 revised estimate vs FY21 budget				0.80%	
FY22 vs FY21 revised budget estimate					2.00%
FY22 vs FY20 budget					4%



## FY18-22 Meals Tax

	<u>FY18</u>	<u>FY19</u>	<u>FY20*</u>	<u>FY21**</u>	<u>FY22</u>
Budget	1,893,781	2,013,932	2,165,382	<b>2,191,518</b>	<b>2,252,000</b>
Actual	2,047,316	2,206,283	<b>1,906,056</b>		
Estimate				<b>2,208,039</b>	2,252,000
<u>Average Month</u>					
Average	170,610	183,857	158,838	184,003	187,667
Pre-COVID	170,610	183,857	194,000		
<u>vs Budget</u>					
Actual/Estimate vs budget	153,535	192,351	(259,326)	16,521	0
Actual/Estimate vs budget	8.1%	9.6%	-12.0%	0.8%	0.0%
<u>Year over Year (Y/Y)</u>					
Budget Y/Y		6.3%	7.5%	1.2%	<b>2.8%</b>
Actuals/Estimate Y/Y		7.8%	-13.6%	15.8%	2.0%
Average		13,247	(25,019)	25,165	3,663

\*Meals Tax Holiday in April and May of FY20.

\*\*FY21 Budget was relatively flat with FY19 Actual and FY20 Budget

Items in bold can be found in the FY22 Proposed Budget Book



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TOWN OF PURCELLVILLE, VA  
YEAR-TO-DATE BUDGET REPORT

P 1  
glytdbud

FOR 2021 07

ACCOUNTS FOR: 100 General Fund	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
6100 CARES ACT							
<a href="#">16100000 404100 Personnel Costs-CO</a>	0	80,719	490,209.20	459,366.98	.00	-409,490.41	607.3%*
<a href="#">16100000 404200 Personal Protectiv</a>	0	50,194	8,333.43	39.96	970.00	40,890.99	18.5%
<a href="#">16100000 404210 Specialized Cleani</a>	0	105,604	13,009.73	.00	.00	92,593.91	12.3%
<a href="#">16100000 404220 Network Infrastruc</a>	0	51,245	11,280.39	230.50	45,956.23	-5,991.22	111.7%*
<a href="#">16100000 404230 Workspace Modifica</a>	0	68,651	70,404.36	67,910.00	.00	-1,753.02	102.6%*
<a href="#">16100000 404240 COVID-19 Testing</a>	0	7,810	1,905.00	.00	.00	5,905.00	24.4%
<a href="#">16100000 404250 Recovery Planning</a>	0	14,000	.00	.00	.00	14,000.00	.0%
<a href="#">16100000 404260 COVID-19 Communica</a>	0	25,395	887.73	.00	.00	24,507.69	3.5%
<a href="#">16100000 404300 Business Relief Vo</a>	0	51,282	11,030.00	4,070.00	.00	40,252.19	21.5%
<a href="#">16100000 404310 Business Interrupt</a>	0	924,632	744,632.00	.00	.00	180,000.00	80.5%
<a href="#">16100000 404320 Local Non-Profit G</a>	0	219,000	230,500.00	.00	.00	-11,500.00	105.3%*
<a href="#">16100000 404400 CARES ACT Continge</a>	0	100,000	76,268.00	34,528.00	.00	23,732.00	76.3%
TOTAL CARES ACT	0	1,698,533	1,658,459.84	566,145.44	46,926.23	-6,852.87	100.4%
TOTAL General Fund	0	1,698,533	1,658,459.84	566,145.44	46,926.23	-6,852.87	100.4%
TOTAL EXPENSES	0	1,698,533	1,658,459.84	566,145.44	46,926.23	-6,852.87	



## **STAFF REPORT** **INFORMATIONAL**

**SUBJECT:** Utility Chargeback- Allocation of Indirect Costs

**DATE OF MEETING:** April 8, 2020

**STAFF CONTACTS:** Elizabeth Krens, Director of Finance

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### **SUMMARY and RECOMMENDATIONS:**

The purpose of this report is to provide information regarding the accounting practice of allocating indirect costs incurred by the Town's General Fund to support activities of the Utility Enterprise Water and Wastewater Funds. This accounting estimate of indirect cost is also known as the "Utility Chargeback" in the Town's budget and financial documents.

### **BACKGROUND:**

Prior to FY07, portions of several Public Works and Finance staff member's salaries and benefits were allocated from the General Fund to the Water and Wastewater Funds via payroll and accounts payable journal entries. As this transactional journaling process was time consuming, increasing the Town's overhead costs, the auditors recommended staff prepare an annual estimate of indirect cost based on the department manager's assessment of employee workload attributed to utility functions, also known as the Utility Chargeback estimate. This new process resulted in a uniform, recurring monthly journal entry replacing hours of staff time to manage a numerous transactional journals. According to the auditors and staff's discussions with other local governments, this type of estimate is a common practice intended to facilitate accounting efficiencies and budget uniformity.

Attachment 1 provides a historical overview of the Utility Chargeback estimate. The estimate reached a pinnacle of \$1.2 million in FY09 and FY10 primarily due to a large increase in Public Works personnel (7 to 15 FTE's) based on workload assessments by the department. The Finance personnel also increased moderately (1 to 2.65 FTE's). The Public Works personnel assessment was decreased significantly in FY11 and stabilized to 8-9 FTE's thereafter.

Over the last 3 fiscal years, the estimate has stabilized to approximately \$1 million per year split between the two utility funds. The FY21 Town Manager's Proposed Budget includes this "limited allocation" of \$989,528 for 11.6 FTE's (\$494,764 allocated to each utility fund) for the following General Fund FTE's and functions:

- Public Works- 8.2 FTE (executive management and planning, maintenance of utility lines and facilities, meter reading, engineering, capital projects, inspections)
- Finance- 2.2 FTE (utility billing, collections, customer services, fiscal planning, debt management, accounting)
- Human Resources- 0.6 FTE (human resource recruitment, management support)
- Information Technology- 0.6 FTE (hardware and system maintenance and support)

According to management workload assessments for all Town staff, the FY21 "full allocation" estimate of General Fund personnel is \$1,550,703 for 14.3 FTE's. However, the proposed FY21 budget includes the "limited allocation" of \$989,528 consistent with the prior year. Last year, the Town's Utility Rate Consultant, Stantec, reviewed the Town's allocation estimate and confirmed the calculation and amounts.

The Water and Wastewater Utility Fund budgets show the utility chargeback allocation as a personnel expense as it represents indirect personnel services supporting utility activities. For the past few years, the transfer of General Fund costs was shown as a contra expense in the Public Works departments. In FY21 budget, the Utility Chargeback has been moved to Non-Departmental cost center as an "Inter-fund Transfer" to enhance fiscal transparency and consolidate the transfer amount (\$989,528). This change allows the reader of the document to see all inter-fund transfers in one place.

As stated earlier, indirect cost allocation is a common and recommended best practice in local government accounting. Staff looked at our neighbor, Town of Leesburg, as a comparison to another local government with similar services and fund structure. Attachment 2 is an excerpt from Leesburg's FY21 Budget document and provides an overview of their Utility division. As Leesburg is much larger than Purcellville, their Utility division has the management and staff capacity to support non-plant operator functions contained in Purcellville's Public Works and Finance divisions. Highlighted in yellow on Leesburg's Department of Utilities organization chart are plant operator and lab tech positions that are directly allocated and managed within Purcellville's Water and Wastewater Funds. However, the other non-highlighted positions are a component of Purcellville's General Fund and included in Purcellville's Utility Chargeback estimate. As these positions wear many hats and provide services to all Town funds, Purcellville's use of shared positions allows the Town to remain lean with an efficient management structure.

For example, a maintenance worker can be deployed to manage utility lines (Utility function) or snow plowing of Town roads (General Fund function) based on need. Also, the Public Works Manager is well positioned and trained to manage these functions whereas the Plant Superintendent's specialized skills are focused on management of water production and treatment as well as environmental and regulatory compliance. Similarly, Finance management and staff has specialized system, accounting, internal control and customer service training to best respond to utility billing and collection functions.

Even though Leesburg's size allows specialized non-plant functional areas to reside within the Utility division, they also allocate \$1.4 million in indirect General Fund costs to the Utility Funds (aka Utility Chargeback). This can be seen on the last page of Attachment 2 as Transfer Payments.

#### **ISSUES:**

The Town's auditor, Brown Edwards, issued a memo (Attachment 3) providing guidance regarding Purcellville's Utility Chargeback estimate. This memo references the Government Finance Officers Association Best Practice directive on "Indirect Cost Allocation" (Attachment 4). They also note the importance of this estimate on page 1 of their "Communication with Those Charged with Governance" (Attachment 5), a required element of the FY19 audit. According to the auditors, this indirect cost allocation is "particularly sensitive because of its significance to the financial statements" and the methodology should be consistently applied year-to-year. Furthermore, they recommend periodic independent, third party review of the methodology. As stated above, Stantec reviewed and agreed with the Town's chargeback methodology and estimate last year as a component of the Utility Rate Study.

To avoid difficulties with future audit opinions, the Town should avoid modifying the Utility Chargeback estimate methodology unless the change can be fully justified as a fair estimate of indirect costs. It should be noted, however, this recommendation does not prohibit Town Council's authority to appropriate an inter-fund transfer typically called "Transfer to Other Fund" in the General Fund and "Transfer from Other Fund" in the Utility Fund(s). While this action essentially produces the same result, a transfer from the General Fund to the Utility Fund(s), it promotes fiscal transparency while continuing to fairly assess and report indirect General Fund costs incurred to support utility activities. This process is recommended by the Town's auditor and consistent with generally accepted accounting principles.

**BUDGET IMPACT:**

There is no budget impact as the FY21 Utility Chargeback estimate is consistent with the FY20 amount. If an inter-fund transfer from the General Fund to the Utility Fund(s) is considered, the impact to the fiscal condition and structural balance the originating fund (General Fund) should be fully evaluated.

**ATTACHMENT(S):**

1. History of Chargeback Allocation
2. Town of Leesburg Utility Division FY21 Budget except
3. Brown Edwards memo on Utility Chargeback
4. Government Finance Officers Association Best Practice- Indirect Cost Allocation
5. Brown Edwards ACL Letter from FY19 audit

## History of Chargeback Allocation

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09-10</u>	<u>FY11-14</u>	<u>FY15-16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21 Limited Allocation</u>
<b>FTE Count:</b>											
PW	4.0	7.0	7.0	15.0	10.0	8.5	9.7	8.9	9.0	9.0	8.2
Finance	1.0	1.0	1.0	2.7	2.7	3.0	3.0	-	-	-	2.2
HR	-	-	-	-	-	-	0.2	-	-	-	0.6
IT	-	-	-	-	-	-	-	-	-	-	0.6
Admin	-	-	-	-	-	-	-	-	-	-	-
<b>Allocated FTE</b>	<b>5.0</b>	<b>8.0</b>	<b>8.0</b>	<b>17.7</b>	<b>12.7</b>	<b>11.5</b>	<b>12.9</b>	<b>8.9</b>	<b>9.0</b>	<b>9.0</b>	<b>11.6</b>
<b>Chargeback Allocation:</b>											
Personnel Water	158,810	256,659	284,832	601,468	549,315	504,691	576,655	439,216	493,226	493,226	494,764
Personnel Wastewater	142,429	242,565	284,832	601,468	549,315	504,691	576,655	439,216	493,226	493,226	494,764
Other costs	17,308	17,300	17,296	17,296	17,275	22,514	22,514	-	-	-	-
<b>Total Chargeback</b>	<b>\$318,547</b>	<b>\$516,524</b>	<b>\$586,960</b>	<b>\$1,220,232</b>	<b>\$1,115,905</b>	<b>\$1,031,896</b>	<b>\$1,175,824</b>	<b>\$878,432</b>	<b>\$986,452</b>	<b>\$986,452</b>	<b>\$989,528</b>
<b>Metrics:</b>											
Total FTE's	66	72	71	70	70	73	75	80	81	87	85
% of FTE's	8%	11%	11%	25%	18%	16%	17%	11%	11%	10%	14%
Town Population	7,122	7,304	7,497	7,700	8,600	9,600	10,033	10,025	10,025	10,025	10,025
Chargeback per Capita	\$45	\$71	\$78	\$158	\$130	\$107	\$117	\$88	\$98	\$98	\$99

Notes:

Personnel costs allocated based on manager's assessment of employee workload to support utility funds.

FY06- Final year personnel costs were allocated via payroll and transactional journals.

FY18- Chargeback calculation was modified by TC to only reflect PW personnel.

Other costs include portion of Town Hall debt service and software costs.

# Department of Utilities

## Mission

The mission of the Department of Utilities is to plan, develop, and maintain Town utility systems that provide safe, efficient, and reliable water and wastewater services in a fiscally responsible manner while providing exceptional customer service.

## Description

The Department of Utilities is responsible for providing quality water and sanitary sewer services to utility customers in a manner that balances social, environmental, and economic factors. As an enterprise fund, the Department is a self-supporting entity that is funded solely by user fees charged to water and sewer customers and therefore receives no general tax funding from the Town. Utility customers are billed quarterly and revenues are reinvested into the operation, maintenance, and construction of the Town's water and sewer systems. In April 2018, the Kenneth B. Rollins Water Filtration Plant received the Virginia Department of Health's (VDH) Excellence in Waterworks Performance Award for the fourteenth consecutive year.

The Department of Utilities consists of four operating divisions: Administration, Utility Maintenance, Water Supply, and Water Pollution Control.

In a concerted effort to provide water and sewer customers with quality services and programs, new and existing customers can [start or stop](#) service at their request by completing a simple on-line form. Customers can also view their water usage on-line and sign up to receive an e-mail or text for high water usage alerts. In addition, the Department provides a variety of [payment options](#) in order to serve the diverse needs of our customers. The Department provides after-hours emergency services in case of significant water or sewer service problems. As a member of [Miss Utility](#), the Town assures that all underground public water and sewer lines are clearly marked for developers, contractors and homeowners before they dig.

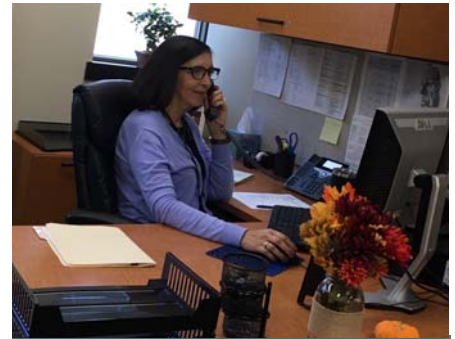
As a public steward of water resources, the Department of Utilities provides [educational](#) and outreach programs designed to inform water and sewer customers on how they can contribute to conserving and maintaining Town water in their homes and businesses, including information geared toward early [childhood](#) learning about the planet's most precious resource. The Department publishes an [Annual Water Quality Report](#) as well as other [maps](#) and reports that provide additional information about the Town's utility system.

For more information, please visit the Department of Utilities webpage at [www.leesburgva.gov/utilities](http://www.leesburgva.gov/utilities).

## Contact Information

Amy R. Wyks, P.E., Director  
1385 Russell Branch Parkway, SE  
Leesburg, VA 20175  
[awyks@leesburgva.gov](mailto:awyks@leesburgva.gov)  
(703) 771-2750  
(703) 771-4500 Emergency

## Scan Me



ADMINISTRATION



UTILITY MAINTENANCE



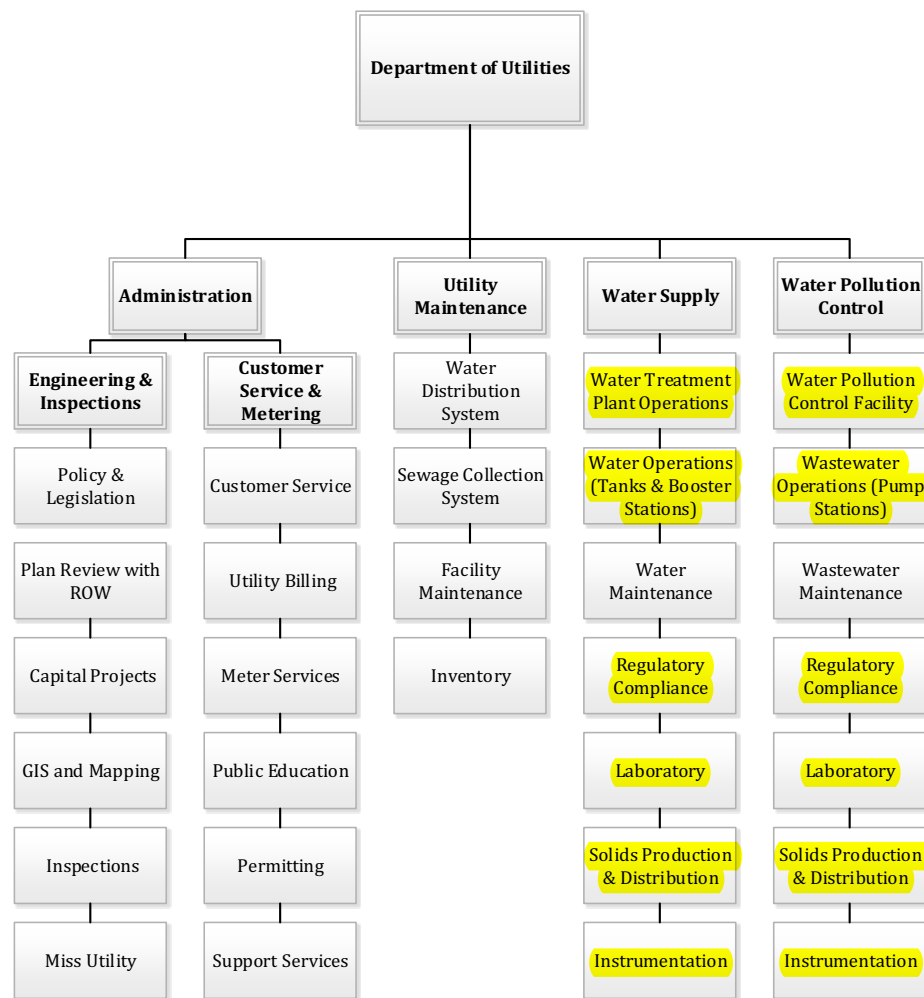
WATER SUPPLY



POLLUTION CONTROL



## Organization Chart



## Summary of Services

### Administration

The Utility Administration Division (UAD) provides administrative support for the water treatment, sewage treatment, and utility maintenance divisional operations. The division aids in the administration of the Commonwealth's environmental compliance through Cross Connection Control and the Sewer Use Ordinance. Engineers within the division review site plans, subdivision plats, and other land development applications for compliance with the Town's Design and Construction Standards Manual (DCSM) and with Virginia Department of Health (VDH), and Virginia Department of Environmental Quality (DEQ) regulations. Inspectors within the division provide quality assurance/quality control (QA/QC) inspections of all work pertaining to the Town's water distribution and sewer collection systems as well as project management support to the Office of Capital Projects (including plan review and inspection). The division also provides customer service for all utility billing customers. UAD is responsible for fire hydrant maintenance, locating and marking water and sewer lines (Miss Utility) for contractors working in the Town's service area,

water meter installation for new utility services, and maintaining the automated meter reading system.

### Utility Maintenance

The Utility Maintenance Division (UMD) performs maintenance and repair of all sanitary sewer and water distribution lines that have been accepted into the Town's inventory. In addition, the division is responsible for valve maintenance, water quality flushing program and preventive maintenance and repair of equipment at the Town's water treatment plant, the water pollution control facility, the groundwater well, four water booster stations, and ten sewage pumping stations. The division performs closed-circuit television (CCTV) system inspection and sanitary sewer cleaning to ensure compliance with VDH, DEQ, and EPA requirements. UMD also provides customer service for all sewer backups, water leaks, and other related system issues.

### Water Supply

The Water Supply Division (WSD) is responsible for the safe and efficient operation of the Town's Kenneth B. Rollins Water Treatment Plant (WTP), one well, five water storage tanks, and four water booster stations. The division's goal is to produce aesthetically pleasing and chemically pure water that meets water quality standards established by the Safe Drinking Water Act in sufficient quantity to meet the customer needs and to ensure an adequate supply for fire protection. The WTP has a design capacity of 12.5 million gallons per day of water and is located just east of Town on Edwards Ferry Road along the Potomac River. The WSD operates a state-certified microbiology-testing laboratory and provides testing services for community clients.

### Water Pollution Control

The Water Pollution Control Division is responsible for the safe and efficient treatment of wastewater generated within the Leesburg service area and the subsequent stabilization and disposal of solid wastes produced to ensure the protection of public health and the environment. The Town's Water Pollution Control Facility (WPCF) is designed to treat sewage at a rate of 7.5 million gallons per day and is located off Route 7 on the eastern edge of Town. The Water Pollution Control Division monitors and operates 11 pump stations within the Town's service area. Giving back to the community is two-fold: the facility produces [Tuscarora Landscaper's Choice](#), a high quality soil amendment product that is available to Town residents at no charge; and sells reclaimed water to offset operations costs. The WPCF operates a state certified laboratory through DCLS (Division of Consolidated Laboratory Services) to ensure discharge effluent is in permit compliance with state and federal regulations.

## Goals & Objectives

Scorecard	Goal	Objective	Term
CS	Customer Driven - Train and nurture employees with the knowledge and skills necessary to provide exceptional customer service.	Prepare and distribute annual water quality reports; Consumer Confidence Report (CCR) to all Town of Leesburg customers	Short
		Provide accurate billing, easy methods of payment, access to usage history, and a positive interaction experience with staff	Short
		Provide uninterrupted water and sanitary sewer services. If interruption occurs, minimize duration of impact	Short
		Review and improve our processes for managing accounts, handling payments, resolving billing issues, responding to information and field service request and notification to customers. Identify way to streamline processes and implement changes	Intermediate
		Continue to plan and manage the Town's water supply and wastewater treatment for long term reliability and efficiency	Long

## Expenditures by Division

Divisions	FY 2018	FY 2019	FY 2019	FY 2020	FY 2021	Variance	
	Actual	Budget	Revised	Adopted	Provisional	\$	%
Utilities Administration	\$ 9,203,278	\$ 4,496,391	\$ 4,700,816	\$ 4,819,587	\$ 5,160,830	\$ 323,196	7.2%
Utilities Lines & Maintenance	2,734,379	3,243,186	3,573,757	3,233,525	3,628,257	(9,661)	-0.3%
Water Supply	3,100,506	3,346,701	3,449,989	3,539,718	3,689,662	193,017	5.8%
Water Pollution Control	4,469,280	4,605,935	5,924,859	4,791,133	5,088,753	185,198	4.0%
<b>Total</b>	<b>\$ 19,507,443</b>	<b>\$ 15,692,213</b>	<b>\$ 17,649,421</b>	<b>\$ 16,383,963</b>	<b>\$ 17,567,502</b>	<b>\$ 691,750</b>	<b>4.4%</b>

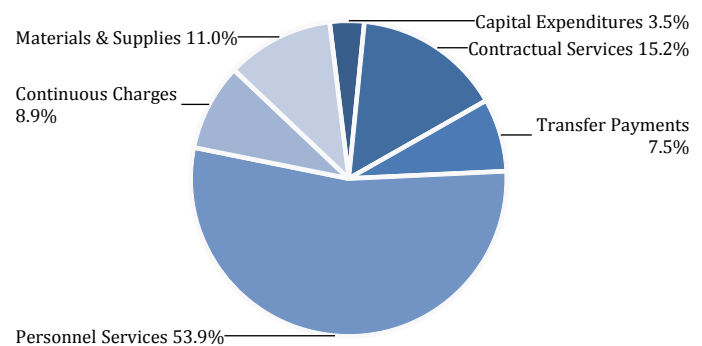
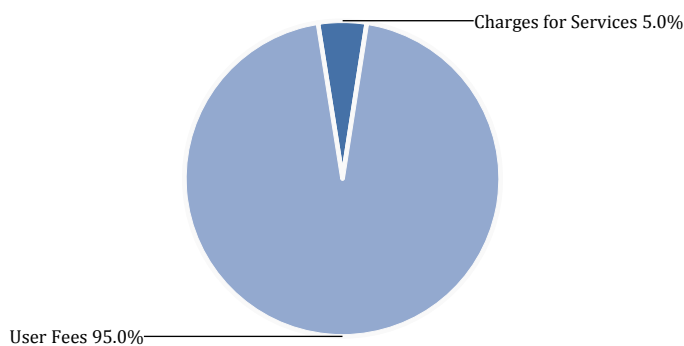
## Financial Information &amp; Analysis

Object Categories	FY 2018	FY 2019	FY 2019	FY 2020	FY 2021	Variance	
	Actual	Budget	Revised	Adopted	Provisional	\$	%
<b>Sources</b>							
Use of Money & Property	\$ 55,820	\$ —	\$ —	\$ —	\$ —	\$ —	—%
Charges for Services	803,784	812,500	812,500	812,500	812,500	—	—%
Donations & Transfers	—	—	76,250	—	—	—	—%
<b>Total Revenue</b>	<b>\$ 859,603</b>	<b>\$ 812,500</b>	<b>\$ 888,750</b>	<b>\$ 812,500</b>	<b>\$ 812,500</b>	<b>\$ —</b>	<b>—%</b>
User Fees	18,647,840	14,879,713	16,760,671	15,571,463	16,755,002	691,750	4.6%
<b>Total Sources</b>	<b>\$ 19,507,443</b>	<b>\$ 15,692,213</b>	<b>\$ 17,649,421</b>	<b>\$ 16,383,963</b>	<b>\$ 17,567,502</b>	<b>\$ 691,750</b>	<b>4.4%</b>

<b>Uses</b>							
Personnel Services	\$ 7,911,598	\$ 8,268,491	\$ 8,270,981	\$ 8,830,670	\$ 9,543,591	\$ 562,179	6.8%
Contractual Services	1,221,131	2,230,208	3,826,830	2,488,008	2,632,298	257,800	11.6%
Materials & Supplies	1,792,073	1,693,850	1,821,808	1,797,650	1,877,150	103,800	6.1%
Transfer Payments	1,281,994	1,349,800	1,365,840	1,226,640	1,435,339	(123,160)	-9.1%
Continuous Charges	1,315,285	1,420,969	1,463,622	1,462,395	1,474,734	41,426	2.9%
Capital Expenditures	5,985,362	728,895	900,340	578,600	604,390	(150,295)	-20.6%
<b>Total Uses</b>	<b>\$ 19,507,443</b>	<b>\$ 15,692,213</b>	<b>\$ 17,649,421</b>	<b>\$ 16,383,963</b>	<b>\$ 17,567,502</b>	<b>\$ 691,750</b>	<b>4.4%</b>
<b>Total Full-Time Equivalent (FTE)</b>	<b>81.00</b>	<b>83.00</b>	<b>83.00</b>	<b>87.00</b>	<b>91.00</b>	<b>4.00</b>	<b>4.8%</b>

Sources by Type (2020)

Uses by Object (2020)



## Budget Analysis

The Fiscal Year 2020 operating budget for the Utilities Department includes an increase of \$691,750 or 4.4% over the Fiscal Year 2019 Adopted Budget. This increase is a result of a comprehensive evaluation of operations as part of the recent water and sewer rate study approved by the Town Council (January 2019). The increase in expenditures is attributable to the addition of four new positions including a Project Manager, a Water and Sewer Inspector, a

Maintenance Worker and a Water Plant Operator and associated operating costs of these position; salary and benefit adjustments for existing staff; and capital re-investment projects including contracted services. The operating budget is completely covered by Utilities System revenue, and therefore, no local tax funding is required.

**Town of Purcellville, Virginia**  
**Memo on Chargeback from Brown Edwards**  
**February 25, 2020**

The Town has historically used chargebacks to allocate costs from the General Fund to the Water and Sewer funds. The Government Finance Officers Association (GFOA) recommends that localities charge indirect costs amongst funds that share resources and provides recommendations in their attached best practice document. To supplement that document, this memo includes additional considerations related to the indirect cost allocation process.

In small localities, such as the Town, employees perform roles that benefit multiple funds. Town General Fund employees support the water and sewer funds through various activities including, but not limited to, distribution and line maintenance, meter reading and maintenance, engineering and capital projects, utility billing and customer service, accounting and financial management, human resources management, IT support and maintenance, and executive management.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The chargeback estimate is particularly sensitive because of its significance to the financial statements. We generally recommend applying the chargeback methodology consistently each year in order for financial statements to remain comparable. However, the chargeback should reasonably approximate the services provided by one fund to the other. There may be times to change the methodology, such as after an expert third-party reviews the approach.

Enterprise funds should reflect all costs associated with the operations of providing utility services. This includes efforts by Town staff that do not spend 100% of their time working for the utility funds. We suggest the Town consider engaging an independent third party to assist with a time-study or perform an internal time-study themselves if there is concern over the amount of time to allocate. Additionally, water and sewer rates should be such that they cover operating costs (including the chargeback) as well as plan for future capital costs to maintain the water and sewer infrastructure.



# BEST PRACTICE

## Indirect Cost Allocation

### BACKGROUND:

In addition to the direct cost of providing services, governments also incur indirect costs. Such indirect costs include shared administrative expenses where a department or agency incurs costs for support that it provides to other departments/agencies (e.g., legal, finance, human resources, facilities, maintenance, technology). Certain important management objectives can be served by allocating these indirect costs (measuring the cost of government services, establishing fees and charges, charging back the cost of internal services to departments/agencies, and requesting reimbursements under federal and state grants, when allowed). Regardless of the purpose of an indirect cost allocation, a systematic and rational methodology should be used to calculate the amounts allocated.

### RECOMMENDATION:

The Government Finance Officers Association (GFOA) encourages governments to allocate their indirect costs. There are a number of issues a government needs to address in connection with indirect cost allocation. Because of the varied reasons for which indirect cost allocations are performed, a one-size-fits-all approach typically is not possible. Therefore, the GFOA recommends that governments considering the allocation of indirect costs consider the following:

1. *Who should perform the allocation?* An indirect cost allocation can be performed either by the governments own staff or by an external party. Specific factors that should be considered in choosing between the two include:

- In certain political environments, a governments constituents may be more accepting of an externally prepared cost allocation;
- The optimal choice may depend on the purpose of the cost allocation (for example, departmental chargebacks vs. grant reimbursement);
- Regardless of who prepares the cost allocation, management needs to be involved in the process and knowledgeable about the methodology used;

2. *What factors need to be considered if an external party is selected to perform the allocation?* If an external party is engaged to perform a cost allocation, the government should consider the following:

- The need for independence may prevent the financial statement auditor from serving in this role;
- The selected preparer should have knowledge and experience that is specifically relevant to the purpose for which the cost allocation will be used;
- The government should obtain ownership of the final work product;
- The governments staff should obtain at least a basic understanding of the process used to prepare the cost allocation;

- The contract for services with the preparer should state whether the preparer will assist in negotiating with a grant provider, if necessary, and which party (the government or the preparer) would be responsible for any indirect costs that are ultimately disallowed; and
- The government is responsible for having a system in place that ensures that data are appropriately classified in the accounting system.

3. *How often should an externally performed cost allocation take place?* An indirect cost allocation should be used for a maximum of three years (unless a law or regulation requires a shorter period). Moreover, an even shorter interval may be necessary based on the following considerations:

- Complexity of the calculation;
- Changes in grant requirements;
- Purpose for which the allocation is to be used<sup>1</sup>;
- Implementation of a new enterprise resource planning (ERP) system;
- A change in the governments administration; or
- A structural change in the government.

4. *What factors need to be considered if a cost allocation is to be performed by the governments own staff?* If indirect cost allocation is to be performed by the governments own staff, a team approach normally is preferable. That team should consist of stakeholders from the governments departments/agencies and should have a designated team leader to make decisions when there are differing positions on the team and it is not possible to reach consensus. In addition:

- The internal staff that works on the project should have knowledge and experience that is specifically relevant to the purpose for which the indirect cost allocation will be used. Likewise, it is important that internal staff be aware of all applicable laws and regulations if the cost allocation is to be used as the basis for requesting reimbursement under a grant;
- The government should develop an educational process to ensure that the staff involved remain knowledgeable;
- Agencies/departments of the government should be responsible for using classifications that identify direct costs to the greatest extent possible to maximize the amount recovered from grant providers, when applicable (as should also be true for externally prepared cost allocations); and
- Data should be captured and documented contemporaneously to avoid audit problems that could otherwise arise as a result of subsequent data changes.

5. *Should the government use an indirect cost allocation plan or an overhead percentage rate?*

There are pros and cons to using either an indirect cost allocation plan or an overhead percentage rate for recouping indirect costs, regardless of whether cost allocations are performed by an external party or by the governments own staff. Since an indirect cost allocation plan involves a greater level of detail and more complex calculations, a government should consider whether increased cost recovery from grantors would justify the extra effort.

#### Notes:

<sup>1</sup> For example, a cost allocation used to chargeback costs to governmental departments/agencies may need to take place more frequently.

*This best practice was previously titled Taking Advantage of Indirect Cost Allocations.*

203 N. LaSalle Street - Suite 2700 | Chicago, IL 60601-1210 | Phone: (312) 977-9700 - Fax: (312) 977-4806

## REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Honorable Members of Town Council  
Town of Purcellville, Virginia

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Purcellville, Virginia, collectively hereafter referred to as the “Town,” for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 5, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not change during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of capital assets, cost allocation, and the allowance for uncollectible accounts are based on management’s knowledge and judgment, which is based on history and, in the case of the cost allocation estimate (also known as chargeback), an estimate derived by an external consultant.
- The local other post-employment benefits liability is based on an actuarial calculation assisted by an external actuarial firm.
- The net pension liability and state administered other post-employment benefit liabilities are based on an actuarial studies provided by actuaries engaged by the Virginia Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.



### *Qualitative Aspects of Accounting Practices (Continued)*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include those related to:

- Capital assets, long-term debt, commitments and contingencies, pension, and other post-employment liabilities.

The financial statement disclosures are neutral, consistent and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following audit adjustments were proposed, which were recorded by the Town indicate matters that had a significant effect on the Town's financial reporting process.

#### Corrected Misstatements:

- An increase to inventory and corresponding decreases to expenses to record inventory balances of approximately \$62,000 in the general fund, \$46,000 in the water fund, and \$45,000 in the sewer fund.
- An increase to expenditures and a corresponding increase to capital lease proceed revenue of approximately \$141,000 to record vehicle leases in the general fund.
- An increase to capital assets of approximately \$21,000, an increase of expense of approximately \$1,000 and a corresponding increase to liabilities of approximately \$22,000 to record vehicle leases in the water fund.

#### Uncorrected Misstatements:

Management has determined that the effects of the following uncorrected misstatements are immaterial, both individually and in the aggregate to the financial statements taken as a whole.

- The Town has not recorded developer contributed infrastructure in the past. The Town is aware of this infrastructure and will determine a value in the upcoming fiscal years to record the correction. When considering the significance of this matter, the auditor and management considered such criteria as: size of the Town, unknown developer activity, and valuation of such assets at similar localities to conclude that the potential unrecorded infrastructure is immaterial.
- The impact on the beginning fund balance and net position for beginning inventory balances is unknown and therefore a prior period adjustment was not made. Instead, the impact of recording current year inventory as described in the "corrected misstatements" section was applied to current year operations.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 20, 2019, a copy of which is attached.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory section and statistical sections, which accompany the financial statements but are not RSI. Such information has 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 it.

### *Cybersecurity Risk Management*

In today’s environment of increasingly frequent cyber-attacks, ensuring the adequacy of cybersecurity is a critical aspect of board oversight. In addition to significant business disruption, substantial response cost, negative publicity, and reputational harm, cybersecurity breaches can result in litigation, and leaders may face potential liability if they failed to implement adequate steps to protect the organization.

Evidence suggests there may be a gap between the magnitude of exposure presented by cyber-risks and steps many corporate boards have taken to address these risks. Organizational leaders should be asking themselves what they can, and should, be doing to effectively oversee cyber-risk management.

*Restriction on Use*

This information is intended solely for the use of the Town Council and management of the Town of Purcellville, Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
November 20, 2019

Attachment

**24. Question: (9/18/20 CM Bertaut #5)**

**p76 Utility Chargebacks.** Chargebacks amount to \$989,526 vs. an operating budget proposed by the Town Manager of \$3,825,330. This is in-effect a 25% cost increase for the Utility dept. The chargeback mechanism serves to obscure the overall cost effectiveness of providing similar services within General Fund departments since it is only applied outside of General Fund departments. The chargeback mechanism appears to highlight the fact that the Town is providing 11.8 FTE in General Fund support for 18 Utility department FTEs. Why is Town administration so inefficient? Can this administrative cost be reduced? There appears to be far too much administrative overhead for our Utility department. Would billing through the County help to improve the cost picture for residents of Purcellville?

Answer: (9/21/20, Finance)

Please see Attachment 2 for the Chargeback memo and Attachment 5 for County Tax Billing Services.

**Chargeback/Accounting Estimate:** The attached staff report “Utility Chargeback- Allocation of Indirect Costs” was prepared for the April 8, 2020 FY21 Budget Work Session agenda but was removed given the large number of urgent discussion items related to the COVID emergency. The report was emailed to TC on 4/15/20. This report provides an overview and historical analysis of the accounting estimate known as “Chargeback” in our budget and financial documents. This estimate is used to allocate indirect costs incurred by the General Fund personnel to support activities of the Utility Enterprise Funds.

As the Utility Funds’ direct personnel costs are **limited to plant/treatment operators**, other functions critical to the operations of the enterprise funds are managed by General Fund personnel. The cost of these non-plant/treatment functions is estimated and allocated to the Utility Funds to ensure the Town’s financial statements accurately reflect maintenance and business costs required to operate the Utility enterprise systems. Per request from CM Bertaut at the 9/28/20 meeting, the following are the components of General Fund personnel that make up the FY21 Chargeback estimate totaling \$989,528 (split equally between Water and Wastewater funds):

- **Public Works- 8.2 FTE** (executive management and planning, maintenance of utility lines and facilities, meter reading, engineering, capital projects, inspections)
  - 1 Department Head (1 FTE consolidates managerial activities of Director, Asst. Director and CIP/Engineering Manager- executive management, planning, engineering, capital project management, oversight of meter systems)
  - 0.6 Operations Coordinator (supports management and PW team)
  - 1 Inspector – Engineering (development & related utility infrastructure inspections, utility CIP inspections)
  - 0.6 Engineering Assistant (engineering, capital projects)
  - 1 Maintenance Team Lead (maintenance of utility lines and facilities)
  - 3 Maintenance Technicians (maintenance of utility lines and facilities)
  - 1 Meter Technician (metering systems, reading, customer usage history/questions)
  - *Does not include the other 9.8 FTE’s in Public Works & Engineering*
- **Finance- 2.2 FTE** (utility billing, collections, customer services, fiscal planning, debt management, accounting)

- 1 Senior Accounting Tech (Utility billing & collection, customer account management, customer read/usage coordination with PW, customer complaints & payment plans & leak adjustments, revenue data analytics, accounting)
- 0.6 Part-time Customer Service Tech (customer service support, cashiering)
- 0.6 Part-time Accounting Tech (accounts payable, payroll, accounting)
- *Does not include the other 7.5 FTE's in Finance or management*
- **Human Resources- 0.6 FTE** (human resource recruitment, management support)
  - *Does not include the other 7.6 FTE's in Administration or management*
- **Information Technology- 0.6 FTE** (hardware and system maintenance and support)
  - *Does not include the other 2.4 FTE's in IT or management*
- **Police- 0 FTE** (small level of protection provided to utility facilities)
  - *Does not include any of the 23 FTE's in Police*
- **Community Development- 0 FTE** (some utility related planning activities)
  - *Does not include any of the 3 FTE's in Community Development*

With the exception of the 1 FTE for Public Works, the estimate utilizes base operations staff and does not include executive or department management.

Sharing resources between funds is a common practice in local governments (see GFOA Best Practice on Indirect Cost Allocation). In fact, this practice enhances operational efficiencies as General Fund management and staff have the expertise to better provide non-plant/treatment related services- utility line maintenance, meter reading, accounting, customer service, IT, HR. The General Fund allocation of indirect costs is based on each department head's estimate of services provided rather than the overall fund budget or number of operators. This methodology has been independently reviewed by the Town's Utility Rate Consultant and Auditors.

**Auditors:** Included in this report is a "Memo on Chargeback" dated 2/25/20 from the Town's auditor, Brown Edward. This memo explains the accounting practice of allocating indirect expenses and the importance of the Chargeback estimate in the accurate reporting of utility system costs. ***Given the sensitivity of this estimate, the Town should be prepared to fully justify any material change in Chargeback methodology.*** According to the auditors, they added the first bullet on page 1 of the "Required Communication with Those Charged with Governance" to further emphasize the sensitivities of the Chargeback estimate and their duty to verify this material accounting estimate.

**Transfers:** A decision by Council to provide General Fund support to the Utility funds should be reported as a "Transfer" on financial statements per generally accepted accounting principles. As this is a policy decision, Council should be prepared to justify the purpose and time period of the transfer especially as it could impact the Town's credit rating.

**County Services:** As the County does not operate a utility system, it cannot provide utility billing and collection services to the Town. However, the County assesses all Loudoun real and personal property and recently offered real estate and personal property tax billing and collection services (combined County/Town tax bills) to Loudoun towns. Initial feedback from other Loudoun towns that participated in the County tax program (2019-first year real estate tax billing; 2020-first year personal property tax billing), indicate the new program was a success and streamlined town operations. Attached is preliminary information and cost estimates provided by the County for these services.

**Utility Chargeback Credit by Department  
FY 2017 - FY 2022**

Attachment 7.1.3

Chargeback Credit by Department	FY 2017 adopted	FY 2018 proposed	FY 2018 adopted	FY 2019 proposed	FY 2020 Adopted	FY 2021 proposed	FY 2022 proposed	<u>Explanation</u>
Administration	\$16,556	\$24,993	\$0	\$0	\$0	\$56,657	\$62,947	Employee count used to prorate HR salary costs; Increase in FY18 proposed due to PT HR Asst enhancement request
Finance	\$256,939	\$282,812	\$0	\$0	\$0	\$141,732	\$123,549	Finance used budget dollars to prorate chargeback cost (60/20/20) except for Utility Specialist which was 100% to Utility Funds.
Information Technology	\$0	\$0	\$0	\$0	\$0	\$41,677	\$46,887	Never included as part of the utility chargeback calculation
Public Works Administration	\$240,425	\$248,192	\$248,192	\$258,469	\$258,469	\$200,305	\$219,870	Split employee cost by 33/33/33, except for Admin Asst position which was not allocated to Chargeback.
Engineering	\$261,898	\$241,459	\$241,459	\$325,306	\$325,306	\$155,639	\$160,400	In FY 16-18, Engineer Division Chief split 33/33/33 and Inspectors 50/25/25; In FY 16-17 Eng Asst allocated 100% to Utility, in FY18, changed to 33/33/33. Increase in FY 2019 due to 2 PT Eng Asst converted to FT in FY18 mid-year budget amendment
Public Work Maintenance	\$377,491	\$389,341	\$388,782	\$402,677	\$402,677	\$393,518	\$394,822	In FY 17, PT Maint worker, one of the Team Lead and Water Meter specialist and 2 Maintenance workers charged 100% to Utility Fund; In FY 17, in FY 18, allocation changed to 50/25/25 for most maintenance workers except no allocation for PT maint worker and Town Hall Lead Maintenance worker. Water Meter specialist charged 100% to Utility Funds
Other Departments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	No other Departments included as part of chargeback
Non-Labor Costs	\$22,514	\$16,753	\$0	\$0	\$0	\$0	\$0	Non-Labor costs included Town Hall Loan and Logics Maintenance costs prorated.
<b>Total Chargeback Credit</b>	<b>\$1,175,823</b>	<b>\$1,203,549</b>	<b>\$878,432</b>	<b>\$986,452</b>	<b>\$986,452</b>	<b>\$989,528</b>	<b>\$1,008,475</b>	Indirect Cost
<i>Water / Wastewater Split</i>	<i>\$587,912</i>	<i>\$601,775</i>	<i>\$439,216</i>	<i>\$493,226</i>	<i>\$493,226</i>	<i>\$494,764</i>	<i>\$504,238</i>	
Year/Year %		2%	-27%	12%	0%	0%	2%	

## History of Chargeback Allocation

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09-10</u>	<u>FY11-14</u>	<u>FY15-16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u> <u>Limited</u> <u>Allocation</u>	<u>FY22</u> <u>Limited</u> <u>Allocation</u>
<b>FTE Count:</b>												
PW	4	7	7	15	10	8.5	9.7	8.9	9	9	8.2	8.2
Admin	0	0	0	0	0	0	0	0	0	0	0	0
Finance	1	1	1	2.65	2.65	3	3	0	0	0	2.2	2.2
HR							0.2	0	0	0	0.6	0.6
IT											0.6	0.6
Allocated FTE	<b>5.0</b>	<b>8.0</b>	<b>8.0</b>	<b>17.7</b>	<b>12.7</b>	<b>11.5</b>	<b>12.9</b>	<b>8.9</b>	<b>9.0</b>	<b>9.0</b>	<b>11.6</b>	<b>11.6</b>
<b>Chargeback Allocation:</b>												
Personnel Water	158,810	256,659	284,832	601,468	549,315	504,691	576,655	439,216	493,226	493,226	494,764	504,238
Personnel Wastewater	142,429	242,565	284,832	601,468	549,315	504,691	576,655	439,216	493,226	493,226	494,764	504,238
Other costs	17,308	17,300	17,296	17,296	17,275	22,514	22,514	-	-	-	-	-
<b>Total Chargeback</b>	<b>\$318,547</b>	<b>\$516,524</b>	<b>\$586,960</b>	<b>\$1,220,232</b>	<b>\$1,115,905</b>	<b>\$1,031,896</b>	<b>\$1,175,824</b>	<b>\$878,432</b>	<b>\$986,452</b>	<b>\$986,452</b>	<b>\$989,528</b>	<b>\$1,008,476</b>
<b>Metrics:</b>												
Total FTE's	65.75	71.50	70.50	70.00	70.00	73.00	74.90	79.60	80.90	86.90	84.90	84.90
% of FTE's	8%	11%	11%	25%	18%	16%	17%	11%	11%	10%	14%	14%
Town Population	7,122	7,304	7,497	7,700	8,600	9,600	10,033	10,025	10,025	10,025	10,025	10,025
Chargeback per Capita	\$45	\$71	\$78	\$158	\$130	\$107	\$117	\$88	\$98	\$98	\$99	\$101

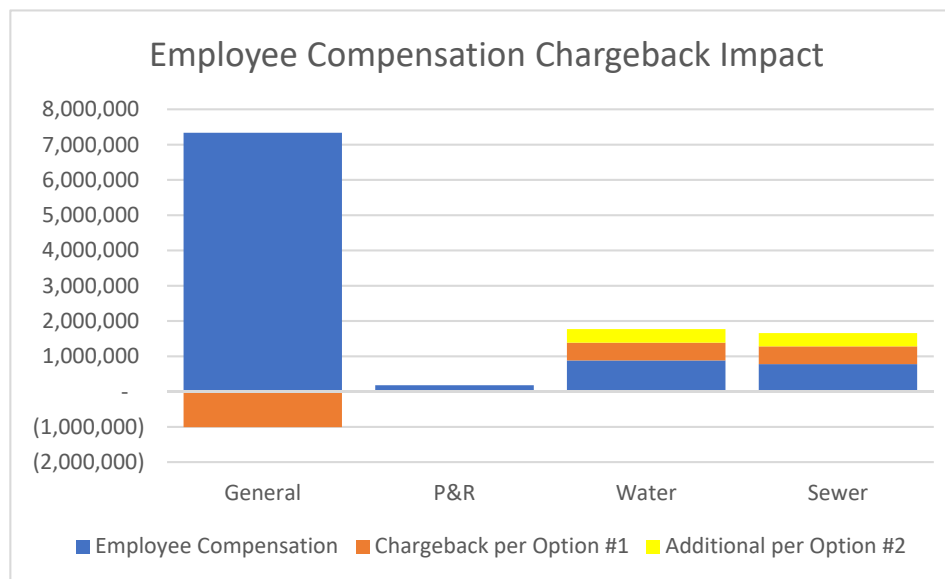
Notes:

Personnel costs allocated based on manager's assessment of employee workload to support utility funds.

FY06- Final year personnel costs were allocated via payroll

FY18- Chargeback calculation was modified by TC to only reflect PW personnel

Other costs include portion of Town Hall debt service and software costs





## FY22 CHARGEBACK CALCULATION

				Option #1	Option #2 - Full Allocation				
Department	FTE	Ltd Alloc FTE	Limited Allocation	Alloc Basis	Government al Fund	Water Fund	Sewer Fund	Utility	Total
<b>Administration</b>									
Town Manager	1.00	0.00		Budget	62.8%	16.4%	20.8%	37.2%	100.0%
Director of Administration	1.00	0.00		None	100%	0%	0%	0%	100.0%
Town Clerk/Executive Assistant	1.00	0.00		Budget	62.8%	16.4%	20.8%	37.2%	100.0%
Deputy Town Clerk	1.00	0.00		None	100%	0%	0%	0%	100.0%
Town Attorney	1.00	0.00		Other	90%	5%	5%	10%	100.0%
Director of Human Resources	1.00	0.00		FTE	79%	11%	11%	21%	100.0%
Human Resources Analyst	1.00	0.60		FTE	79%	11%	11%	21%	100.0%
Grants Coordinator	0.20	0.00		None	100%	0%	0%	0.0%	100.0%
Office Assistant	0.50	0.00		None	100%	0%	0%	0%	100.0%
Office Assistant	0.50	0.00		None	100%	0%	0%	0%	100.0%
<b>Total</b>	<b>8.20</b>	<b>0.60</b>	<b>\$ 62,947</b>		<b>\$ 1,008,724</b>	<b>\$ 101,284</b>	<b>\$ 117,694</b>	<b>\$ 218,978</b>	<b>\$ 1,227,702</b>
<b>% of Pay and Benefits</b>					<b>82.2%</b>	<b>8.2%</b>	<b>9.6%</b>	<b>17.8%</b>	<b>100.0%</b>
<b>Finance</b>									
Treasurer/Director of Finance	1.00	0.00		Budget	62.8%	16.4%	20.8%	37.2%	100%
Assistant Director of Finance	1.00	0.00		Actuals-Revenue	63%	18%	19%	37%	100%
Accounting Manager	1.00	0.00		Budget	61%	17%	22%	39%	100%
Payroll Specialist	1.00	0.00		FTE	79%	11%	11%	21%	100%
Accounting Technician (PT)	0.60	0.60		Budget	61.5%	16.9%	21.6%	38.5%	100%
Senior Accounting Technician	1.00	1.00		Utility Bills	0%	50%	50%	100%	100%
Accounting Specialist	1.00	0.00		Utility Bills	0%	50%	50%	100%	100%
Accounting Technician (PT)	0.40	0.00		Actuals-Bills	47%	26.5%	26.5%	26.5%	100%
Accounting Technician (PT)	0.40	0.60		Actuals-Bills	47%	26.5%	26.5%	26.5%	100%
Accounting Technician (PT)	0.40	0.00		Actuals-Bills	47%	26.5%	26.5%	26.5%	100%
Procurement Specialist	0.50	0.00		Budget	62.8%	16.4%	20.8%	37.2%	100%
Financial Analyst	1.00	0.00		Budget	62.8%	16.4%	20.8%	37.2%	100%
<b>Total</b>	<b>9.30</b>	<b>2.20</b>	<b>\$ 123,549</b>		<b>\$ 511,201</b>	<b>\$ 227,227</b>	<b>\$ 251,192</b>	<b>\$ 478,419</b>	<b>\$ 989,620</b>
<b>% of Pay and Benefits</b>					<b>51.7%</b>	<b>23.0%</b>	<b>25.4%</b>	<b>48.3%</b>	<b>100.0%</b>
<b>Information Technology</b>									
Director of Information Technology	1.00	0.00		FTE	79%	11%	11%	21%	100%
Network Administrator	1.00	0.00		FTE	79%	11%	11%	21%	100%
Information Technology Specialist	1.00	0.60		FTE	79%	11%	11%	21%	100%
<b>Total</b>	<b>3.00</b>	<b>0.60</b>	<b>\$ 46,887</b>		<b>\$ 282,870</b>	<b>\$ 37,997</b>	<b>\$ 37,997</b>	<b>\$ 75,995</b>	<b>\$ 358,865</b>
<b>% of Pay and Benefits</b>					<b>78.8%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>21.2%</b>	<b>100.0%</b>
<b>Police Department</b>									
<b>Total</b>	<b>23.00</b>	<b>0.00</b>	<b>\$ -</b>	None	<b>\$ 2,341,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,341,548</b>

## FY22 CHARGEBACK CALCULATION

FY22 CHARGEBACK CALCULATION			Option #1	Option #2 - Full Allocation					
Department	FTE	Ltd Alloc FTE	Limited Allocation	Alloc Basis	Government al Fund	Water Fund	Sewer Fund	Utility	Total
<u>Public Works (PW) Admin &amp; Maintenance</u>				Legend:				Est. for WO	
Director of Public Works	1.00	1.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
PW Operations Coordinator	1.00	0.60		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Superintendent	1.00	0.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Team Leader	1.00	1.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Team Leader	1.00	0.00		Other	90.0%	5.0%	5.0%	10.0%	100.0%
Maintenance Technician	1.00	1.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Maintenance Technician	1.00	1.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Maintenance Technician	1.00	1.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Maintenance Technician	1.00	0.00		Other	90.0%	5.0%	5.0%	10.0%	100.0%
Maintenance Technician	1.00	0.00		Other	90.0%	5.0%	5.0%	10.0%	100.0%
Meter Technician	1.00	1.00		Utility Split	0.0%	50.0%	50.0%	100.0%	100.0%
Utilities Maintenance Technician	0.00	0.00		Other	12.5%	12.0%	75.0%	87.0%	99.5%
Maintenance Technician	1.00	0.00		Other	90.0%	5.0%	5.0%	10.0%	100.0%
Total	12.00	6.60	\$ 621,145		\$ 568,648	\$ 289,196	\$ 289,196	\$ 578,392	\$ 1,147,040
% of Pay and Benefits					49.6%	25.2%	25.2%	50.4%	100.0%

**Engineering, Planning, and Development**

Director	1.00	0.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Asset Management Coordinator	1.00	0.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
GIS and Special Projects Coordinator	1.00	0.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Site Inspector	1.00	1.00		Equally	34.0%	33.0%	33.0%	66.0%	100.0%
Capital Projects Coordinator	1.00	0.60		CIP Budget	34.6%	61.4%	4.0%	65.4%	100.0%
Facilities Coordinator	1.00	0.00		Other	90.0%	5.0%	5.0%	10.0%	100.0%
Director of Planning & Economic Development	1.00	0.00		None	100.0%	0.0%	0.0%	0.0%	100.0%
Senior Planner	1.00	0.00		None	100.0%	0.0%	0.0%	0.0%	100.0%
Permits & Code Enforcement Coordinator	1.00	0.00		None	100.0%	0.0%	0.0%	0.0%	100.0%
<b>Total</b>	<b>9.00</b>	<b>1.60</b>	<b>\$ 160,400</b>		<b>\$ 672,810</b>	<b>\$ 235,400</b>	<b>\$ 184,365</b>	<b>\$ 419,766</b>	<b>\$ 1,092,575</b>
<b>% of Pay and Benefits</b>					<b>61.6%</b>	<b>21.5%</b>	<b>16.9%</b>	<b>38.4%</b>	<b>100.0%</b>

**Council, Commission & Boards**

<b>Total</b>	<b>1.00</b>	<b>0.00</b>	<b>\$ -</b>	None	<b>\$ 62,557</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,557</b>
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<b>General Fund Total</b>	<b>65.50</b>	<b>11.60</b>	<b>\$ 1,014,928</b>		<b>\$ 5,448,358</b>	<b>\$ 891,105</b>	<b>\$ 880,446</b>	<b>\$ 1,771,550</b>	<b>\$ 7,219,909</b>
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**Parks & Rec**

<b>Total</b>	<b>2.00</b>	<b>0.00</b>	<b>\$ -</b>	None	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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Legend: \* WO tracking

Public Works (PW) Admin & Maintenance FTE	Option #1		Option #2 - Full Alloc		WO*	Difference		
	FTE	Ltd Alloc FTE	Alloc Basis	Est	Actuals or Est (a)	WO v Ltd (a)	WO v Full Alloc (b)	Full v Ltd (c)
Director of Public Works	1.00	1.00	Equally	0.66	0.66	(0.34)	-	(0.34)
PW Operations Coordinator	1.00	0.60	Equally	0.66	0.66	0.06	-	0.06
Superintendent	1.00	0.00	Equally	0.66	0.66	0.66	-	0.66
Team Leader	1.00	1.00	Equally	0.66	0.59	(0.41)	(0.07)	(0.34)
Team Leader	1.00	0.00	Other	0.10	0.07	0.07	(0.03)	0.10
Maintenance Technician	1.00	1.00	Equally	0.66	0.66	(0.34)	-	(0.34)
Maintenance Technician	1.00	1.00	Equally	0.66	0.71	(0.29)	0.05	(0.34)
Maintenance Technician	1.00	1.00	Equally	0.66	0.60	(0.40)	(0.06)	(0.34)
Maintenance Technician	1.00	0.00	Other	0.10	0.07	0.07	(0.03)	0.10
Maintenance Technician	1.00	0.00	Other	0.10	0.07	0.07	(0.03)	0.10
Meter Technician	1.00	1.00	Utility Split	1.00	1.00	-	-	-
Utilities Maintenance Technician	0.00	0.00	Other	0.87	0.87	0.87	-	0.87
Maintenance Technician	1.00	0.00	Other	0.10	0.07	0.07	(0.03)	0.10
<b>Total</b>	<b>12.00</b>	<b>6.60</b>		<b>6.89</b>	<b>6.69</b>	<b>0.09</b>	<b>(0.20)</b>	<b>0.29</b>
<b>Expense \$</b>		<b>\$ 621,145</b>		<b>\$578,392</b>	<b>\$ 559,857</b>	<b>\$ (61,288)</b>	<b>\$ (18,536)</b>	<b>\$ (42,752)</b>

We compared work orders for calendar year 2020 to our Limited Allocation estimate and only varied by 0.09 FTE.

(a) FTE on a Limited Allocation basis is 6.60 and 6.69 using calendar year 2020 work orders & estimates which is a difference fo 0.09 and (\$61K).

(b) Full Allocation Estimate for those PW Maintenance employees that use Work Orders to track in Beehive differs by only (0.2) FTE and (\$19K).

(c) FTE on Full Allocation is 6.89 and on a Limited Allocation basis is 6.60 which is a difference fo 0.29 and (\$43K).

## FY22 CHARGEBACK CALCULATION

Department	FTE	Ltd Alloc FTE	Limited Allocation	Alloc Basis	Option #1	Option #2 - Full Allocation				Total
						Government al Fund	Water Fund	Sewer Fund	Utility	

## Summary of Methodologies to Allocate Governmental Funds to Utilities Funds

<b>BASED ON ALLOCATED FTE (Option #1)</b>										
Subtotal GF non-PW	53.50	5.00	\$	393,784			196,892	196,892	393,784	393,784
Subtotal GF Public Works	12.00	6.60	\$	621,145			310,572	310,572	621,145	621,145
Total General Fund	65.50	11.60	\$	1,014,928	\$	-	\$ 507,464	\$ 507,464	\$ 1,014,928	\$ 1,014,928
% of Pay and Benefits						0.0%	50.0%	50.0%	100.0%	100.0%
<b>BASED ON SALARY AND FULL ALLOCATION % (Option #2)</b>										
Subtotal GF non-PW	53.50	5.00			\$	4,879,710	\$ 601,908	\$ 591,249	\$ 1,193,158	\$ 6,072,868
Subtotal GF Public Works	12.00	6.60			\$	568,648	\$ 289,196	\$ 289,196	\$ 578,392	\$ 1,147,040
Total General Fund	65.50	11.60			\$	5,448,358	\$ 891,105	\$ 880,446	\$ 1,771,550	\$ 7,219,909
% of Pay and Benefits						75.5%	12.3%	12.2%	24.5%	100.0%

## Utilities before Governmental Fund Chargeback

## Water Fund

Total	9.00	9.00	0	100%	\$	-	\$ 880,743	\$ -	\$ 880,743	\$ 880,743
% of Pay and Benefits						0.0%	109.3%	0.0%	100.0%	100.0%

## Sewer Fund

Total	9.00	9.00	0	100%	\$	-	\$ -	\$ 775,306	\$ 775,306	\$ 775,306
% of Pay and Benefits						0.0%	0.0%	100.0%	100.0%	100.0%
Total Water and Sewer Direct	18.00	18.00	0		\$	-	\$ 880,743	\$ 775,306	\$ 1,656,049	\$ 1,656,049
% of Pay and Benefits						0.0%	55.7%	49.0%	100.0%	100.0%
Total	85.50	29.60	0		\$	5,448,358	\$1,771,848	\$ 1,655,751	\$ 3,427,599	\$ 8,875,957
% of Pay and Benefits						209.9%	68.2%	63.8%	37.9%	98.1%

# PERSONNEL BY DEPARTMENT

Attachment 7.2

Department		FY22 Proposed Budget	Actuals 12/31/20	Actuals 3/17/21	Vacant @ 3/17
ADMINISTRATION	Total FTE	8.20	8.20	8.20	0.00
	Head Count	10	10	10	0
FINANCE	Total FTE	9.70	9.70	9.70	0.00
	Head Count	12	12	12	0
INFORMATION TECHNOLOGY	Total FTE	3.00	3.00	3.00	0.00
	Head Count	3	3	3	0
POLICE DEPARTMENT	Total FTE	23.00	16.00	17.00	6.00
	Head Count	23	16	17	6
PUBLIC WORKS - ADMIN	Total FTE	2.00	2.00	2.00	0.00
	Head Count	2	2	2	0
PUBLIC WORKS - MAINTENANCE	Total FTE	10.00	10.00	10.00	0.00
	Head Count	10	10	10	0
ENGINEERING, PLANNING & DEVELOPMENT	Total FTE	9.00	8.00	9.00	0.00
	Head Count	9	8	9	0
TOTAL GENERAL FUND	Full Time Equivalent	64.90	56.90	58.90	6.00
	Actual Head Count	69.00	61.00	63.00	6.00
PARKS & RECREATION	Total FTE	2.00	2.00	2.00	0.00
	Head Count	2	2	2	0
TOTAL PARKS & REC. FUND	Full Time Equivalent	2.00	2.00	2.00	0.00
	Actual Head Count	2.00	2.00	2.00	0.00
WATER	Total FTE	9.00	8.00	8.00	1.00
	Head Count	9	8	8	1
WASTEWATER	Total FTE	9.00	9.00	9.00	0.00
	Head Count	9	9	9	0
TOTAL UTILITIES	Full Time Equivalent	18.00	17.00	17.00	1.00
	Actual Head Count	18	17	17	1
TOTAL STAFF	Full Time Equivalent	84.90	75.90	77.90	7.00
	Actual Head Count	89	80	82	7
FTE Change		0.00			

(a) Vacancies as of 3/17/21: (4) Corporals, (2) Officers

(b) Y a a i A n a c A t a d a j & A ^ & @

Legend:

PRIOR YR3 = FY18

PRIOR YR2 = FY19

LAST YR = FY20

CURRENT YR = FY21

CY REV BUDGET = FY21 Revised

03/18/2021  
18:45:51TOWN OF PURCELLVILLE, VA  
HISTORICAL ACTUALS COMPARISON REPORTPAGE 1  
glactrpt

FOR PERIOD 08 OF 2021

ACCOUNTS FOR:  
100 General FundPRIOR YR3  
ACTUALSPRIOR YR2  
ACTUALSLAST YR  
ACTUALSCURRENT YR  
ACTUALSCY REV  
BUDGET11110000 Town Council

11110000 403110 Consultants-General	5,000.00	5,000.00	.00	.00	10,000.00
TOTAL Town Council	5,000.00	5,000.00	.00	.00	10,000.00

11210000 Admin Personnel

11210000 403113 Operational Assessment	.00	70,016.20	.00	.00	.00
TOTAL Admin Personnel	.00	70,016.20	.00	.00	.00

11211000 Administration

11211000 403110 Consultants-General	1,821.55	4,112.36	24,266.63	7,516.40	18,000.00
11211000 403112 Compensation Study	.00	.00	24,376.30	.00	15,623.70
TOTAL Administration	1,821.55	4,112.36	48,642.93	7,516.40	33,623.70

11221010 Legal Services-Council

11221010 403150 Legal-Council	.00	5,000.00	-1,400.00	.00	5,000.00
TOTAL Legal Services-Council	.00	5,000.00	-1,400.00	.00	5,000.00

11221020 Legal Services-Admin

11221020 403150 Legal-Admin	12,425.25	24,657.50	29,772.75	50,360.00	54,000.00
11221020 403151 Police Dept Investigation	41,171.10	.00	.00	.00	.00
11221020 403152 PD Invest Audit	4,822.00	26,446.51	152,713.74	.00	.00
11221020 403153 HR/Mgmt Invest	33,278.27	3,121.52	831.24	-9,755.00	.00
11221020 403154 County Support	1,830.12	.00	.00	.00	.00
TOTAL Legal Services-Admin	93,526.74	54,225.53	183,317.73	40,605.00	54,000.00

11221050 Legal Services-Public Works

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TOWN OF PURCELLVILLE, VA  
HISTORICAL ACTUALS COMPARISON REPORT

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ACCOUNTS FOR: 100 General Fund	PRIOR YR3 ACTUALS	PRIOR YR2 ACTUALS	LAST YR ACTUALS	CURRENT YR ACTUALS	CY REV BUDGET
11221050 403150 Legal-Public Works	9,250.00	3,383.00	11,919.00	150.00	16,000.00
TOTAL Legal Services-Public Wo	9,250.00	3,383.00	11,919.00	150.00	16,000.00
11221060 Legal Services-Comm Dev					
11221060 403150 Legal-Comm Dev	3,070.00	1,019.12	.00	.00	1,000.00
TOTAL Legal Services-Comm Dev	3,070.00	1,019.12	.00	.00	1,000.00
11224000 Financial Administration					
11224000 403120 Auditing Services	24,000.00	24,000.00	26,500.00	25,800.00	29,000.00
11224000 403125 OPEB Actuarial Rpt	.00	.00	1,150.00	.00	8,000.00
11224000 403130 Financial Advisor	1,409.34	19,252.46	3,750.00	27,067.23	36,000.00
11224000 403160 Fixed Asset Inventory	5,122.50	5,300.00	5,300.00	5,200.00	6,000.00
TOTAL Financial Administration	30,531.84	48,552.46	36,700.00	58,067.23	79,000.00
11242000 Finance					
11242000 403170 Bank Service Charge	.00	24.00	92.87	59.20	150.00
TOTAL Finance	.00	24.00	92.87	59.20	150.00
13111000 Police Department					
13111000 403110 Consultants-General	2,915.29	3,400.00	.00	.00	6,500.00
13111000 403155 Public Defender Fees	720.00	518.00	600.00	240.00	1,000.00
TOTAL Police Department	3,635.29	3,918.00	600.00	240.00	7,500.00
14110000 Public Works Engineering					
14110000 403140 Do Not Use-Consultants-Eng	12,108.09	13,188.32	6,043.35	.00	.00

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ACCOUNTS FOR:	PRIOR YR3	PRIOR YR2	LAST YR	CURRENT YR	CY REV
100 General Fund	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET
<hr/>					
TOTAL Public Works Engineering	12,108.09	13,188.32	6,043.35	.00	.00
14120000 Public Works					
<hr/>					
14120000 403140 Consultants-Engineering	350.00	2,500.00	.00	.00	1,071.00
TOTAL Public Works	350.00	2,500.00	.00	.00	1,071.00
18105000 Engineering Planning & Develop					
<hr/>					
18105000 403110 Consultants-General	.00	.00	.00	1,050.00	8,850.00
18105000 403111 Comprehensive Plan	.00	6,606.25	6,471.25	2,025.00	.00
18105000 403135 Long Range Planning	35,921.10	.00	.00	540.00	40,000.00
18105000 403136 Asphalt Replacement Plan	.00	.00	.00	.00	10,000.00
18105000 403140 Engineering and Architectu	.00	.00	.00	14,698.22	57,500.00
18105000 403141 Field Inspection/Plan Revi	.00	.00	.00	.00	2,500.00
TOTAL Engineering Planning & D	35,921.10	6,606.25	6,471.25	18,313.22	118,850.00
18110000 Community Development					
<hr/>					
18110000 403110 Consultants-General	1,775.00	.00	.00	.00	.00
18110000 403140 Consultants-Engineering	195.00	.00	1,500.00	.00	.00
18110000 403141 Field Inspection/Plan Revi	.00	872.57	.00	.00	.00
TOTAL Community Development	1,970.00	872.57	1,500.00	.00	.00
TOTAL General Fund	197,184.61	218,417.81	293,887.13	124,951.05	326,194.70
TOTAL EXPENSES	197,184.61	218,417.81	293,887.13	124,951.05	326,194.70



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ACCOUNTS FOR:	PRIOR YR3	PRIOR YR2	LAST YR	CURRENT YR	CY REV
200 Parks & Recreation Fund	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET
<hr/>					
27111000 Parks & Rec Management					
27111000 403110 Consultants-General	.00	.00	.00	800.00	15,000.00
27111000 403190 Events Management	8,000.00	8,000.00	12,186.30	.00	18,000.00
TOTAL Parks & Rec Management	8,000.00	8,000.00	12,186.30	800.00	33,000.00
TOTAL Parks & Recreation Fund	8,000.00	8,000.00	12,186.30	800.00	33,000.00
TOTAL EXPENSES	8,000.00	8,000.00	12,186.30	800.00	33,000.00

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ACCOUNTS FOR: 501 Water Fund	PRIOR YR3 ACTUALS	PRIOR YR2 ACTUALS	LAST YR ACTUALS	CURRENT YR ACTUALS	CY REV BUDGET
<hr/>					
51530000 Water Plant-Other					
51530000 403135 Long Range Planning	.00	.00	39,362.55	21,983.50	52,873.93
51530000 403140 Consultants-Engineering	8,570.00	5,920.00	20,438.28	5,792.20	105,000.00
51530000 403150 Legal Services	.00	.00	.00	8,808.61	.00
TOTAL Water Plant-Other	8,570.00	5,920.00	59,800.83	36,584.31	157,873.93
51590000 Financial Administration					
51590000 403130 Financial Advisor	2,323.10	13,559.50	21,136.80	21,088.67	95,820.28
51590000 403170 Bank Service Charge	.00	20.00	24.00	24.00	50.00
TOTAL Financial Administration	2,323.10	13,579.50	21,160.80	21,112.67	95,870.28
TOTAL Water Fund	10,893.10	19,499.50	80,961.63	57,696.98	253,744.21
TOTAL EXPENSES	10,893.10	19,499.50	80,961.63	57,696.98	253,744.21

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ACCOUNTS FOR: 502 Wastewater Fund	PRIOR YR3 ACTUALS	PRIOR YR2 ACTUALS	LAST YR ACTUALS	CURRENT YR ACTUALS	CY REV BUDGET
<hr/>					
52630000 Wastewater Plant-Other					
52630000 403135 Long Range Planning	.00	.00	15,913.25	4,560.00	93,140.59
52630000 403140 Consultants-Engineering	.00	4,123.49	6,030.24	.00	30,400.00
TOTAL Wastewater Plant-Other	.00	4,123.49	21,943.49	4,560.00	123,540.59
 52690000 Financial Administration					
52690000 403130 Financial Advisor	2,323.09	13,559.50	21,136.80	4,486.68	72,360.00
52690000 403170 Bank Service Charge	.00	20.00	24.00	24.00	500.00
TOTAL Financial Administration	2,323.09	13,579.50	21,160.80	4,510.68	72,860.00
TOTAL Wastewater Fund	2,323.09	17,702.99	43,104.29	9,070.68	196,400.59
TOTAL EXPENSES	2,323.09	17,702.99	43,104.29	9,070.68	196,400.59
GRAND TOTAL	218,400.80	263,620.30	430,139.35	192,518.71	809,339.50

# Contractor Overview

- No contractors working in lieu of an employee
- Departments
  - Utilize contractors/consultants for various Operating Projects
    - e.g., Personnel Manual for Human Resources, Planning for Economic Development
  - Finance contracts Auditors, Financial Advisors, and Bond/Financing related Agents
  - IT for maintenance and support
  - Engineering uses contractors/consultants for CIP and Task Orders.
  - Parks & Rec contracts them to assist with events.
  - Water Department uses on-call service technicians to respond to maintenance needs that staff is not able to conduct. This work is conducted on an as-needed, basis and includes: Instrumentation repair, Third calibration services (for regulatory oversight purposes), SCADA repair and upgrades, Well pump installations and rehabilitations, and Generator maintenance and repair.
  - Wastewater Department uses them for Membrane SCADA, Plant SCADA, Compressor Services, Generator Service, Instrumentation, Biosolids Disposal, and Lab Equip Calibrations.

## FY22 CIP by Fund and Source

	FY22	by Funding Source						
FY22 CIP Budget by Fund	Total	VDOT	NVTA	Cash	Proffers	Grant	County	USDA Loan
<b>GENERAL FUND</b>								
ERP Software Phase 2	70,200			70,200				
Hatcher Avenue Sidewalk Improvements	675,080	323,494	194,576		157,010	0		
Street Lighting - N Maple Ave/LVHS	200,000						200,000	
Main & Maple Intersection Imp Phase 2	66,070	52,856	13,214					
32nd & Main Intersection Improvements	172,500		172,500					
<b>TOTAL GENERAL FUND - CIP</b>	<b>1,183,850</b>	<b>376,350</b>	<b>380,290</b>	<b>70,200</b>	<b>157,010</b>	<b>0</b>	<b>200,000</b>	<b>0</b>
<b>SPECIAL PARKS &amp; RECREATION FUND (P&amp;R)</b>								
Sue Kane Nature Park Multi-Use Trail (###)	125,000			25,000		100,000	0	0
<b>TOTAL P&amp;R FUND - CIP</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
<b>WATER FUND</b>								
Hirst Reservoir Improvements (31495230)	1,445,000							1,445,000
WTP to Town Water Main Replacement Ph 1	400,000							400,000
Reservoir to WTP Raw Water Main	480,000							480,000
<b>TOTAL WATER FUND - CIP</b>	<b>2,325,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,325,000</b>
<b>WASTEWATER FUND</b>								
12th Street Sewer Rehabilitation (32496###)	150,000			150,000				
<b>TOTAL WASTEWATER FUND - CIP</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CIP</b>	<b>3,783,850</b>	<b>376,350</b>	<b>380,290</b>	<b>245,200</b>	<b>157,010</b>	<b>100,000</b>	<b>200,000</b>	<b>2,325,000</b>

	Fund	DEPT	Add / Surplus / Sold	MAKE	CURRENT MODEL/DESC RIPTION	PROPOSED REPLACEMENT DESCRIPTION	VEHICLE #	ACQUISITION DATE	FISCAL YEAR	ORIG REPLACEMT FY	TARGET FY TO REPLACE	CURRENT - LEASE OR OWN	VIN	WHEEL DRIVE /ALL WD/4WD	FUEL TYPE	MILEAGE	PLATE #	PRIMARY DRIVER	Sum of Annual Lease Cost
(c)	General	CD/PLAN NING	Replace	Ford	Escape- Hybrid	Ford Escape SE 4x4	107	8/9/2011	2012	2021	2023	Own	1FMCL	AWD	Gas	49434	143-099L	Planning	5,376
(c,f)		POLICE	Replace	Chevy	Tahoe	Interceptor SUV	220	40,878	2011	2022	2023	Own	1GNSK	4WD	Gas	100387	116-563L	PD	9,441
(c,f)				Dodge	Charger	Ford Explorer 4x4 Base	225	41,942	2014	2022	2022	Own	2C3CD		Gas	78358	174-539L	PD	6,040
(b)		PW Maint	Replace	Chevy	2500HD	Ford F-350 Super Cab W SRW	105	9/22/2003	2003	2021	2023	Own	1GHCK	4WD	Gas	74857	119-404L	Maintenace	14,175
(c)				Ford	F-350	Ford F-350 Super Cab W SRW	511	12/1/2008	2009	2022	2023	Own	1FDSF3	4WD	Diesel	55349	143-090L	Maintenanc	14,175
(c)							513	10/3/2011	2012	2022	2023	Own	1FT7X2	4WD	Gas	201872	169-020L	Maintenanc	14,175
(c)							515	2/9/2006											14,175
(a)	Water	WTP	Replace	Ford	F-250	Ford F-250 Super Cab	314	12/17/2012	2013	2021	2022	Own	1FTBF2	4WD	Gas	111947	130-950L	Water Staff	14,900
(c)	Wastew ater	WWTP	Replace	Chevy	Silverado	Ford F-250 Super Cab	405	4/11/2011	2011	2022	2024	Own	1GCRK	4WD	Gas	33997	143-096L	WWTP	9,643
Grand Total																			102,100

## Notes:

(a) Department Requested, TM Approved, Pending TC Adoption

(b) Department Requested, TM did not Approve (See Unfunded Enhancements page 22 of Proposed Budget Book)

(c) Department did Not Request an Enhancement.

(d) Replacement was originally scheduled for replacement in FY2019-22

(e) Represents revised replacement fiscal year.

(f) Need to include upfitting

## Summary of Service Level Changes Impact to our Citizens

FUND	CURRENT SERVICE LEVELS	CURRENT STATUS	FY22 REVENUE ENHANCEMENTS
General	<p><b>Refuse</b> - Curbside trash, recycling, bulk item, yard waste pick-up 1-time/week.</p> <p><b>Police</b>- Patrol coverage and service response 24 hours x 7 days/week with 3-minute average response time.</p> <p><b>Public Works</b> - Street maintenance including snow plowing, street sweeping, paving, storm drainage, street lights, mowing common areas. Sidewalks creating a walkable &amp; connected community.</p> <p><b>Planning &amp; Zoning</b> - Customer service support; process site plans &amp; subdivision plats, rezoning applications, special use permits, zoning, sign &amp; occupancy permits; enforce zoning regulations.</p> <p>Economic Development to recruit new business &amp; improve existing business climate.</p> <p><b>Capital Projects/Engineering</b> - Oversight of capital projects, construction utility inspection, infrastructure management and planning.</p> <p><b>Finance</b> - Customer support related to Utility and other billing activities.</p> <p><b>IT</b> - Facilitates virtual meetings and videos.</p> <p><b>Admin</b> – Responds to questions and complaints from citizens; public information and outreach.</p>	<p><b>Service Levels- Stable</b></p> <p><b>Pandemic impacts:</b> Increased some Staff responsibilities such as Federal aid and community assistance programs. Public access to facilities and meetings varied per public health regulations, however, customer service and meeting participation was managed via virtual/remote technology or appointments.</p>	<p>None. (primary funding from taxes, fees, intergovernmental support)</p>
Parks and Recreation	<p><b>Facilities</b> - Bush Tabernacle, Dillon's Woods, Fireman's Field, Suzanne R. Kane Nature Preserve, the Train Station which is available for use by residents and local groups (HOA, scouts, artisans, civic groups, etc.), the Community Garden, as well as the Chapman DeMary Trail for which the Town holds the conservation easement.</p> <p><b>Special Event Activities</b> - Wine and Food Festival and Music and Arts Festival, Memorial Day, 9-11 services; 4th of July Parade, Christmas programs and parade. P&amp;R assists the Town in reaching economic goals while providing programs, events, and activities to enhance the quality of life, and leisure services to citizens. These activities draw in many tourists and support local businesses.</p>	<p><b>Pandemic impacts:</b> Signature events were cancelled in FY21 and are likely to remain <b>limited</b> in FY22; Resources were redirected to hosting virtual programs and other projects. Train Station remains closed due to COVID.</p>	<p>None. (primary funding from special tax district, fees)</p>
Utility	<p>Production of quality potable water and the treatment of wastewater for the residents and businesses in the community.</p>	<p><b>Service Levels- Stable</b></p> <p><b>Pandemic impacts:</b> Implemented a modified work schedule.</p>	<p>None. (primary funding from fees charged to users)</p>

- Staff responsibilities were increased during the pandemic (e.g., Public Works coverage, CRF processing, Billing delinquencies/waivers).
- Please refer to the Performance Dashboards within each Departments Section for details.

<b>Top Revenue</b>	<b>FY20 Orig Budget</b>	<b>FY20 Actual</b>	<b>FY20 Variance</b>
<b>Governmental:</b>			
Real Estate Property Tax	3.102	3.290	0.188
Personal Property Tax	0.640	0.596	(0.044)
Meals Tax	2.165	1.906	(0.259)
Business License	0.806	0.855	0.048
Sales Tax	1.217	1.316	0.099
Misc Other Local Taxes	0.780	0.737	(0.043)
Permits, Fees, Licenses	0.271	0.289	0.018
Fines & Forfeitures	0.044	0.046	0.002
Use of Money & Property - G	0.102	0.096	(0.006)
Miscellaneous - G	0.089	0.089	(0.000)
Inter-Governmental - G	1.178	1.296	0.118
General Fund	10.395	10.515	0.120
GF Reserves and Transfers	0.766	-	(0.766)
<i>Accounting Adj</i>		9.539	9.539
<i>Total excl Acctg Adj</i>	11.162	10.515	(0.647)
Parks & Rec	0.534	0.529	(0.005)
Reserves and Transfers	0.050	0.007	(0.043)
<i>Total</i>	0.584	0.536	(0.048)
<b>GOVERNMENTAL excl Acctg Adj</b>	<b>11.745</b>	<b>11.051</b>	<b>(0.694)</b>
<b>Utilities:</b>			
Water Availabilities	0.657	0.579	(0.077)
Water Fees	2.273	2.218	(0.054)
Water Other	0.298	0.355	0.057
Reserves and Transfers	-	-	-
<i>Total</i>	3.227	3.153	(0.075)
Wastewater Availabilities	0.172	0.060	(0.112)
Wastewater Fees	3.143	3.158	0.015
Wastewater Other	0.114	0.127	0.013
Wastewater Fund	3.429	3.345	(0.084)
Reserves and Transfers	0.649	-	(0.649)
<i>Total</i>	4.078	3.345	(0.733)
<b>UTILITIES</b>	<b>7.305</b>	<b>6.498</b>	<b>(0.807)</b>
<b>TOTAL OPERATING REVENUE</b>	<b>19.051</b>	<b>17.549</b>	<b>(1.502)</b>
<i>(excluding Accounting Adjustment)</i>			



Town of Purcellville, Virginia  
 Adopted Budget Trend  
 Through FY 2022

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Proposed FY 2022</u>	<u>Y/Y \$ FY22/FY21</u>	<u>Y/Y % FY22 / 21</u>
<b><u>Operating Expense excluding Cash Funded CIP</u></b>							
General	9,531,114	10,118,990	10,961,577	11,019,566	11,029,917	10,351	0.1%
P&R	<u>555,217</u>	<u>377,845</u>	<u>583,854</u>	<u>577,179</u>	<u>582,112</u>	<u>4,933</u>	0.9%
Govt	10,086,331	10,496,835	11,545,431	11,596,745	11,612,029	15,284	0.1%
Water	3,973,519	4,184,760	3,007,043	3,314,010	3,053,866	(260,144)	-7.8%
Wastewater	<u>4,734,144</u>	<u>4,063,956</u>	<u>3,541,050</u>	<u>4,073,176</u>	<u>3,737,525</u>	<u>(335,651)</u>	-8.2%
Utility	8,707,663	8,248,716	6,548,093	7,387,186	6,791,391	(595,795)	-8.1%
Operating Expense	<u>18,793,994</u>	<u>18,745,551</u>	<u>18,093,524</u>	<u>18,983,931</u>	<u>18,403,420</u>	<u>(580,511)</u>	<u>-3.1%</u>

**Highlights:**

FY22 Operating expense excluding Use of Reserves for CIP decreased (\$581K) or -3.1% from FY21.  
 Operating Expense excluding Use of Reserves for CIP also decreased over the five-year period by -0.5% Compound Annual Growth Rate.

Town of Purcellville, Virginia  
Fund Balance Estimate - General Fund/Parks & Rec Fund/Cap Proj Fund  
Year Ended June 30, 2020

	General Fund			Parks & Rec Fund			Capital Projects			Total Governmental Funds		
	Unassigned	Nonspendable/ Restricted/ Committed	Total	Assigned	Nonspendable/ Restricted/ Committed	Total	Assigned	Nonspendable/ Restricted/ Committed	Total	Unassigned/ Assigned	Nonspendable/ Restricted/ Committed	Total
Beginning Fund Balance, 6/30/19	6,299,036	611,601	6,910,637	-	319,400	319,400	198,018	2,237,618	2,435,636	6,497,054	3,168,619	9,665,673
Increase (Decrease) in Fund Balance	(102,803)		(102,803)	-	87,655	87,655	(243,132)	-	(243,132)	(345,935)	87,655	(258,280)
Change in unavailable revenues measurement			-	-		-			-	-	-	-
Net change in nonspendable/restrict/comm fund bal.	(132,027)	132,027	-	-	-	-	712,835	(712,835)	-	580,808	(580,808)	-
Total Increase (Decrease) Fund Balance	(234,830)	132,027	(102,803)	-	87,655	87,655	469,703	(712,835)	(243,132)	234,873	(493,153)	(258,280)
Ending Fund Balance, 6/30/20	6,064,206	743,628	6,807,834	-	407,055	407,055	667,721	1,524,783	2,192,504	6,731,927	2,675,466	9,407,393
		-	-		-	-	-	-	-			-
Estimated Change in Net Position				Unrestricted Net Position			Cash & Cash Equivalents			Reserve Policy		
	Water Fund	Sewer Fund		Water Fund	Sewer Fund		Water Fund	Sewer Fund		Looks at Cash & Cash Equivalents Cash+Invest-CIP Cash		
Beginning Net Position, 7/1/19	11,750,138	15,466,306		6,680,985	6,567,170		6,069,869	6,316,235				
Increase (Decrease) in Net Position	265,933	(497,432)		(58,558)	(265,205)		57,676	(824,888)				
Ending Net Position, 6/30/20	12,016,071	14,968,874		6,622,427	6,301,965		6,127,545	5,491,347				
	Assets-Liab= Equity Depreciation impacts here/Accrual basis			Liquid Asset-Current Liab= FY impact More of a Cash Presentation								

## History of General Fund Budgeted Draw on Reserves

FY	Original Budget Draw on Reserves*	Actual Surplus/Deficit	Ending Unassigned FB Notes
2005	(758,612)		1,725,713
2006	(312,928)	411,768	2,137,481
2007	-	461,923	2,599,404
2008	(27,265)	546,501	3,145,905
2009	(416,400)	622,669	3,768,574
2010	(524,321)	646,485	4,415,059
2011	(96,204)	(46,719)	4,368,340 actual 256k op surplus, cip cash, 52k prepaid acctg chg for FB
2012	(531,728)	(940,764)	3,427,576 cip cash 419k, legal exceed 221k- ended where we predicted
2013	(583,907)	456,957	3,884,533
2014	-	324,500	4,209,033
2015	(401,754)	822,133	5,031,166
2016	-	645,261	5,676,427
2017	(180,000)	1,009,128	6,685,555
2018	(251,000)	(1,509,204)	5,176,351 Included \$2.033m transfer to Parks & Rec for debt pay-off, \$526,962 op surplus-higher than budgeted revenue and lower than budgeted expenditures.
2019	(251,000)	1,122,685	6,299,036
2020	(296,300)	(234,830)	6,064,206 Meals tax holiday for two months for -\$259,326 under budget
2021	(240,885)	6,276	6,070,482 FY21 Estimated
2022	(243,635)	(243,635)	5,826,847 Proposed Budget: (\$173,435) Balancing & (\$70,200) Cash CIP for software

\* Excludes Capital Reserve Fund