

TOWN OF BERRYVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

ANDERSON, WHITE & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

STAUNTON, VIRGINIA

STUARTS DRAFT, VIRGINIA

TOWN OF BERRYVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

THE TOWN COUNCIL

Richard G. Sponseller, Mayor

Harry Lee Arnold, Jr.

Lawrence Russell, III

F. Barry Nicholson

H. Allen Kitselman, III

Wilson Kirby

OFFICIALS

Harry Lee Arnold, Jr., Recorder

Keith R. Dalton, Town Manager

Desiree A. Moreland, Treasurer/Assistant Town Manager

Christina N. Dunkle, Town Planner/Assistant Town Manager

Deborah Boggs, Utility Clerk

Celeste Heath, Town Clerk

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INDEPENDENT AUDITOR'S REPORTS

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VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE HONORABLE MEMBERS OF THE TOWN COUNCIL
TOWN OF BERRYVILLE, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of June 30, 2007, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison, and trend data on pension funding are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The management's discussion and analysis has not been presented in these financial statements. The budgetary comparison and trend data on pension funding are presented in Exhibits 1 and 2. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying information listed as Other Supplementary Information and Statistical Section in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Statistical Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Anderson, White & Company, P.C.

March 20, 2008

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VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

TO THE HONORABLE MEMBERS OF THE TOWN COUNCIL
TOWN OF BERRYVILLE, VIRGINIA

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Berryville, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performed our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. The Town is a small municipality with a limited number of staff and therefore, as with many small Towns, has inadequate internal control over the preparation of the annual financial report with full note disclosures required to be in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applicable to state and local governments. We consider this deficiency to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

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

Anderson, White & Company, P.C.

March 20, 2008

STATEMENT OF NET ASSETS
As of June 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2 873 611	\$ 5 380 784	\$ 8 254 395
Receivables (net of allowance for uncollectibles):			
Real estate and personal property tax	40 978	-	40 978
Utility tax	8 569	-	8 569
Meals tax	9 325	-	9 325
Franchise fees	1 527	-	1 527
Reimbursable receivable	119 377	-	119 377
Water and sewer service charges	-	214 293	214 293
Other	762	7 308	8 070
Prepaid expenses	13 291	-	13 291
Due from other governmental units	12 374	26 073	38 447
Total Current Assets	\$ 3 079 814	\$ 5 628 458	\$ 8 708 272
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	\$ 731 711	\$ 5 617 272	\$ 6 348 983
Construction in progress	90 767	134 250	225 017
Total Noncurrent Assets	\$ 822 478	\$ 5 751 522	\$ 6 574 000
Total Assets	\$ 3 902 292	\$ 11 379 980	\$ 15 282 272
Liabilities			
Current Liabilities:			
Accounts payable	\$ 29 506	\$ 14 404	\$ 43 910
Customer deposits	-	20 125	20 125
Accrued payroll and related liabilities	12 800	5 561	18 361
Accrued interest	-	2 469	2 469
Deferred revenue	105 519	-	105 519
Current portion of long-term debt	-	194 744	194 744
Total Current Liabilities	\$ 147 825	\$ 237 303	\$ 385 128
Noncurrent Liabilities:			
Compensated absences	\$ 111 200	\$ 20 912	\$ 132 112
Deferred revenue-Outfall Reserve	-	275 000	275 000
Long term debt, net of current portion	-	743 370	743 370
Total Noncurrent Liabilities	\$ 111 200	\$ 1 039 282	\$ 1 150 482
Total Liabilities	\$ 259 025	\$ 1 276 585	\$ 1 535 610
Net Assets			
Invested in capital assets, net of related debt	\$ 822 478	\$ 4 813 408	\$ 5 635 886
Unrestricted	2 820 789	5 289 987	8 110 776
Total Net Assets	\$ 3 643 267	\$ 10 103 395	\$ 13 746 662

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

TOWN OF BERRYVILLE, VIRGINIA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General and financial administration	\$ 741 164	\$ 285 025	\$ -	\$ -
Public safety	574 965	70 248	98 184	-
Public works	597 254	13 339	35 406	-
Parks, recreation and culture	26 781	-	-	-
Community development	141 618	35 016	-	-
Contingency	1 678	-	-	-
Total Governmental Activities	\$ 2 083 460	\$ 403 628	\$ 133 590	\$ -
Business-type activities				
Water	\$ 745 438	\$ 754 913	\$ -	\$ 104 180
Sewer	526 805	965 009	-	428 820
Total Business-Type Activities	\$ 1 272 243	\$ 1 719 922	\$ -	\$ 533 000
Total	\$ 3 355 703	\$ 2 123 550	\$ 133 590	\$ 533 000

General revenues:

General property taxes
Local sales and use taxes
Bank franchise taxes
Utility pole franchise fees
Cable television tax
Meals tax
Consumer utility tax
Railroad rolling stock tax
Interest income
Miscellaneous income

Total general revenues

Gain/(loss) on disposal of assets
Transfers

Change in net assets

Net Assets, Beginning of Year

Net assets, End of Year

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

**Net (Expenses) Revenue
and Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (456 139)	\$ -	\$ (456 139)
(406 533)	-	(406 533)
(548 509)	-	(548 509)
(26 781)	-	(26 781)
(106 602)	-	(106 602)
(1 678)	-	(1 678)
<u>\$ (1 546 242)</u>	<u>\$ -</u>	<u>\$ (1 546 242)</u>
\$ -	\$ 113 655	\$ 113 655
-	867 024	867 024
<u>\$ -</u>	<u>\$ 980 679</u>	<u>\$ 980 679</u>
<u>\$ (1 546 242)</u>	<u>\$ 980 679</u>	<u>\$ (565 563)</u>
\$ 1 141 924	\$ -	\$ 1 141 924
145 477	-	145 477
91 011	-	91 011
18 037	-	18 037
22 607	-	22 607
75 325	-	75 325
169 078	-	169 078
1 406	-	1 406
154 573	105 539	260 112
56 500	-	56 500
<u>\$ 1 875 938</u>	<u>\$ 105 539</u>	<u>\$ 1 981 477</u>
32 227	-	32 227
-	-	-
<u>\$ 361 923</u>	<u>\$ 1 086 218</u>	<u>\$ 1 448 141</u>
<u>3 281 344</u>	<u>9 017 177</u>	<u>12 298 521</u>
<u>\$ 3 643 267</u>	<u>\$ 10 103 395</u>	<u>\$ 13 746 662</u>

BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2007

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2 873 611
Receivables (net of allowance for uncollectibles):	
Real estate and personal property tax	40 978
Utility tax	8 569
Meals tax	9 325
Franchise fees	1 527
Reimbursable receivable	119 377
Other	762
Prepaid expenses	13 291
Due from other governmental units	<u>12 374</u>
Total Assets	\$ <u>3 079 814</u>
Liabilities	
Accounts payable	\$ 29 506
Accrued payroll and related liabilities	12 800
Deferred revenue	<u>143 411</u>
Total Liabilities	\$ <u>185 717</u>
Fund Balances	
Unreserved	\$ <u>2 894 097</u>
Total Fund Balances	\$ <u>2 894 097</u>
Total Liabilities and Fund Balances	\$ <u>3 079 814</u>

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

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
As of June 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Total fund balances - governmental funds	\$ 2 894 097
Capital assets (net of depreciation) used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	822 478
Property taxes receivable not received within forty-five days after year end are not available to fund current-period expenditures and, therefore, are deferred in the funds.	37 892
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	<u>(111 200)</u>
Net assets of governmental activities	\$ <u><u>3 643 267</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	<u>General Fund</u>
Revenues	
General property taxes	\$ 1 137 000
Other local taxes	774 422
Permits, privilege fees and regulatory licenses	35 016
Fines and forfeitures	73 228
Revenue from use of money and property	183 142
Charges for services	10 359
Miscellaneous	56 500
Intergovernmental	<u>138 565</u>
Total Revenues	\$ <u>2 408 232</u>
Expenditures	
Current:	
General and financial administration	\$ 722 777
Public safety	548 059
Public works	539 679
Parks, recreation and cultural	26 081
Community development	139 008
Capital outlay	19 631
Contingency	92 183
Debt Service	<u>-</u>
Total Expenditures	\$ <u>2 087 418</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>320 814</u>
Other Financing Sources (Uses)	
Proceeds from loans	\$ -
Sale of equipment and property	60 069
Operating transfers at net	<u>-</u>
Total Other Financing Sources (Uses)	\$ <u>60 069</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 380 883
Fund Balance, Beginning of Year	<u>2 513 214</u>
Fund Balance, End of Year	\$ <u><u>2 894 097</u></u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

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

Net change in fund balance - total governmental funds	\$	380 883
Revenues for taxes in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Funds.		4 924
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$110,136) exceeded depreciation (\$76,170) in the current period.		33 966
Governmental funds report the entire proceeds, if any, from the disposal of capital assets as an other financing source. In the Statement of Activities only the gain (or loss) on the disposal is recorded.		(27 842)
The expense for the change in compensated absences liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		<u>(30 008)</u>
Change in net assets of governmental activities	\$	<u><u>361 923</u></u>

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STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
As of June 30, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1 808 194	\$ 3 572 590	\$ 5 380 784
Due from other governmental units	-	26 073	26 073
Receivables (net of allowance for uncollectibles):			
Water and sewer service charges	81 960	132 333	214 293
Other	<u>3 902</u>	<u>3 406</u>	<u>7 308</u>
Total Current Assets	\$ 1 894 056	\$ 3 734 402	\$ 5 628 458
Noncurrent Assets:			
Capital assets (net of accumulated depreciation)	\$ 2 723 204	\$ 2 894 068	\$ 5 617 272
Construction in progress	<u>-</u>	<u>134 250</u>	<u>134 250</u>
Total Noncurrent Assets	\$ 2 723 204	\$ 3 028 318	\$ 5 751 522
Total Assets	\$ 4 617 260	\$ 6 762 720	\$ 11 379 980
Liabilities			
Current Liabilities:			
Accounts payable	\$ 6 566	\$ 7 838	\$ 14 404
Accrued payroll and related liabilities	4 967	594	5 561
Accrued interest	1 537	932	2 469
Customer deposits	14 225	5 900	20 125
Current portion of long-term debt	<u>131 776</u>	<u>62 968</u>	<u>194 744</u>
Total Current Liabilities	\$ 159 071	\$ 78 232	\$ 237 303
Noncurrent Liabilities:			
Accrued compensated absences payable	\$ 10 456	\$ 10 456	\$ 20 912
Deferred revenue-Outfall Reserve	-	275 000	275 000
Long-term debt, net of current portion	<u>511 141</u>	<u>232 229</u>	<u>743 370</u>
Total Noncurrent Liabilities	\$ 521 597	\$ 517 685	\$ 1 039 282
Total Liabilities	\$ 680 668	\$ 595 917	\$ 1 276 585
Net Assets			
Invested in capital assets, net of related debt	\$ 2 080 287	\$ 2 733 121	\$ 4 813 408
Unrestricted	<u>1 856 305</u>	<u>3 433 682</u>	<u>5 289 987</u>
Total Net Assets	\$ 3 936 592	\$ 6 166 803	\$ 10 103 395

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

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TOWN OF BERRYVILLE, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 716 860	\$ 965 009	\$ 1 681 869
Connection charges and meter fees	6 006	-	6 006
Delinquent account charges	32 047	-	32 047
Total Operating Revenues	\$ 754 913	\$ 965 009	\$ 1 719 922
Operating Expenses			
General administration	\$ 32 888	\$ 35 250	\$ 68 138
Supply purification	278 280	-	278 280
Transmission and distribution	152 592	-	152 592
Wastewater treatment	-	181 711	181 711
Maintenance of sewer lines	-	70 270	70 270
Fringe benefits	86 354	50 327	136 681
Depreciation	167 336	160 657	327 993
Contingency	6 823	10 289	17 112
Total Operating Expenses	\$ 724 273	\$ 508 504	\$ 1 232 777
Operating Income (Loss)	\$ 30 640	\$ 456 505	\$ 487 145
Nonoperating Revenues (Expenses)			
Interest income	\$ 42 795	\$ 62 744	\$ 105 539
Interest expense and fiscal charges	(21 165)	(18 301)	(39 466)
Total Nonoperating Revenues (Expenses)	\$ 21 630	\$ 44 443	\$ 66 073
Net Income (Loss) Before Contributions and Transfers	\$ 52 270	\$ 500 948	\$ 553 218
Net operating transfers	-	-	-
Grant revenues	-	47 285	47 285
Contributions and availability charges	104 180	381 535	485 715
Change in Net Assets	\$ 156 450	\$ 929 768	\$ 1 086 218
Net Assets , Beginning of Year	3 780 142	5 237 035	9 017 177
Net Assets, End of Year	\$ 3 936 592	\$ 6 166 803	\$ 10 103 395

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

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STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 796 044	\$ 917 098	\$ 1 713 142
Payments to suppliers	(223 989)	(155 064)	(379 053)
Payments to employees	(335 663)	(192 868)	(528 531)
Net Cash Provided (Used) by Operating Activities	<u>\$ 236 392</u>	<u>\$ 569 166</u>	<u>\$ 805 558</u>
Cash Flows From Noncapital Financing Activities			
Net operating transfers	\$ -	\$ -	\$ -
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions and grants	\$ 104 180	\$ 402 747	\$ 506 927
Acquisition and construction of capital assets	(72 995)	(178 537)	(251 532)
Principal paid on capital debt	(116 460)	(70 977)	(187 437)
Interest paid on capital debt	(21 431)	(18 525)	(39 956)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (106 706)</u>	<u>\$ 134 708</u>	<u>\$ 28 002</u>
Cash Flows From Investing Activities			
Interest received	\$ 42 795	\$ 62 744	\$ 105 539
Net Cash Provided (Used) by Investing Activities	<u>\$ 42 795</u>	<u>\$ 62 744</u>	<u>\$ 105 539</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 172 481</u>	<u>\$ 766 618</u>	<u>\$ 939 099</u>
Cash and Cash Equivalents, Beginning of Year	<u>1 635 713</u>	<u>2 805 972</u>	<u>4 441 685</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1 808 194</u>	<u>\$ 3 572 590</u>	<u>\$ 5 380 784</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 30 640	\$ 456 505	\$ 487 145
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	167 336	160 657	327 993
(Increase) decrease in:			
Accounts receivable	41 968	(49 661)	(7 693)
Increase (decrease) in:			
Accounts payable	(539)	2 051	1 512
Accrued payroll and related liabilities	(3 657)	(3 617)	(7 274)
Customer deposits	(837)	1 750	913
Accrued compensated absences	1 481	1 481	2 962
Net Cash Provided (Used) by Operating Activities	<u>\$ 236 392</u>	<u>\$ 569 166</u>	<u>\$ 805 558</u>

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

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TOWN OF BERRYVILLE, VIRGINIA**NOTES TO FINANCIAL STATEMENTS**
For the Year Ended June 30, 2007

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town of Berryville, Virginia (the "Town") have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the Town are described below.

A. Reporting Entity

The Town is a municipal government that is governed by an elected mayor and five member council. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component units, entities for which the government is considered to be financially accountable. There are no component units that meet the criteria to be included in this report.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which to a significant extent rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds and proprietary funds. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The only governmental fund is the general fund.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2007

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water and sewer funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Town has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

TOWN OF BERRYVILLE, VIRGINIANOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2007**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The following funds are used by the Town:

1. Governmental Funds:

The following is a description of the Governmental Funds of the Town:

The General Fund accounts for several of the Town's primary services (Public Safety, Public Works, Parks and Recreation, etc.) and is the primary operating unit of the Town.

2. Proprietary Funds:

The following is a description of the Proprietary Funds of the Town:

The Water Fund and the Sewer Fund account for the operation of the Town's water and sewer utilities. Activities of the funds include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Funds.

3. Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

When both restricted and unrestricted resources are available for use, for governmental activities, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and highly liquid investments with maturities of three months or less from the date of acquisition.

E. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems will be recorded at historical cost on a prospective basis as the Town has elected out of recording such assets retrospectively as allowed for Phase 3 governments.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Year Ended June 30, 2007

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant, and equipment of the Town is depreciated using the straight line method over estimated useful lives ranging from three to fifty years.

F. Property Taxes

Real estate and personal property taxes are assessed by Clarke County, Virginia, for all property of record as of January 1. The Town bills and collects its own property taxes based on the assessed values provided by the County. Real Estate Taxes are levied semiannually and are due June 5th and December 5th. Personal Property Taxes are levied annually and are due December 5th.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits: All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

NOTE 3—ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS:

The Town calculates its allowance for uncollectible accounts using historical collection data and account analysis. The total allowance amounted to \$21,055 on June 30, 2007, and is composed of the following:

General Fund	\$ 19 055
Enterprise Funds:	
Water	1 200
Sewer	<u>800</u>
Total	<u>\$ 21 055</u>

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2007**NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:**

At June 30, 2007, the amount due from other governmental units is as follows:

Clarke County, Virginia – sales tax	\$ 12 374
Total Governmental Activities	<u>\$ 12 374</u>
Virginia Water Quality Improvement Fund	\$ 26 073
Total Business-type Activities	<u>\$ 26 073</u>

NOTE 5—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2007 was as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets being depreciated:			
Capital assets on July 1, 2006 at cost	\$ 1 897 236	\$ 10 735 188	\$ 12 632 424
Additions	101 996	118 032	220 028
Retirements	(27 842)	-	(27 842)
Transfers	-	45 630	45 630
Total capital assets being depreciated	<u>\$ 1 971 390</u>	<u>\$ 10 898 850</u>	<u>\$ 12 870 240</u>
Accumulated depreciation on July 1, 2006	\$ (1 163 509)	\$ (4 953 585)	\$ (6 117 094)
Additions	(76 170)	(327 993)	(404 163)
Retirements	-	-	-
Total accumulated depreciated	<u>\$ (1 239 679)</u>	<u>\$ (5 281 578)</u>	<u>\$ (6 521 257)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 731 711</u>	<u>\$ 5 617 272</u>	<u>\$ 6 348 983</u>
Capital assets not being depreciated:			
Construction in progress on July 1, 2006	\$ 82 627	\$ 46 380	\$ 129 007
Additions	8 140	133 500	141 640
Transfers	-	(45 630)	(45 630)
Total capital assets not being depreciated	<u>\$ 90 767</u>	<u>\$ 134 250</u>	<u>\$ 225 017</u>

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

Governmental activities:	
General and financial administration	\$ 17 906
Public safety	17 350
Public works	40 214
Parks, recreation, and culture	<u>700</u>
Total depreciation expense – governmental activities	<u>\$ 76 170</u>
Business-type activities:	
Water	\$ 167 336
Sewer	<u>160 657</u>
Total depreciation expense – business-type activities	<u>\$ 327 993</u>

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2007**NOTE 6—DEFINED BENEFIT PENSION PLAN:****A. Plan Description**

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2006annurept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2007 was 10.63% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2007, the Town's annual pension cost of \$123,861, was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% to 6.2% per year, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2007**NOTE 6—DEFINED BENEFIT PENSION PLAN: (Continued)****D. Three-year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2005	\$ 77,209	100%	\$ -
June 30, 2006	80,437	100%	-
June 30, 2007	123,861	100%	-

NOTE 7—DEFERRED COMPENSATION PLAN:

The Town of Berryville has established a deferred compensation plan under the Internal Revenue Code Section 457. Town employees may elect to defer a portion of their salary which is invested to provide additional retirement income. The Town will not make any contributions to the Plan. All assets and income of the plan have been set aside in a trust for the exclusive benefit of the participants as required by IRC Section 457(g). The ending investment balance as of June 30, 2007 was \$114,229.

NOTE 8—ACCUMULATED COMPENSATED ABSENCES PAYABLE:

In accordance with NCGA Statement 4, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the Town has accrued the liability arising from outstanding compensated absences.

Town employees can accumulate a maximum of thirty days vacation, thirty days comp time, and no limit on the accumulation of sick leave. No benefit is received for unused sick leave upon termination. Accumulated vacation and comp time is paid upon termination. The Town has outstanding accrued compensated absences totaling \$111,200 in the Governmental Activities and \$20,912 in the Business-type Activities.

NOTE 9—LONG-TERM DEBT:

Outstanding long-term debt as of June 30, 2007, includes the following:

Business-type Activities:

General Obligation Bonds:

\$799,436 Taxable General Obligation Water and Sewer System Refunding Bonds issued March 2004, due in monthly installments of \$10,359 beginning May 2004 through December 2011, including interest at 4.61%	\$ 504 238
\$705,361 General Obligation Water System Refunding Bonds issued March 2004, due in monthly installments of \$8,590 beginning May 2004 through December 2011, including interest at 2.95%.	<u>433 876</u>

Total Long-term Debt – Business-type Activities \$ 938 114

Total interest and fiscal charges of \$39,466 (\$21,165 Water Fund and \$18,301 Sewer Fund) were incurred and expensed during the fiscal year on the above obligations.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2007NOTE 9—LONG-TERM DEBT: (Continued)

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

Business-type Activities:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2008	\$ 194 744	\$ 32 651
2009	202 341	25 054
2010	210 248	17 146
2011	218 480	8 914
2012	<u>112 301</u>	<u>1 265</u>
Total	<u>\$ 938 114</u>	<u>\$ 85 030</u>

Changes in long-term debt are as follows:

	June 30, 2006	Increases	Decreases	June 30, 2007
Governmental Activities:				
Accrued compensated absences	\$ 81 192	\$ 30 008	\$ -	\$ 111 200
Total	<u>\$ 81 192</u>	<u>\$ 30 008</u>	<u>\$ -</u>	<u>\$ 111 200</u>
Business-type Activities:				
General obligation bonds	\$ 1 125 551	\$ -	\$ 187 437	\$ 938 114
Accrued compensated absences	<u>17 950</u>	<u>2 962</u>	<u>-</u>	<u>20 912</u>
Total	<u>\$ 1 143 501</u>	<u>\$ 2 962</u>	<u>\$ 187 437</u>	<u>\$ 959 026</u>

NOTE 10—DEFERRED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue on the Balance Sheet – Governmental Funds totaling \$143,411 is comprised of the following:

- A. Deferred Property Tax Revenue
Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$37,892 at June 30, 2007.
- B. Prepaid Property Taxes
Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$3,519 at June 30, 2007.
- C. Proffers
As of June 30, 2007, the Town has collected \$102,000 from various taxpayers to fund specific capital projects. These funds will be reported as deferred revenue until expended.

TOWN OF BERRYVILLE, VIRGINIA**NOTES TO FINANCIAL STATEMENTS (Continued)**
For the Year Ended June 30, 2007**NOTE 10—DEFERRED REVENUE: (Continued)**

Current deferred revenue per the Statement of Net Assets totaling \$105,519 is comprised of the following:

- A. Prepaid Property Taxes (Governmental Activities)
Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$3,519 at June 30, 2007.
- B. Proffers (Governmental Activities)
As of June 30, 2007, the Town has collected \$102,000 from various taxpayers to fund specific capital projects. These funds will be reported as deferred revenue until expended.

Noncurrent deferred revenue per the Statement of Net Assets totaling \$275,000 is comprised of the following:

- A. Deferred Revenue – Outfall Reserve (Business-type Activities)
The Town received \$275,000 under an agreement with the Clarke County Education Foundation, Inc. to fund the location of a new outflow line from its wastewater treatment plant. The funds have been temporarily invested in a CD and the contribution will be recognized upon disbursement of the funds.

NOTE 11—ESTIMATED UNBILLED REVENUE:

Proprietary funds estimate and record utility services rendered but not yet billed as of June 30, 2007. The receivable was arrived at by taking the cycle billings the Town sent customers in July 2007 and prorating the amount for days applicable to fiscal year ended June 30, 2007. For June 30, 2007, the amount of unbilled services rendered was estimated at \$48,722.

NOTE 12—COMMITMENTS:

The Town signed a consent order with the Department of Environmental Quality on October 13, 2004. The order required a small civil charge to be paid and the Town agreed to study its Infiltration and Inflow Control Program and make necessary upgrades to their facility in order to be able to meet all effluent limitations. Preliminary engineering reports project costs at \$24.5 million for a 700,000 gallon capacity plant and a new outfall line to the river, which will be partially funded through the Virginia Water Quality Improvement Fund.

The Town is currently constructing a new joint municipal building with Clarke County. The Town's anticipated cost in the project is approximately \$2.8 million and will be partially funded through the United States Department of Agriculture.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BERRYVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property taxes	\$ 1 086 816	\$ 1 137 000	\$ 50 184
Other local taxes	739 000	774 422	35 422
Permits, privilege fees and regulatory licenses	50 000	35 016	(14 984)
Fines and forfeitures	50 500	73 228	22 728
Revenue from use of money and property	130 385	183 142	52 757
Charges for services	11 000	10 359	(641)
Miscellaneous	1 100	56 500	55 400
Intergovernmental	143 351	138 565	(4 786)
Total Revenues	\$ 2 212 152	\$ 2 408 232	\$ 196 080
Expenditures			
Current:			
General and financial administration	\$ 732 975	\$ 722 777	\$ 10 198
Public safety	568 299	548 059	20 240
Public works	509 310	539 679	(30 369)
Parks, recreation and cultural	9 500	26 081	(16 581)
Community development	150 480	139 008	11 472
Capital outlay	1 506 500	19 631	1 486 869
Contingency	155 088	92 183	62 905
Debt Service	-	-	-
Total Expenditures	\$ 3 632 152	\$ 2 087 418	\$ 1 544 734
Excess (Deficiency) of Revenues Over Expenditures	\$ (1 420 000)	\$ 320 814	\$ 1 740 814
Other Financing Sources (Uses)			
Proceeds from loans	\$ -	\$ -	\$ -
Sale of equipment and property	1 000	60 069	59 069
Operating transfers at net	-	-	-
Total Other Financing Sources (Uses)	\$ 1 000	\$ 60 069	\$ 59 069
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (1 419 000)	\$ 380 883	\$ 1 799 883
Fund Balance, Beginning of Year	1 419 000	2 513 214	1 094 214
Fund Balance, End of Year	\$ -	\$ 2 894 097	\$ 2 894 097

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

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TOWN OF BERRYVILLE, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
DEFINED BENEFIT PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2002	\$ 1 703 452	\$ 1 426 651	\$ (276 801)	119.40%	\$ 849 281	-32.59%
June 30, 2003	1 779 053	1 594 169	(184 884)	111.60%	849 906	-21.75%
June 30, 2004	1 861 008	1 694 077	(166 931)	109.85%	839 530	-19.88%
June 30, 2005	1 977 855	2 098 288	120 433	94.26%	924 008	13.03%
June 30, 2006	2 174 792	2 059 021	(115 771)	105.62%	1 041 128	-11.12%

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OTHER SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sources of Revenues:			
Revenue from Local Sources:			
General Property Taxes:			
Real property taxes	\$ 556 400	\$ 603 517	\$ 47 117
Personal property taxes	527 916	524 803	(3 113)
Penalties	1 000	6 197	5 197
Interest	1 500	2 483	983
Total General Property Taxes	<u>\$ 1 086 816</u>	<u>\$ 1 137 000</u>	<u>\$ 50 184</u>
Other Local Taxes:			
Local sales and use taxes	\$ 130 000	\$ 145 477	\$ 15 477
Business licenses	160 000	171 777	11 777
Motor vehicle licenses	85 000	81 110	(3 890)
Bank franchise taxes	95 000	91 011	(3 989)
Utility pole franchise fees	20 000	18 037	(1 963)
Cable television tax	19 000	22 607	3 607
Meals tax	60 000	75 325	15 325
Consumer utility tax	170 000	169 078	(922)
Total Other Local Taxes	<u>\$ 739 000</u>	<u>\$ 774 422</u>	<u>\$ 35 422</u>
Permits, Privilege Fees and Regulatory:			
Licenses, zoning and subdivision permits	\$ 50 000	\$ 35 016	\$ (14 984)
Fines and Forfeitures:			
Court fines and forfeitures	\$ 45 000	\$ 70 248	\$ 25 248
Parking fines	5 500	2 980	(2 520)
Total Fines and Forfeitures	<u>\$ 50 500</u>	<u>\$ 73 228</u>	<u>\$ 22 728</u>
Revenue from Use of Money and Property:			
Revenue from use of money	\$ 100 000	\$ 154 573	\$ 54 573
Revenue from use of property	30 385	28 569	(1 816)
Total Revenue from Use of Money and Property	<u>\$ 130 385</u>	<u>\$ 183 142</u>	<u>\$ 52 757</u>
Charges for Services:			
Charges for parking - meters	\$ 11 000	\$ 10 359	\$ (641)
Miscellaneous Revenue			
Miscellaneous revenue	\$ 1 100	\$ 56 500	\$ 55 400
Total Revenue from Local Sources	<u>\$ 2 068 801</u>	<u>\$ 2 269 667</u>	<u>\$ 200 866</u>

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Intergovernmental:			
Revenue from the Commonwealth:			
Noncategorical Aid:			
ABC/wine profits	\$ 3 570	\$ 3 569	\$ (1)
Railroad rolling stock taxes	1 468	1 406	(62)
Aid to localities with police departments	<u>84 313</u>	<u>87 645</u>	<u>3 332</u>
Total Noncategorical Aid	\$ <u>89 351</u>	\$ <u>92 620</u>	\$ <u>3 269</u>
Categorical Aid:			
Litter control grant	\$ 1 500	\$ 1 540	\$ 40
Miscellaneous grants	-	2 539	2 539
Fire fund program	4 000	8 000	4 000
Street and highway maintenance	<u>48 500</u>	<u>33 866</u>	<u>(14 634)</u>
Total Categorical Aid	\$ <u>54 000</u>	\$ <u>45 945</u>	\$ <u>(8 055)</u>
Total Revenue from the Commonwealth	\$ <u>143 351</u>	\$ <u>138 565</u>	\$ <u>(4 786)</u>
Total Intergovernmental	\$ <u>143 351</u>	\$ <u>138 565</u>	\$ <u>(4 786)</u>
Total General Fund	\$ <u><u>2 212 152</u></u>	\$ <u><u>2 408 232</u></u>	\$ <u><u>196 080</u></u>

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General and Financial Administration:			
Town Council:			
Compensation	\$ 19 800	\$ 18 725	\$ 1 075
Office rental	4 800	4 800	-
Training	2 000	502	1 498
Local contributions	2 000	-	2 000
Miscellaneous	1 000	250	750
Town Code Supplements	2 500	1 883	617
State Code Supplements	1 500	73	1 427
Total Town Council	<u>\$ 33 600</u>	<u>\$ 26 233</u>	<u>\$ 7 367</u>
Town Clerk:			
Compensation	\$ 31 450	\$ 32 536	\$ (1 086)
Education/training	1 000	1 243	(243)
Dues	250	140	110
Total Town Clerk	<u>\$ 32 700</u>	<u>\$ 33 919</u>	<u>\$ (1 219)</u>
Town Manager:			
Compensation	\$ 85 975	\$ 88 447	\$ (2 472)
Mileage	250	-	250
Training	2 000	87	1 913
Dues	500	475	25
Total Town Manager	<u>\$ 88 725</u>	<u>\$ 89 009</u>	<u>\$ (284)</u>
Legal and Professional Services:			
Professional services	\$ 50 000	\$ 50 449	\$ (449)
Contractual services	15 000	13 150	1 850
Engineering services	10 000	180	9 820
Total Legal and Professional Services	<u>\$ 75 000</u>	<u>\$ 63 779</u>	<u>\$ 11 221</u>
Personnel:			
Social security	\$ 61 540	\$ 65 650	\$ (4 110)
Retirement	85 500	84 758	742
Health insurance	100 035	96 827	3 208
Life insurance	9 800	9 937	(137)
Unemployment insurance	750	306	444
Workers' compensation insurance	9 150	12 890	(3 740)
Total Personnel	<u>\$ 266 775</u>	<u>\$ 270 368</u>	<u>\$ (3 593)</u>

TOWN OF BERRYVILLE, VIRGINIA

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SCHEDULE 2
(Continued)SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General and Financial Administration: (Continued)			
Town Treasurer:			
Compensation	\$ 66 425	\$ 62 495	\$ 3 930
Professional services	1 000	562	438
Surety bonds	300	300	-
Auto decals	1 000	1 050	(50)
Training	3 000	2 563	437
Dues	200	60	140
Miscellaneous	1 000	-	1 000
Total Town Treasurer	<u>\$ 72 925</u>	<u>\$ 67 030</u>	<u>\$ 5 895</u>
Finance/Accounting:			
Compensation	\$ 31 805	\$ 40 392	\$ (8 587)
Training	200	446	(246)
Total Finance/Accounting	<u>\$ 32 005</u>	<u>\$ 40 838</u>	<u>\$ (8 833)</u>
Central Administration/Purchasing:			
Maintenance contracts	\$ 25 000	\$ 33 831	\$ (8 831)
Advertising	10 000	12 926	(2 926)
Postage	8 000	6 840	1 160
Telephone/internet	8 000	7 260	740
Office supplies and equipment	15 000	15 415	(415)
Newsletter	2 500	504	1 996
Training	1 500	-	1 500
Dues	2 000	2 438	(438)
Total Central Administration/Purchasing	<u>\$ 72 000</u>	<u>\$ 79 214</u>	<u>\$ (7 214)</u>
Risk Management:			
Fire boiler insurance	\$ 9 075	\$ 9 317	\$ (242)
Blanket excess liability	4 650	4 087	563
Automobile insurance	15 175	11 968	3 207
Varisk-2	3 445	3 131	314
Semi-multi peril insurance	21 400	22 500	(1 100)
Insurance deductibles	3 500	450	3 050
Total Risk Management	<u>\$ 57 245</u>	<u>\$ 51 453</u>	<u>\$ 5 792</u>
Elections:			
Election officials	\$ 1 000	\$ -	\$ 1 000
Office supplies	1 000	934	66
Total Elections	<u>\$ 2 000</u>	<u>\$ 934</u>	<u>\$ 1 066</u>
Total General and Financial Administration	<u>\$ 732 975</u>	<u>\$ 722 777</u>	<u>\$ 10 198</u>

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Safety:			
Police Department:			
Compensation	\$ 421 660	\$ 420 900	\$ 760
Maintenance contracts	3 981	2 507	1 474
Communication equipment and services	3 750	3 581	169
Police equipment	10 000	10 238	(238)
Office supplies	2 500	2 887	(387)
Gasoline and oil	13 248	13 785	(537)
Repair and maintenance	9 200	7 626	1 574
Police supplies	6 330	8 733	(2 403)
Uniforms	3 160	2 940	220
Medical examinations	1 350	1 180	170
Training	6 600	6 819	(219)
Interpreter	1 600	70	1 530
Dues	302	250	52
Total Police Department	\$ 483 681	\$ 481 516	\$ 2 165
Traffic Control:			
Contribution - crossing guard	\$ 5 000	\$ 5 000	\$ -
Emergency Services:			
Contribution - alarm	\$ 2 000	\$ 2 000	\$ -
Fire and Rescue:			
Professional services - emergency medical technician	\$ 50 368	\$ 50 368	\$ -
Contribution - JHEVFD	22 500	-	22 500
Fire fund program	4 000	8 000	(4 000)
Total Fire and Rescue	\$ 76 868	\$ 58 368	\$ 18 500
Correction and Detention:			
Confinement of prisoners	\$ 250	\$ -	\$ 250
Public defender fees	500	1 175	(675)
Total Correction and Detention	\$ 750	\$ 1 175	\$ (425)
Total Public Safety	\$ 568 299	\$ 548 059	\$ 20 240
Public Works:			
Maintenance of Streets, Bridges and Sidewalks:			
General Administration:			
Compensation	\$ 33 000	\$ 27 726	\$ 5 274
Electricity	1 100	221	879
Fuel oil/heat	4 000	2 495	1 505
Telephone	1 200	3 256	(2 056)
Office supplies	50	781	(731)
Vehicle repairs and maintenance	5 000	8 130	(3 130)
Medical exams	500	227	273
Training	1 500	281	1 219
Total General Administration	\$ 46 350	\$ 43 117	\$ 3 233

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works: (Continued)			
Highways, Streets, Bridges and Sidewalks:			
Compensation	\$ 91 580	\$ 93 640	\$ (2 060)
Communication equipment and services	2 000	544	1 456
Gasoline & oil	11 730	19 417	(7 687)
Uniforms	2 500	1 683	817
Materials and supplies	8 000	5 121	2 879
Equipment maintenance	6 500	18 054	(11 554)
Sidewalk maintenance	8 000	4 616	3 384
Street sign maintenance	1 000	3 786	(2 786)
Norfolk/Southern R-O-W's	250	-	250
Total Highways, Streets, Bridges and Sidewalks	<u>\$ 131 560</u>	<u>\$ 146 861</u>	<u>\$ (15 301)</u>
Street Lights:			
Electricity - street lights	\$ 52 000	\$ 61 680	\$ (9 680)
Snow and Ice Removal:			
Material and supplies	\$ 1 000	\$ 4 189	\$ (3 189)
Parking Meters:			
Material and supplies	\$ 1 000	\$ 1 284	\$ (284)
Street and Road Cleaning:			
Street cleaning	\$ -	\$ 858	\$ (858)
Material and supplies	2 500	1 469	1 031
Total Street and Road Cleaning	<u>\$ 2 500</u>	<u>\$ 2 327</u>	<u>\$ 173</u>
Total Maintenance of Streets, Bridges and Sidewalks	<u>\$ 234 410</u>	<u>\$ 259 458</u>	<u>\$ (25 048)</u>
Sanitation and Waste Removal:			
Contractual services	\$ 158 400	\$ 159 630	\$ (1 230)
Recycling services	39 600	39 311	289
Landfill charges	50 000	45 746	4 254
Total Sanitation and Waste Removal	<u>\$ 248 000</u>	<u>\$ 244 687</u>	<u>\$ 3 313</u>
Maintenance of Buildings and Grounds:			
General Properties:			
Electricity	\$ 4 100	\$ 4 054	\$ 46
Fuel oil/heat	5 520	11 749	(6 229)
Repair and maintenance	6 500	13 712	(7 212)
Materials and supplies	4 000	1 702	2 298
Christmas lights	1 500	155	1 345
Total General Properties	<u>\$ 21 620</u>	<u>\$ 31 372</u>	<u>\$ (9 752)</u>

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works: (Continued)			
Building Services:			
Contractual services	\$ 5 280	\$ 4 132	\$ 1 148
Materials and supplies	<u>-</u>	<u>30</u>	<u>(30)</u>
Total Building Services	<u>\$ 5 280</u>	<u>\$ 4 162</u>	<u>\$ 1 118</u>
Total Maintenance of Buildings and Grounds	<u>\$ 26 900</u>	<u>\$ 35 534</u>	<u>\$ (8 634)</u>
Total Public Works	<u>\$ 509 310</u>	<u>\$ 539 679</u>	<u>\$ (30 369)</u>
Parks, Recreation and Cultural:			
Contractual services	\$ 1 000	\$ 1 222	\$ (222)
Christmas lights	500	70	430
Rose Hill improvements	3 000	19 715	(16 715)
Contributions	<u>5 000</u>	<u>5 074</u>	<u>(74)</u>
Total Parks, Recreation and Cultural	<u>\$ 9 500</u>	<u>\$ 26 081</u>	<u>\$ (16 581)</u>
Community Development:			
Planning:			
Compensation	\$ 88 105	\$ 88 451	\$ (346)
Office rental	4 800	4 865	(65)
Professional services	20 000	12 211	7 789
Office equipment	1 600	828	772
Printing	1 000	1 435	(435)
Mileage	500	521	(21)
Training	1 100	2 234	(1 134)
Dues	500	580	(80)
Publications	<u>250</u>	<u>16</u>	<u>234</u>
Total Planning	<u>\$ 117 855</u>	<u>\$ 111 141</u>	<u>\$ 6 714</u>
Board of Zoning Appeals:			
Compensation	\$ 800	\$ -	\$ 800
Training	<u>500</u>	<u>332</u>	<u>168</u>
Total Board of Zoning Appeals	<u>\$ 1 300</u>	<u>\$ 332</u>	<u>\$ 968</u>
Economic Development:			
DBI/economic development professional services	<u>\$ 20 000</u>	<u>\$ 20 000</u>	<u>\$ -</u>
Planning Commission:			
Compensation	\$ 6 600	\$ 5 870	\$ 730
Training	1 000	-	1 000
Dues	<u>250</u>	<u>-</u>	<u>250</u>
Total Planning Commission	<u>\$ 7 850</u>	<u>\$ 5 870</u>	<u>\$ 1 980</u>

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Community Development: (Continued)			
Berryville Area Development Authority:			
Compensation	\$ 2 350	\$ 1 665	\$ 685
Training	500	-	500
Dues	125	-	125
Total Berryville Area Development Authority	\$ 2 975	\$ 1 665	\$ 1 310
Architectural Review Board:			
Training	\$ 500	-	\$ 500
Total Community Development	\$ 150 480	\$ 139 008	\$ 11 472
Capital Outlay:			
Town office	\$ 1 419 000	\$ 8 140	1 410 860
Public works site plan	8 000	-	8 000
Salt chipper	4 000	4 395	(395)
Bike path	7 500	-	7 500
Police work station	4 000	3 710	290
Lidar unit	4 000	3 386	614
Flood mitigation reserve	60 000	-	60 000
Total Capital Outlay	\$ 1 506 500	\$ 19 631	\$ 1 486 869
Contingency:			
Contingency	\$ 155 088	\$ 92 183	62 905
Debt service:			
Debt service	\$ -	\$ -	\$ -
Total General Fund	\$ 3 632 152	\$ 2 087 418	\$ 1 544 734

SCHEDULE OF EXPENDITURES
ENTERPRISE FUNDS
For the Years Ended June 30, 2007 and 2006

	June 30, 2007	June 30, 2006
Water Fund:		
General Administration:		
Salaries and wages	\$ 27 837	\$ 16 191
Professional services	375	701
Miss Utility	603	1 107
Postage	2 858	1 980
Office supplies	1 062	334
Training	153	115
Total General Administration	\$ 32 888	\$ 20 428
Supply Purification:		
Salaries and wages	\$ 159 487	\$ 129 878
Repairs and maintenance	27 993	42 622
Electricity	26 852	36 069
Heating service	2 892	3 226
Equipment and supplies	8 066	6 733
Materials and supplies - chemicals	17 214	13 877
Sludge removal	15 840	-
Permits, fees and testing	8 187	10 405
Other operating expenses	11 749	7 350
Total Supply Purification	\$ 278 280	\$ 250 160
Transmission and Distribution:		
Salaries and wages	\$ 59 809	\$ 57 685
Repairs and maintenance - water lines	59 062	26 715
Materials and supplies	33 292	22 228
Other transmission and distribution expenses	429	-
Total Transmission and Distribution	\$ 152 592	\$ 106 628
Fringe Benefits:		
Social security	\$ 18 886	\$ 16 135
Retirement	25 129	16 277
Health insurance	31 874	31 887
Group life insurance	2 860	-
Workers' compensation	7 507	6 663
Unemployment insurance	98	152
Total Fringe Benefits	\$ 86 354	\$ 71 114
Depreciation	\$ 167 336	\$ 165 782
Contingency	\$ 6 823	\$ 2 152
Total Operating Expenses	\$ 724 273	\$ 616 264

TOWN OF BERRYVILLE, VIRGINIA

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SCHEDULE 3
(Continued)SCHEDULE OF EXPENDITURES
ENTERPRISE FUNDS
For the Years Ended June 30, 2007 and 2006

	June 30, 2007	June 30, 2006
Sewer Fund:		
General Administration:		
Salaries and wages	\$ 28 331	\$ 14 434
Professional services	615	3 864
Miss Utility	122	614
Postage	5 462	1 299
Office supplies	720	-
Total General Administration	\$ 35 250	\$ 20 211
Wastewater Treatment:		
Salaries and wages	\$ 51 831	\$ 44 559
Professional services	18 299	35 962
Repairs and maintenance	26 435	35 950
Electricity	36 997	25 031
Materials and supplies - chemicals	-	43
Equipment and supplies	4 610	3 123
Permits, fees and testing	41 693	25 026
Other operating expenses	1 846	485
Total Wastewater Treatment	\$ 181 711	\$ 170 179
Maintenance of Sewer Lines:		
Salaries and wages	\$ 60 243	\$ 56 457
Repairs and maintenance - sewer lines	8 437	18 302
Materials and supplies	1 590	34
Total Maintenance of Sewer Lines	\$ 70 270	\$ 74 793
Fringe Benefits:		
Social security	\$ 10 669	\$ 9 017
Retirement	13 974	9 077
Health insurance	18 563	18 364
Group life insurance	1 588	-
Unemployment insurance	58	151
Workers' compensation	5 475	5 287
Total Fringe Benefits	\$ 50 327	\$ 41 896
Depreciation	\$ 160 657	\$ 161 730
Contingency	\$ 10 289	\$ 1 000
Total Operating Expenses	\$ 508 504	\$ 469 809

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**STATISTICAL SECTION
(UNAUDITED)**

TOWN OF BERRYVILLE, VIRGINIA

GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARSGENERAL FUND
(UNAUDITED)

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees and Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Inter-governmental	Total
1997-98 \$	623 592 \$	453 799 \$	20 040 \$	41 820 \$	25 639 \$	8 295 \$	18 680 \$	67 609 \$	1 259 474
1998-99	615 132	465 520	9 240	42 919	24 963	8 664	21 413	52 834	1 240 685
1999-00	642 586	507 966	18 570	51 955	27 316	9 101	6 793	103 704	1 367 991
2000-01	712 526	510 098	13 155	47 787	31 121	9 490	23 148	113 369	1 460 694
2001-02	767 480	538 725	20 416	50 202	47 808	9 755	35 096	111 540	1 581 022
2002-03	786 085	589 537	19 660	36 082	49 520	10 407	89 188	148 554	1 729 033
2003-04	855 604	608 694	23 684	35 199	39 747	11 182	15 681	115 085	1 704 876
2004-05	1 058 751	691 504	68 928	57 361	48 266	10 755	6 093	109 040	2 050 698
2005-06	1 067 540	781 037	48 018	54 810	156 005	11 525	40 121	117 251	2 276 307
2006-07	1 137 000	774 422	35 016	73 228	183 142	10 359	56 500	138 565	2 408 232

TABLE 2

GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARSGENERAL FUND
(UNAUDITED)

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Community Development	Capital Outlay & Contingency	Debt Service	Total
1997-98 \$	303 166 \$	307 756 \$	297 692 \$	11 472 \$	52 006 \$	62 779 \$	-	1 034 871
1998-99	313 911	376 235	270 846	7 289	61 845	216 199	-	1 246 325
1999-00	351 650	397 033	318 658	5 387	58 643	95 354	-	1 226 725
2000-01	354 543	391 214	363 072	9 414	62 206	199 189	-	1 379 638
2001-02	395 508	425 994	396 484	8 449	76 976	259 754	-	1 563 165
2002-03	381 569	423 274	432 856	8 150	96 467	63 805	-	1 406 121
2003-04	399 628	434 474	401 975	10 675	84 282	337 089	100 000	1 768 123
2004-05	512 179	488 654	410 628	6 008	102 716	96 804	-	1 616 989
2005-06	635 159	547 833	473 545	10 916	101 425	66 704	-	1 835 582
2006-07	722 777	548 059	539 679	26 081	139 008	111 814	-	2 087 418

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