

TOWN OF BERRYVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

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, 2004

THE TOWN COUNCIL

Richard G. Spohnseller, Mayor

Allan W. McWilliams

Lawrence Russell, III

F. Barry Nicholson

H. Allen Kitzelman, III

Wilson Kirby

OFFICIALS

Allan W. McWilliams, 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

Dianne MacMillan, Town Clerk

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INDEPENDENT AUDITOR'S REPORTS

ANDERSON, WHITE & COMPANY, P.C.

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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, each major fund, and the aggregate remaining fund information of the Town of Berryville, Virginia, as of and for the year ended June 30, 2004, 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, each major fund, and the aggregate remaining fund information of the Town of Berryville, Virginia, as of June 30, 2004, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2004, on our consideration of the Town's internal control over financial reporting and 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 inquiries 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.

August 4, 2004

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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, each major fund, and the aggregate remaining fund information of the Town of Berryville, Virginia, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 4, 2004. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, White & Company, P.C.

August 4, 2004

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
As of June 30, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash	\$ 1 642 086	\$ 1 645 045	\$ 3 287 131
Receivables (net of allowance for uncollectibles):			
Real estate and personal property tax	26 920	-	26 920
Utility tax	12 690	-	12 690
Meals tax	6 626	-	6 626
Franchise fees	1 334	-	1 334
Water and sewer service charges	-	185 368	185 368
Other	8 094	-	8 094
Due from other governmental units	17 904	-	17 904
Total Current Assets	\$ 1 715 654	\$ 1 830 413	\$ 3 546 067
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	\$ 506 093	\$ 5 507 263	\$ 6 013 356
Construction in progress	304 594	596 428	901 022
Total Noncurrent Assets	\$ 810 687	\$ 6 103 691	\$ 6 914 378
Total Assets	\$ 2 526 341	\$ 7 934 104	\$ 10 460 445
Liabilities			
Current Liabilities:			
Accounts payable	\$ 36 280	\$ 29 510	\$ 65 790
Customer deposits	-	17 562	17 562
Accrued payroll and related liabilities	13 070	7 664	20 734
Accrued interest	-	4 040	4 040
Deferred revenue	4 089	-	4 089
Current portion of long-term debt	-	173 693	173 693
Total Current Liabilities	\$ 53 439	\$ 232 469	\$ 285 908
Noncurrent Liabilities:			
Compensated absences	\$ 46 366	\$ 22 516	\$ 68 882
Long term debt, net of current portion	-	1 305 968	1 305 968
Total Noncurrent Liabilities	\$ 46 366	\$ 1 328 484	\$ 1 374 850
Total Liabilities	\$ 99 805	\$ 1 560 953	\$ 1 660 758
Net Assets			
Invested in capital assets, net of related debt	\$ 810 687	\$ 4 624 030	\$ 5 434 717
Unrestricted	1 615 849	1 749 121	3 364 970
Total Net Assets	\$ 2 426 536	\$ 6 373 151	\$ 8 799 687

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, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 225 589	\$ 217 200	\$ -	\$ -
Public safety	464 796	29 160	71 200	-
Public works	443 216	49 461	2 841	-
Parks, recreation and culture	12 640	-	-	-
Community development	84 841	23 684	-	-
Nondepartmental	188 259	-	-	-
Total Governmental Activities	\$ 1 419 341	\$ 319 505	\$ 74 041	\$ -
Business-type activities				
Water	\$ 654 832	\$ 657 224	\$ -	\$ 280 070
Sewer	468 447	415 547	-	482 218
Total Business-Type Activities	\$ 1 123 279	\$ 1 072 771	\$ -	\$ 762 288
Total	\$ 2 542 620	\$ 1 392 276	\$ 74 041	\$ 762 288

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
- Gain on sale of equipment and property

Total general revenues

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>
\$ (8 389) \$	-	\$ (8 389)
(364 436)	-	(364 436)
(390 914)	-	(390 914)
(12 640)	-	(12 640)
(61 157)	-	(61 157)
(188 259)	-	(188 259)
\$ (1 025 795) \$	-	\$ (1 025 795)
\$ - \$	\$ 282 462	\$ 282 462
-	429 318	429 318
-		
\$ - \$	\$ 711 780	\$ 711 780
\$ (1 025 795) \$	\$ 711 780	\$ (314 015)
\$ 852 647 \$	-	\$ 852 647
104 143	-	104 143
88 291	-	88 291
14 742	-	14 742
21 504	-	21 504
48 778	-	48 778
149 196	-	149 196
1 462	-	1 462
11 929	3 071	15 000
15 681	-	15 681
5 195	-	5 195
\$ 1 313 568 \$	\$ 3 071	\$ 1 316 639
2 478	(2 478)	-
\$ 290 251 \$	\$ 712 373	\$ 1 002 624
2 136 285	5 660 778	7 797 063
\$ 2 426 536 \$	\$ 6 373 151	\$ 8 799 687

TOWN OF BERRYVILLE, VIRGINIA

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STATEMENT 3BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2004

	<u>General Fund</u>
Assets	
Cash	\$ 1 642 086
Receivables (net of allowance for uncollectibles):	
Real estate and personal property tax	26 920
Utility tax	12 690
Meals tax	6 626
Franchise fees	1 334
Other	8 094
Due from other governmental units	<u>17 904</u>
Total Assets	\$ <u>1 715 654</u>
Liabilities	
Accounts payable	\$ 36 280
Accrued payroll and related liabilities	13 070
Deferred revenue	<u>28 548</u>
Total Liabilities	\$ <u>77 898</u>
Fund Balances	
Unreserved	<u>\$ 1 637 756</u>
Total Fund Balances	\$ <u>1 637 756</u>
Total Liabilities and Fund Balances	\$ <u>1 715 654</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, 2004

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

Total fund balances - governmental funds	\$ 1 637 756
Capital assets (net of depreciation) used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	810 687
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.	24 459
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	<u>(46 366)</u>
Net assets of governmental activities	\$ <u><u>2 426 536</u></u>

TOWN OF BERRYVILLE, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2004

	<u>General Fund</u>
Revenues	
General property taxes	\$ 855 604
Other local taxes	608 694
Permits, privilege fees and regulatory licenses	23 684
Fines and forfeitures	35 199
Revenue from use of money and property	39 747
Charges for services	11 182
Miscellaneous	15 681
Intergovernmental	<u>115 085</u>
Total Revenues	<u>\$ 1 704 876</u>
Expenditures	
Current:	
General government administration	\$ 211 369
Public safety	434 474
Public works	401 975
Parks, recreation and cultural	10 675
Community development	84 282
Nondepartmental	188 259
Capital outlay	337 089
Debt Service	<u>100 000</u>
Total Expenditures	<u>\$ 1 768 123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63 247)</u>
Other Financing Sources (Uses)	
Sale of equipment and property	\$ 158 767
Operating transfers at net	<u>2 478</u>
Total Other Financing Sources (Uses)	<u>\$ 161 245</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 97 998</u>
Fund Balance, Beginning of Year	<u>1 539 758</u>
Fund Balance, End of Year	<u><u>\$ 1 637 756</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, 2004

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

Net change in fund balance - total governmental funds	\$ 97 998
Deferred revenues for taxes in the funds that provide current financial resources but have been included in the Statement of Activities in prior fiscal years	(2 957)
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 exceeded depreciation in the current period.	241 193
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	100 000
Net effect of the sale of property is to decrease net assets.	(153 572)
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>7 589</u>
Change in net assets of governmental activities	\$ <u><u>290 251</u></u>

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STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
As of June 30, 2004

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets:			
Cash	\$ 909 536	\$ 735 509	\$ 1 645 045
Receivables (net of allowance for uncollectibles):			
Water and sewer service changes	<u>109 644</u>	<u>75 724</u>	<u>185 368</u>
Total Current Assets	\$ <u>1 019 180</u>	\$ <u>811 233</u>	\$ <u>1 830 413</u>
Noncurrent Assets:			
Capital assets (net of accumulated depreciation)	\$ 2 945 169	\$ 2 562 094	\$ 5 507 263
Construction in progress	<u>23 675</u>	<u>572 753</u>	<u>596 428</u>
Total Noncurrent Assets	\$ <u>2 968 844</u>	\$ <u>3 134 847</u>	\$ <u>6 103 691</u>
Total Assets	\$ <u>3 988 024</u>	\$ <u>3 946 080</u>	\$ <u>7 934 104</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 23 973	\$ 5 537	\$ 29 510
Accrued payroll and related liabilities	4 212	3 452	7 664
Accrued interest	2 402	1 638	4 040
Customer deposits	9 130	8 432	17 562
Current portion of long-term debt	<u>108 952</u>	<u>64 741</u>	<u>173 693</u>
Total Current Liabilities	\$ <u>148 669</u>	\$ <u>83 800</u>	\$ <u>232 469</u>
Noncurrent Liabilities:			
Accrued compensated absences payable	\$ 12 686	\$ 9 830	\$ 22 516
Long-term debt, net of current portion	<u>872 012</u>	<u>433 956</u>	<u>1 305 968</u>
Total Noncurrent Liabilities	\$ <u>884 698</u>	\$ <u>443 786</u>	\$ <u>1 328 484</u>
Total Liabilities	\$ <u>1 033 367</u>	\$ <u>527 586</u>	\$ <u>1 560 953</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 1 987 880	\$ 2 636 150	\$ 4 624 030
Unrestricted	<u>966 777</u>	<u>782 344</u>	<u>1 749 121</u>
Total Net Assets	\$ <u><u>2 954 657</u></u>	\$ <u><u>3 418 494</u></u>	\$ <u><u>6 373 151</u></u>

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

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 621 068	\$ 415 547	\$ 1 036 615
Connection charges and meter fees	19 420	-	19 420
Delinquent account charges	16 736	-	16 736
Total Operating Revenues	\$ 657 224	\$ 415 547	\$ 1 072 771
Operating Expenses			
General administration	\$ 57 882	\$ 53 687	\$ 111 569
Supply purification	219 617	-	219 617
Transmission and distribution	113 928	-	113 928
Wastewater treatment	-	135 579	135 579
Maintenance of sewer lines	-	69 530	69 530
Fringe benefits	62 900	40 067	102 967
Depreciation	149 780	137 561	287 341
Total Operating Expenses	\$ 604 107	\$ 436 424	\$ 1 040 531
Operating Income (Loss)	\$ 53 117	\$ (20 877)	\$ 32 240
Nonoperating Revenues (Expenses)			
Interest income	\$ 3 071	\$ -	\$ 3 071
Interest expense and fiscal charges	(50 725)	(32 023)	(82 748)
Total Nonoperating Revenues (Expenses)	\$ (47 654)	\$ (32 023)	\$ (79 677)
Net Income (Loss) Before Contributions and Transfers	\$ 5 463	\$ (52 900)	\$ (47 437)
Net operating transfers	(4 931)	2 453	(2 478)
Contributions and availability charges	280 070	482 218	762 288
Change in Net Assets	\$ 280 602	\$ 431 771	\$ 712 373
Net assets , beginning of year	2 674 055	2 986 723	5 660 778
Net assets, end of year	\$ 2 954 657	\$ 3 418 494	\$ 6 373 151

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, 2004

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 658 785	\$ 414 917	\$ 1 073 702
Payments to suppliers	(200 403)	(128 051)	(328 454)
Payments to employees	(294 676)	(181 493)	(476 169)
Net Cash Provided (Used) by Operating Activities	<u>\$ 163 706</u>	<u>\$ 105 373</u>	<u>\$ 269 079</u>
Cash Flows From Noncapital Financing Activities			
Net operating transfers	\$ (4 931)	\$ 2 453	\$ (2 478)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (4 931)</u>	<u>\$ 2 453</u>	<u>\$ (2 478)</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions	\$ 280 070	\$ 482 218	\$ 762 288
Acquisition and construction of capital assets	(147 201)	(461 032)	(608 233)
Principal paid on capital debt	(321 839)	(31 716)	(353 555)
Interest paid on capital debt	(54 816)	(32 573)	(87 389)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (243 786)</u>	<u>\$ (43 103)</u>	<u>\$ (286 889)</u>
Cash Flows From Investing Activities			
Interest received	\$ 3 071	\$ -	\$ 3 071
Net Cash Provided (Used) by Investing Activities	<u>\$ 3 071</u>	<u>\$ -</u>	<u>\$ 3 071</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (81 940)</u>	<u>\$ 64 723</u>	<u>\$ (17 217)</u>
Cash and Cash Equivalents, Beginning of Year	<u>991 476</u>	<u>670 786</u>	<u>1 662 262</u>
Cash and Cash Equivalents, End of Year	<u>\$ 909 536</u>	<u>\$ 735 509</u>	<u>\$ 1 645 045</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 53 117	\$ (20 877)	\$ 32 240
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	149 780	137 561	287 341
(Increase) decrease in:			
Accounts receivable	1 736	(667)	1 069
Increase (decrease) in:			
Accounts payable	(38 240)	(9 322)	(47 562)
Accrued payroll and related liabilities	408	1 199	1 607
Customer deposits	(175)	37	(138)
Accrued compensated absences	(2 920)	(2 558)	(5 478)
Net Cash Provided (Used) by Operating Activities	<u>\$ 163 706</u>	<u>\$ 105 373</u>	<u>\$ 269 079</u>

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

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2004

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town of Berryville, Virginia (the "Town") have been prepared to conform to 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. New Accounting Standards Adopted

In fiscal year 2004, the Town adopted three new statements of financial accounting standards and one new interpretation issued by the Governmental Accounting Standards Board (GASB):

- *Statement No. 34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*
- *Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*
- *Statement No. 38 – Certain Financial Statement Disclosures*
- *Interpretation No. 6 – Recognition and Measurements of Certain Liabilities & Expenditures in Governmental Fund Financial Statements*

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the Town’s governmental activities and business-type activities on the statement of net assets and statement of activities. Significantly, the Town’s statement of net assets includes both noncurrent assets and noncurrent liabilities of the Town, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group.

The Town’s implementation of these standards had the following effect on the Town’s financial statements:

- The Town has historically capitalized all capital assets, excluding infrastructure. The Town also has not recorded annual depreciation expense or the related accumulated depreciation. As of July 1, 2003, the Town began to record infrastructure assets and recognized accumulated depreciation on all governmental activity assets that had not previously been recognized.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accordingly, the accounting and financial reporting of the Town’s General Fund is similar to that previously presented in the Town’s financial statements, although the format of financial statements has been modified by Statement No. 34 to focus on major funds, as opposed to presenting fund types.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**A. New Accounting Standards Adopted (Continued)**

Statement No. 34 also requires certain required supplementary information in the form of Management's Discussion and Analysis, which includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

Statement No. 37 amends GASB Statements No. 21 and No. 34. The amendments either (1) clarify certain provisions that, in retrospect, may not be sufficiently clear for consistent application or (2) modify other provisions that the GASB Board believes may have unintended consequences in some circumstances.

GASB has issued Statement No. 38, *Certain Financial Statement Note Disclosures* which modifies, establishes and rescinds certain financial statement disclosure requirements.

Interpretation 6 is an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statement Nos. 10, 16, and 18. It clarifies the existing modified accrual standards for distinguishing the portion of a liability that should be reported as a governmental fund liability/expenditure from the portion that should be reported as a general long-term liability (i.e., government-wide reporting only).

B. Reporting Entity

The Town 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 components units that meet the criteria to be included in this report.

C. 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 previous reporting model emphasized fund types (the total of all funds of a particular type). In the new reporting model, as defined by GASB Statement No. 34, the focus is either the Town as a whole or major individual funds (within the fund financial statements).

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

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

C. Government-wide and Fund Financial Statements (Continued)

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.

D. Measurement Focus and Basis of Accounting

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 revenue 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.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

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

D. Measurement Focus and Basis of Accounting (Continued)

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.

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, Public Health, Public Welfare, 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 utility. Activities of the fund 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

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

E. Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, the Town considers all unrestricted investments to be cash equivalents as these balances are used essentially as demand deposit accounts by the individual funds. Certificates of deposit and temporary investments are also reported as cash equivalents.

F. 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.

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.

G. 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.

H. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2—CASH AND INVESTMENTS:

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359 et. seq. of the Code of Virginia or covered by federal depository insurance.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

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 \$18,896 on June 30, 2004, and is composed of the following:

General Fund	\$ 16 896
Enterprise Funds:	
Water	1 200
Sewer	<u>800</u>
Total	<u>\$ 18 896</u>

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2004, the amount due from other governmental units is as follows:

Clarke County, Virginia – sales tax	\$ <u>17 904</u>
Total	<u>\$ 17 904</u>

NOTE 5—CAPITAL ASSETS:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital assets not being depreciated:			
Construction in progress on July 1, 2003	\$ 30 715	\$ 133 875	\$ 164 590
Additions	273 879	462 553	736 432
Deletions	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 304 594</u>	<u>\$ 596 428</u>	<u>\$ 901 022</u>
Capital assets being depreciated:			
Capital assets on July 1, 2003 at cost	\$ 1 589 921	\$ 9 690 964	\$ 11 280 885
Additions	62 562	145 679	208 241
Deletions	<u>(153 572)</u>	<u>-</u>	<u>(153 572)</u>
Total capital assets being depreciated	<u>\$ 1 498 911</u>	<u>\$ 9 836 643</u>	<u>\$ 11 335 554</u>
Accumulated depreciation on on July 1, 2003	\$ (897 570)	\$ (4 042 039)	\$ (4 939 609)
Additions	(95 248)	(287 341)	(382 589)
Deletions	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciated	<u>\$ (992 818)</u>	<u>\$ (4 329 380)</u>	<u>\$ (5 322 198)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 506 093</u>	<u>\$ 5 507 263</u>	<u>\$ 6 013 356</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

NOTE 5—CAPITAL ASSETS: (Continued)

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

Governmental activities:	
General government administration	\$ 14 082
Public safety	33 906
Public works	45 943
Parks, recreation, and culture	<u>1 317</u>
Total depreciation expense – governmental activities	<u>\$ 95 248</u>
Business-type activities:	
Water	\$ 149 780
Sewer	<u>137 561</u>
Total depreciation expense – business-type activities	<u>\$ 287 341</u>

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 salary (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/2003annurept.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, 2004 was 1.0% of annual covered payroll.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

NOTE 6—DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost

For fiscal year 2004, the Town's annual pension cost of \$8,569, was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases ranging from 4.00% to 7.00% per year, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. 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.

D. Three-year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2002	\$ 4,146	100%	\$ -
June 30, 2003	8,435	100%	-
June 30, 2004	8,569	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, 2004 was \$45,020.

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 and has placed no limit on the accumulation of sick leave. No benefits or pay is received for unused sick leave upon termination. Accumulated vacation is paid upon termination. The Town has outstanding accrued vacation pay totaling \$46,366 in the Governmental Activities and \$22,516 in the Business-type Activities.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

NOTE 9—LONG-TERM DEBT:

Outstanding long-term debt as of June 30, 2004, 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% \$ 786 877

\$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%. 692 784

Total Long-term Debt – Business-type Activities \$ 1 479 661

Total interest and fiscal charges of \$82,748 were incurred and expensed during the fiscal year on the above obligations.

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

Business-type Activities:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 173 693	\$ 53 701
2006	180 432	46 962
2007	187 445	39 949
2008	194 744	32 650
2009	202 342	25 053
2010-2011	<u>541 005</u>	<u>27 323</u>
Total	<u>\$ 1 479 661</u>	<u>\$ 225 638</u>

Changes in long-term debt are as follows:

	<u>June 30, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2004</u>
Governmental Activities:				
Notes payable	\$ 100 000	\$ -	\$ 100 000	\$ -
Accrued compensated absences	<u>53 955</u>	<u>-</u>	<u>7 589</u>	<u>46 366</u>
Total	<u>\$ 153 955</u>	<u>\$ -</u>	<u>\$ 107 589</u>	<u>\$ 46 366</u>
Business-type Activities:				
General obligation bonds	\$ 1 833 216	\$ -	\$ 353 555	\$ 1 479 661
Accrued compensated absences	<u>27 994</u>	<u>-</u>	<u>5 478</u>	<u>22 516</u>
Total	<u>\$ 1 861 210</u>	<u>\$ -</u>	<u>\$ 359 033</u>	<u>\$ 1 502 177</u>

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2004

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 totaling \$28,548 is comprised of the following:

- A. Deferred Property Tax Revenue
Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$24,459 at June 30, 2004.
- B. Prepaid Property Taxes
Property taxes due subsequent to June 30, 2004 but paid in advance by the taxpayers totaled \$4,089 at June 30, 2004.

NOTE 11—SURETY BONDS:

Western Surety Company – Keith R. Dalton, Town Manager	\$ <u>10 000</u>
Fidelity and Deposit of Maryland – Desiree A. Moreland, Treasurer/Assistant Town Manager	\$ <u>25 000</u>
Fidelity and Deposit of Maryland – All Town employees	\$ <u>10 000</u>

NOTE 12—ESTIMATED UNBILLED REVENUE:

Proprietary funds estimate and record utility services rendered but not yet billed as of June 30, 2004. The receivable was arrived at by taking the cycle billings the Town sent the customer in July and August 2004 and prorating the amount for days applicable to fiscal year ended June 30, 2004. For June 30, 2004, the amount of unbilled services rendered was approximately \$130,087.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2004

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property taxes	\$ 803 500	\$ 855 604	\$ 52 104
Other local taxes	536 500	608 694	72 194
Permits, privilege fees and regulatory licenses	20 000	23 684	3 684
Fines and forfeitures	40 000	35 199	(4 801)
Revenue from use of money and property	43 400	39 747	(3 653)
Charges for services	9 500	11 182	1 682
Miscellaneous	1 000	15 681	14 681
Intergovernmental	130 356	115 085	(15 271)
Total Revenues	\$ 1 584 256	\$ 1 704 876	\$ 120 620
Expenditures			
Current:			
General government administration	\$ 270 925	\$ 211 369	\$ 59 556
Public safety	449 880	434 474	15 406
Public works	420 280	401 975	18 305
Parks, recreation and cultural	9 500	10 675	(1 175)
Community development	86 630	84 282	2 348
Nondepartmental	201 845	188 259	13 586
Capital outlay	122 820	337 089	(214 269)
Debt Service	100 000	100 000	-
Total Expenditures	\$ 1 661 880	\$ 1 768 123	\$ (106 243)
Excess (Deficiency) of Revenues Over Expenditures	\$ (77 624)	\$ (63 247)	\$ 14 377
Other Financing Sources (Uses)			
Sale of equipment and property	\$ 1 000	\$ 158 767	\$ 157 767
Operating transfers at net	-	2 478	2 478
Total Other Financing Sources (Uses)	\$ 1 000	\$ 161 245	\$ 160 245
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (76 624)	\$ 97 998	\$ 174 622
Fund Balance, Beginning of Year	76 624	1 539 758	1 463 134
Fund Balance, End of Year	\$ -	\$ 1 637 756	\$ 1 637 756

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

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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, 2000	\$ 1 462 807	\$ 1 057 452	\$ (405 355)	138.33%	\$ 722 903	-56.07%
June 30, 2001	1 637 959	1 248 008	(389 951)	131.25%	745 148	-52.33%
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%

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OTHER SUPPLEMENTARY INFORMATION

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sources of Revenues:			
Revenue from Local Sources:			
General Property Taxes:			
Real property taxes	\$ 472 500	\$ 474 911	\$ 2 411
Personal property taxes	328 000	372 344	44 344
Penalties	1 500	6 203	4 703
Interest	<u>1 500</u>	<u>2 146</u>	<u>646</u>
<u>Total General Property Taxes</u>	<u>\$ 803 500</u>	<u>\$ 855 604</u>	<u>\$ 52 104</u>
Other Local Taxes:			
Local sales and use taxes	\$ 95 000	\$ 104 143	\$ 9 143
Business license tax	105 000	124 747	19 747
Motor vehicle licenses	52 000	57 293	5 293
Bank franchise taxes	64 000	88 291	24 291
Utility pole franchise fees	14 500	14 742	242
Cable television tax	16 000	21 504	5 504
Meals tax	50 000	48 778	(1 222)
Consumer utility tax	<u>140 000</u>	<u>149 196</u>	<u>9 196</u>
<u>Total Other Local Taxes</u>	<u>\$ 536 500</u>	<u>\$ 608 694</u>	<u>\$ 72 194</u>
Permits, Privilege Fees and Regulatory:			
Licenses, zoning and subdivision permits	\$ 20 000	\$ 23 684	\$ 3 684
Fines and Forfeitures:			
Court fines and forfeitures	\$ 35 000	\$ 29 160	\$ (5 840)
Parking fines	<u>5 000</u>	<u>6 039</u>	<u>1 039</u>
<u>Total Fines and Forfeitures</u>	<u>\$ 40 000</u>	<u>\$ 35 199</u>	<u>\$ (4 801)</u>
Revenue from Use of Money and Property:			
Revenue from use of money	\$ 15 000	\$ 11 929	\$ (3 071)
Revenue from use of property	<u>28 400</u>	<u>27 818</u>	<u>(582)</u>
<u>Total Revenue from Use of Money and Property</u>	<u>\$ 43 400</u>	<u>\$ 39 747</u>	<u>\$ (3 653)</u>
Charges for Services:			
Charges for parking - meters	\$ 9 500	\$ 11 182	\$ 1 682
Miscellaneous Revenue			
Miscellaneous revenue	\$ 1 000	\$ 15 681	\$ 14 681
<u>Total Miscellaneous Revenue</u>	<u>\$ 1 000</u>	<u>\$ 15 681</u>	<u>\$ 14 681</u>
<u>Total Revenue from Local Sources</u>	<u>\$ 1 453 900</u>	<u>\$ 1 589 791</u>	<u>\$ 135 891</u>

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Intergovernmental:			
Revenue from the Commonwealth:			
Noncategorical Aid:			
ABC profits	\$ 3 566	\$ 7 342	\$ 3 776
Railroad rolling stock taxes	1 560	1 462	(98)
Aid to localities with police departments	<u>71 230</u>	<u>71 200</u>	<u>(30)</u>
<u>Total Noncategorical Aid</u>	<u>\$ 76 356</u>	<u>\$ 80 004</u>	<u>\$ 3 648</u>
Categorical Aid:			
Litter control grant	\$ 1 500	\$ -	\$ (1 500)
Fire fund program	4 000	-	(4 000)
Street and highway maintenance	<u>48 500</u>	<u>32 240</u>	<u>(16 260)</u>
<u>Total Categorical Aid</u>	<u>\$ 54 000</u>	<u>\$ 32 240</u>	<u>\$ (21 760)</u>
<u>Total Revenue from the Commonwealth</u>	<u>\$ 130 356</u>	<u>\$ 112 244</u>	<u>\$ (18 112)</u>
Revenue from the Federal Government:			
Categorical Aid:			
FEMA grant - federal portion	\$ -	\$ 2 841	\$ 2 841
<u>Total Revenue from the Federal Government</u>	<u>\$ -</u>	<u>\$ 2 841</u>	<u>\$ 2 841</u>
<u>Total Intergovernmental</u>	<u>\$ 130 356</u>	<u>\$ 115 085</u>	<u>\$ (15 271)</u>
<u>Total General Fund</u>	<u>\$ 1 584 256</u>	<u>\$ 1 704 876</u>	<u>\$ 120 620</u>

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General and Financial Administration:			
Town Council:			
Compensation	\$ 19 800	\$ 19 840	\$ (40)
Office rental	3 000	3 000	-
Training	2 500	859	1 641
Local contributions	7 500	-	7 500
Miscellaneous	1 500	290	1 210
<u>Total Town Council</u>	<u>\$ 34 300</u>	<u>\$ 23 989</u>	<u>\$ 10 311</u>
Town Manger:			
Compensation	\$ 47 305	\$ 47 028	\$ 277
Mileage	500	-	500
Training	2 000	590	1 410
Dues	750	412	338
<u>Total Town Manager</u>	<u>\$ 50 555</u>	<u>\$ 48 030</u>	<u>\$ 2 525</u>
Electoral Board and Officials:			
Election officials	\$ 1 000	\$ 360	\$ 640
Officer Supplies	1 000	674	326
<u>Total Electoral Board and Officials</u>	<u>\$ 2 000</u>	<u>\$ 1 034</u>	<u>\$ 966</u>
Legal and Related Professional Services:			
Town Code Supplements	\$ 2 000	\$ -	\$ 2 000
State Code Supplements	1 500	700	800
Professional services	60 000	9 381	50 619
Contractual services	-	13 396	(13 396)
Dues and subscriptions	-	106	(106)
<u>Total Legal and Related Professional Services</u>	<u>\$ 63 500</u>	<u>\$ 23 583</u>	<u>\$ 39 917</u>
Independent Auditor:			
Independent Auditor, professional services	\$ 9 500	\$ 9 500	\$ -
Contractual services	1 000	-	1 000
<u>Total Independent Auditor</u>	<u>\$ 10 500</u>	<u>\$ 9 500</u>	<u>\$ 1 000</u>
Clerk/Treasurer:			
Compensation	\$ 25 815	\$ 25 811	\$ 4
Professional services	1 500	1 375	125
Surety bonds	300	300	-
Auto decals	750	788	(38)
Training	2 000	2 579	(579)
Dues	200	235	(35)
<u>Total Clerk/Treasurer</u>	<u>\$ 30 565</u>	<u>\$ 31 088</u>	<u>\$ (523)</u>

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General and Financial Administration: (Continued)			
Accounting:			
Compensation	\$ 33 155	\$ 33 631	\$ (476)
Training	-	177	(177)
<u>Total Accounting</u>	<u>\$ 33 155</u>	<u>\$ 33 808</u>	<u>\$ (653)</u>
Other General and Financial Administration:			
Maintenance contracts	\$ 11 600	\$ 11 696	\$ (96)
Advertising	7 000	6 318	682
Postage	7 000	6 025	975
Telephone	7 000	5 984	1 016
Internet	250	80	170
Office supplies	7 000	7 682	(682)
Office equipment	2 000	20	1 980
Newsletter	2 500	1 904	596
Training	-	108	(108)
Dues	2 000	520	1 480
<u>Total Other General and Financial Administration</u>	<u>\$ 46 350</u>	<u>\$ 40 337</u>	<u>\$ 6 013</u>
<u>Total General Government Administration</u>	<u>\$ 270 925</u>	<u>\$ 211 369</u>	<u>\$ 59 556</u>
Public Safety:			
Police Department:			
Compensation	\$ 327 280	\$ 314 292	\$ 12 988
Maintenance contracts	2 000	2 292	(292)
Telephones	2 000	2 408	(408)
Communication equipment and services	800	704	96
Office supplies	2 000	1 372	628
Office equipment	-	40	(40)
Investigations	500	150	350
Technical equipment	2 000	6 195	(4 195)
Gasoline and oil	6 500	7 422	(922)
Repair and maintenance	8 000	8 136	(136)
Police supplies	2 500	1 847	653
Uniforms	1 800	4 238	(2 438)
Medical examinations	600	2 321	(1 721)
Training	6 000	5 973	27
Dues	150	52	98
<u>Total Police Department</u>	<u>\$ 362 130</u>	<u>\$ 357 442</u>	<u>\$ 4 688</u>
Fire and Rescue:			
Professional services-emergency medical technician	\$ 33 500	\$ 33 500	\$ -
Fire fund program	4 000	-	4 000
Contribution	22 500	22 500	-
Crossing guard	5 000	-	5 000
<u>Total Fire and Rescue</u>	<u>\$ 65 000</u>	<u>\$ 56 000</u>	<u>\$ 9 000</u>

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety: (Continued)			
Correction and Detention:			
Confinement of prisoners	\$ 250	\$ -	\$ 250
Public defender fees	500	200	300
<u>Total Correction and Detention</u>	<u>\$ 750</u>	<u>\$ 200</u>	<u>\$ 550</u>
Emergency Services:			
Contribution	\$ 2 000	\$ 2 000	\$ -
Community Services:			
Downtown Berryville, Incorporated	\$ 20 000	\$ 18 832	\$ 1 168
<u>Total Public Safety</u>	<u>\$ 449 880</u>	<u>\$ 434 474</u>	<u>\$ 15 406</u>
Public Works:			
Maintenance of Streets, Bridges and Sidewalks:			
General Administration:			
Compensation	\$ 25 135	\$ 25 466	\$ (331)
Electricity	1 100	740	360
Fuel oil/heat	800	2 241	(1 441)
Telephone	1 250	1 259	(9)
Office supplies	50	-	50
Vehicle repairs and maintenance	4 500	5 209	(709)
Medical exams	500	240	260
Training	700	141	559
<u>Total General Administration</u>	<u>\$ 34 035</u>	<u>\$ 35 296</u>	<u>\$ (1 261)</u>
Highways, Streets, Bridges and Sidewalks:			
Compensation	\$ 68 430	\$ 73 131	\$ (4 701)
Communication equipment and services	2 000	-	2 000
Gasoline & oil	6 000	12 298	(6 298)
Vehicle repairs and maintenance	4 000	4 553	(553)
Uniforms	2 500	1 259	1 241
Materials and supplies	4 000	5 625	(1 625)
Equipment maintenance	2 500	7 071	(4 571)
Sidewalk maintenance	10 000	3 448	6 552
Street sign maintenance	1 500	1 896	(396)
Norfolk/Southern R-O-W's	365	362	3
<u>Total Highways, Streets, Bridges and Sidewalks</u>	<u>\$ 101 295</u>	<u>\$ 109 643</u>	<u>\$ (8 348)</u>
Street Lights:			
Electricity - street lights	\$ 50 000	\$ 47 150	\$ 2 850

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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works: (Continued)			
Snow and Ice Removal:			
Material and supplies	\$ 1 000	\$ 685	\$ 315
Parking Meters:			
Material and supplies	\$ 700	\$ 1 003	\$ (303)
Street and Road Cleaning:			
Material and supplies	\$ 2 500	\$ 1 273	\$ 1 227
<u>Total Maintenance of Streets, Bridges and Sidewalks</u>	<u>\$ 189 530</u>	<u>\$ 195 050</u>	<u>\$ (5 520)</u>
Sanitation and Waste Removal, Refuse:			
Contractual services	\$ 162 000	\$ 152 421	\$ 9 579
Recycling services	47 200	35 114	12 086
<u>Total Sanitation and Waste Removal, Refuse</u>	<u>\$ 209 200</u>	<u>\$ 187 535</u>	<u>\$ 21 665</u>
Maintenance Buildings and Grounds:			
General Properties:			
Electricity	\$ 4 000	\$ 3 450	\$ 550
Fuel oil/heat	2 000	4 218	(2 218)
Repair and maintenance	9 000	5 434	3 566
Materials and supplies	1 000	952	48
Christmas lights	750	-	750
<u>Total General Properties</u>	<u>\$ 16 750</u>	<u>\$ 14 054</u>	<u>\$ 2 696</u>
Town Office:			
Contractual services	\$ 4 800	\$ 5 336	\$ (536)
<u>Total Maintenance Buildings and Grounds</u>	<u>\$ 21 550</u>	<u>\$ 19 390</u>	<u>\$ 2 160</u>
<u>Total Public Works</u>	<u>\$ 420 280</u>	<u>\$ 401 975</u>	<u>\$ 18 305</u>
Parks, Recreation and Cultural:			
Contractual services	\$ 1 000	\$ 808	\$ 192
Christmas lights	500	177	323
Rose Hill improvements	3 000	4 690	(1 690)
Contribution	5 000	5 000	-
<u>Total Parks, Recreation and Cultural</u>	<u>\$ 9 500</u>	<u>\$ 10 675</u>	<u>\$ (1 175)</u>

TOWN OF BERRYVILLE, VIRGINIA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Community Development:			
Planning:	\$ 66 755	\$ 59 288	\$ 7 467
Compensation	3 000	3 000	-
Office rental	-	12 974	(12 974)
Professional services	350	550	(200)
Office supplies	250	245	5
Office equipment	1 000	1 005	(5)
Printing	500	203	297
Mileage	1 100	1 269	(169)
Training	400	330	70
Dues	250	51	199
Publications			
<u>Total Planning</u>	<u>\$ 73 605</u>	<u>\$ 78 915</u>	<u>\$ (5 310)</u>
Planning Commission:	\$ 6 600	\$ 2 940	\$ 3 660
Compensation	1 400	40	1 360
Training	250	157	93
Dues			
<u>Total Planning Commission</u>	<u>\$ 8 250</u>	<u>\$ 3 137</u>	<u>\$ 5 113</u>
Architectural Review:	\$ 500	\$ 60	\$ 440
Training			
<u>Total Architectural Review</u>	<u>\$ 500</u>	<u>\$ 60</u>	<u>\$ 440</u>
Area Development:	\$ 2 350	\$ 1 510	\$ 840
Compensation	500	20	480
Training	125	-	125
Dues			
<u>Total Area Development</u>	<u>\$ 2 975</u>	<u>\$ 1 530</u>	<u>\$ 1 445</u>
Zoning:	\$ 800	\$ 640	\$ 160
Compensation	500	-	500
Training			
<u>Total Zoning</u>	<u>\$ 1 300</u>	<u>\$ 640</u>	<u>\$ 660</u>
<u>Total Community Development</u>	<u>\$ 86 630</u>	<u>\$ 84 282</u>	<u>\$ 2 348</u>

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Nondepartmental:			
Fringe Benefits:			
Social security	\$ 43 165	\$ 44 306	\$ (1 141)
Retirement	33 855	29 731	4 124
Health insurance	67 895	60 461	7 434
Life insurance	-	232	(232)
Unemployment insurance	135	675	(540)
Workers' compensation insurance	9 900	9 387	513
<u>Total Fringe Benefits</u>	<u>\$ 154 950</u>	<u>\$ 144 792</u>	<u>\$ 10 158</u>
Combined Insurances:			
Fire boiler insurance	\$ 7 000	\$ 7 971	\$ (971)
Blanket excess liability	2 500	3 990	(1 490)
VA Risk-2 police liability	3 120	2 837	283
Semi-multi peril insurance	18 900	15 663	3 237
Automobile insurance	11 550	12 712	(1 162)
VA Risk-2 BADA public official insurance	325	294	31
Insurance deductibles	3 500	-	3 500
<u>Total Combined Insurances</u>	<u>\$ 46 895</u>	<u>\$ 43 467</u>	<u>\$ 3 428</u>
<u>Total Nondepartmental</u>	<u>\$ 201 845</u>	<u>\$ 188 259</u>	<u>\$ 13 586</u>
Capital Outlay:			
Police cruiser	\$ 24 000	\$ 22 411	1 589
One ton pickup	32 000	32 218	(218)
Gazebo roof repairs	-	648	(648)
Salt chipper/snow plow	-	7 933	(7 933)
Mower	8 000	-	8 000
Public works site plan	-	260 510	(260 510)
Storm water reserve	30 000	-	30 000
Office expansion reserve	-	1 144	(1 144)
Contingency	28 820	12 225	16 595
<u>Total Capital Outlay</u>	<u>\$ 122 820</u>	<u>\$ 337 089</u>	<u>\$ (214 269)</u>
Debt service:			
County of Clarke	\$ 100 000	\$ 100 000	\$ -
<u>Total General Fund</u>	<u>\$ 1 661 880</u>	<u>\$ 1 768 123</u>	<u>\$ (106 243)</u>

SCHEDULE OF EXPENDITURES
ENTERPRISE FUNDS

For the Years Ended June 30, 2004 and 2003

	June 30, 2004	June 30, 2003
Water Fund:		
General Administration:		
Salaries and wages	\$ 55 498	\$ 49 402
Professional services	-	1 585
Miss Utility	909	834
Postage	1 475	1 510
Office supplies	-	18
Training	-	31
<u>Total General Administration</u>	<u>\$ 57 882</u>	<u>\$ 53 380</u>
Supply Purification:		
Salaries and wages	\$ 123 166	\$ 124 855
Repairs and maintenance	24 496	29 252
Electricity	28 622	27 742
Heating service	2 812	5 256
Equipment and supplies	3 248	3 496
Materials and supplies - chemicals	14 022	14 515
Sludge removal	12 150	11 340
Permits & fees	8 067	9 003
Other operating expenses	3 034	10 713
<u>Total Supply Purification</u>	<u>\$ 219 617</u>	<u>\$ 236 172</u>
Transmission and Distribution:		
Salaries and wages	\$ 50 600	\$ 43 374
Repairs and maintenance - water lines	29 397	51 280
Materials and supplies	30 747	8 003
Other transmission and distribution expenses	3 184	452
<u>Total Transmission and Distribution</u>	<u>\$ 113 928</u>	<u>\$ 103 109</u>
Fringe Benefits:		
Social security	\$ 17 791	\$ 16 581
Retirement	12 571	12 479
Hospitalization	26 197	26 736
Group life insurance	400	82
Workers' compensation	5 800	5 720
Unemployment insurance	141	91
<u>Total Fringe Benefits</u>	<u>\$ 62 900</u>	<u>\$ 61 689</u>
Depreciation	<u>\$ 149 780</u>	<u>\$ 140 015</u>
<u>Total Operating Expenses</u>	<u>\$ 604 107</u>	<u>\$ 594 365</u>

TOWN OF BERRYVILLE, VIRGINIA

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SCHEDULE 3
(Continued)SCHEDULE OF EXPENDITURES
ENTERPRISE FUNDS

For the Years Ended June 30, 2004 and 2003

	June 30, 2004	June 30, 2003
Sewer Fund:		
General Administration:		
Salaries and wages	\$ 52 941	\$ 48 555
Professional services	-	-
Postage	746	741
<u>Total General Administration</u>	<u>\$ 53 687</u>	<u>\$ 49 296</u>
Wastewater Treatment:		
Salaries and wages	\$ 39 244	\$ 40 518
Professional services	13 500	-
Repairs and maintenance	31 534	13 228
Electricity	33 188	40 297
Materials and supplies - lab	394	553
Materials and supplies - chemicals	4 319	3 281
Equipment and supplies	268	1 322
Other operating expenses	13 132	7 462
<u>Total Wastewater Treatment</u>	<u>\$ 135 579</u>	<u>\$ 106 661</u>
Maintenance of Sewer Lines:		
Salaries and wages	\$ 47 882	\$ 40 083
Repairs and maintenance - sewer lines	16 822	53 832
Materials and supplies	4 826	3 984
<u>Total Maintenance of Sewer Lines</u>	<u>\$ 69 530</u>	<u>\$ 97 899</u>
Fringe Benefits:		
Social security	\$ 10 925	\$ 10 172
Retirement	7 814	8 139
Hospitalization	16 427	15 199
Group life insurance	161	82
Unemployment insurance	140	56
Workers' compensation	4 600	4 644
<u>Total Fringe Benefits</u>	<u>\$ 40 067</u>	<u>\$ 38 292</u>
Depreciation	\$ 137 561	\$ 130 249
<u>Total Operating Expenses</u>	<u>\$ 436 424</u>	<u>\$ 422 397</u>

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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
1994-95 \$	503 875 \$	430 294 \$	8 349 \$	39 576 \$	12 887 \$	10 684 \$	5 516 \$	44 611 \$	1 055 792
1995-96	537 999	429 109	9 793	33 995	14 090	8 779	1 361	67 467	1 102 593
1996-97	589 965	429 651	5 335	35 999	20 956	8 948	3 187	82 646	1 176 687
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

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	Non-departmental	Capital Outlay & Contingency	Debt Service	Total
1994-95 \$	135 431 \$	280 501 \$	211 940 \$	5 851 \$	48 598 \$	128 959 \$	94 939 \$	-	906 219
1995-96	141 853	280 862	238 856	5 552	55 451	131 695	65 023	-	919 292
1996-97	158 037	284 615	275 211	16 501	50 556	126 443	88 392	-	999 755
1997-98	165 440	307 756	297 692	11 472	52 006	137 726	62 779	-	1 034 871
1998-99	188 011	376 235	270 846	7 289	61 845	125 900	216 199	-	1 246 325
1999-00	214 912	397 033	318 658	5 387	58 643	136 738	95 354	-	1 226 725
2000-01	201 758	391 214	363 072	9 414	62 206	152 785	199 189	-	1 379 638
2001-02	240 081	425 994	396 484	8 449	76 976	155 427	259 754	-	1 563 165
2002-03	213 518	423 274	432 856	8 150	96 467	168 051	63 805	-	1 406 121
2003-04	211 369	434 474	401 975	10 675	84 282	188 259	337 089	100 000	1 768 123

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