

TOWN OF BERRYVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

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, 2003

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.

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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

We have audited the accompanying financial statements of the Town of Berryville, Virginia, as of and for the year ended June 30, 2003, as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Berryville, Virginia, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types 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 September 4, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplementary information and statistical section in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Anderson, White & Company, P.C.

September 4, 2003

ANDERSON, WHITE & COMPANY, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Town of Berryville, Virginia, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 4, 2003. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing 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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one of more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated September 4, 2003.

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

Anderson, White & Company, P.C.

September 4, 2003

FINANCIAL STATEMENTS

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TOWN OF BERRYVILLE, VIRGINIA

BALANCE SHEET - ALL FUNDS AND ACCOUNT GROUPS
As of June 30, 2003

	Governmental	Proprietary Fund Types	
	Fund Type	Enterprise Funds	
	General	Water	Sewer
ASSETS			
Cash	\$ 1 545 625	\$ 733 293	\$ 670 786
Receivables (net of allowance for uncollectibles):			
Taxes	31 134	-	-
Water and sewer service charges	-	111 380	75 057
Other	36 107	-	-
Prepaid expenses	-	-	-
Due from other governmental units	9 089	-	-
Restricted asset, cash and cash equivalent	-	258 183	-
Fixed assets (net of accumulated depreciation)	-	2 971 423	2 811 376
Amount to be provided for general long-term debt	-	-	-
Total Assets	\$ 1 621 955	\$ 4 074 279	\$ 3 557 219
LIABILITIES			
Accounts payable and accrued expenses	\$ 50 198	\$ 72 510	\$ 19 300
Deferred revenue	31 999	-	-
Performance bonds	-	-	-
Customer deposits	-	9 305	8 395
Accrued compensated absences payable	-	15 606	12 388
Long-term debt	-	1 302 803	530 413
Total Liabilities	\$ 82 197	\$ 1 400 224	\$ 570 496
FUND EQUITY			
Contributed capital	\$ -	\$ 1 519 174	\$ 1 781 347
Investment in general fixed assets	-	-	-
Retained earnings, unreserved	-	1 154 881	1 205 376
Fund Balance, unreserved	1 539 758	-	-
Total Fund Equity	\$ 1 539 758	\$ 2 674 055	\$ 2 986 723
Total Liabilities and Fund Equity	\$ 1 621 955	\$ 4 074 279	\$ 3 557 219

11 539 758.

Account Groups		Total (Memorandum Only)	
General Fixed Assets	General Long-Term Debt	2003	2002
\$ -	\$ -	\$ 2 949 704	\$ 2 608 761
-	-	31 134	13 044
-	-	186 437	178 359
-	-	36 107	27 446
-	-	-	90
-	-	9 089	6 202
-	-	258 183	283 428
723 066	-	6 505 865	6 359 036
-	153 955	153 955	150 227
<u>\$ 723 066</u>	<u>\$ 153 955</u>	<u>\$ 10 130 474</u>	<u>\$ 9 626 593</u>
\$ -	\$ -	\$ 142 008	\$ 102 161
-	-	31 999	17 177
-	-	-	24 703
-	-	17 700	17 175
-	53 955	81 949	78 319
-	100 000	1 933 216	2 108 734
<u>\$ -</u>	<u>\$ 153 955</u>	<u>\$ 2 206 872</u>	<u>\$ 2 348 269</u>
\$ -	\$ -	\$ 3 300 521	\$ 2 984 441
723 066	-	723 066	792 981
-	-	2 360 257	2 290 187
-	-	1 539 758	1 210 715
<u>\$ 723 066</u>	<u>\$ -</u>	<u>\$ 7 923 602</u>	<u>\$ 7 278 324</u>
<u>\$ 723 066</u>	<u>\$ 153 955</u>	<u>\$ 10 130 474</u>	<u>\$ 9 626 593</u>

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

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TOWN OF BERRYVILLE, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2003

	Governmental Fund Type <u>General</u>	Total (Memorandum Only) <u>2002</u>
Revenues:		
General property taxes	\$ 786 085	\$ 767 480
Other local taxes	589 537	538 725
Permits, privilege fees and regulatory licenses	19 660	20 416
Fines and forfeitures	36 082	50 202
Revenue from use of money and property	49 520	47 808
Charges for services	10 407	9 755
Miscellaneous	89 188	35 096
Intergovernmental	148 554	111 540
<u>Total Revenues</u>	<u>\$ 1 729 033</u>	<u>\$ 1 581 022</u>
Expenditures:		
Current:		
General government administration	\$ 213 518	\$ 240 081
Public safety	423 274	425 994
Public works	432 856	396 484
Parks, recreation and cultural	8 150	8 449
Community development	96 467	76 976
Nondepartmental	168 051	155 427
Capital outlay	63 805	259 754
<u>Total Expenditures</u>	<u>\$ 1 406 121</u>	<u>\$ 1 563 165</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 322 912</u>	<u>\$ 17 857</u>
Other Financing Sources (Uses):		
Proceeds from loan from Clarke County	-	100 000
Operating transfers at net	6 131	1 863
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 6 131</u>	<u>\$ 101 863</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 329 043</u>	<u>\$ 119 720</u>
Fund Balance, Beginning of Year	<u>1 210 715</u>	<u>1 090 995</u>
Fund Balance, End of Year	<u>\$ 1 539 758</u>	<u>\$ 1 210 715</u>

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

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TOWN OF BERRYVILLE, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
General property taxes	\$ 790 850	\$ 786 085	\$ (4 765)
Other local taxes	508 500	589 537	81 037
Permits, privilege fees and regulatory licenses	10 000	19 660	9 660
Fines and forfeitures	47 500	36 082	(11 418)
Revenue from use of money and property	42 200	49 520	7 320
Charges for services	9 500	10 407	907
Miscellaneous	77 000	89 188	12 188
Intergovernmental	140 800	148 554	7 754
<u>Total Revenues</u>	<u>\$ 1 626 350</u>	<u>\$ 1 729 033</u>	<u>\$ 102 683</u>
Expenditures:			
Current:			
General government administration	\$ 259 240	\$ 213 518	\$ 45 722
Public safety	432 195	423 274	8 921
Public works	410 925	432 856	(21 931)
Parks, recreation and cultural	9 280	8 150	1 130
Community development	74 433	96 467	(22 034)
Nondepartmental	184 295	168 051	16 244
Capital outlay	548 610	63 805	484 805
<u>Total Expenditures</u>	<u>\$ 1 918 978</u>	<u>\$ 1 406 121</u>	<u>\$ 512 857</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (292 628)	\$ 322 912	\$ 615 540
Other Financing Sources (Uses):			
Operating transfers at net	\$ -	\$ 6 131	\$ 6 131
<u>Total Other Financing Sources (Uses)</u>	<u>\$ -</u>	<u>\$ 6 131</u>	<u>\$ 6 131</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (292 628)	\$ 329 043	\$ 621 671
Fund Balance, Beginning of Year	292 628	1 210 715	918 087
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1 539 758</u>	<u>\$ 1 539 758</u>

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 RETAINED EARNINGS - PROPRIETARY FUNDS
For the Year Ended June 30, 2003

	Enterprise Funds		Totals (Memorandum Only)	
	Water	Sewer	2003	2002
Operating Revenues:				
Charges for services	\$ 638 518	\$ 421 194	\$ 1 059 712	\$ 1 052 736
Connection charges and meter fees	3 738	-	3 738	9 825
Delinquent account charges	16 939	-	16 939	11 102
Total Operating Revenues	\$ 659 195	\$ 421 194	\$ 1 080 389	\$ 1 073 663
Operating Expenses:				
General administration	\$ 53 380	\$ 49 296	\$ 102 676	\$ 106 686
Supply purification	236 172	-	236 172	203 676
Transmission and distribution	103 109	-	103 109	78 296
Wastewater treatment	-	106 661	106 661	138 555
Maintenance of sewer lines	-	97 899	97 899	59 814
Fringe benefits	61 689	38 292	99 981	85 314
Depreciation	140 015	130 249	270 264	256 694
Total Operating Expenses	\$ 594 365	\$ 422 397	\$ 1 016 762	\$ 929 035
Operating Income (Loss)	\$ 64 830	\$ (1 203)	\$ 63 627	\$ 144 628
Nonoperating Revenues (Expenses):				
Interest income	\$ 7 005	\$ -	\$ 7 005	\$ 9 744
Interest expense and fiscal charges	(60 343)	(35 209)	(95 552)	(87 572)
Gain/loss on disposal of assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ (53 338)	\$ (35 209)	\$ (88 547)	\$ (77 828)
Net Income (Loss) Before Operating Transfers	\$ 11 492	\$ (36 412)	\$ (24 920)	\$ 66 800
Operating Transfers at Net	(4 044)	(2 086)	(6 130)	(1 863)
Net Income	\$ 7 448	\$ (38 498)	\$ (31 050)	\$ 64 937
Depreciation Transferred to Contributed Capital	49 377	51 743	101 120	90 357
Increase in Retained Earnings	\$ 56 825	\$ 13 245	\$ 70 070	\$ 155 294
Retained Earnings, Beginning of Year	1 098 056	1 192 131	2 290 187	2 134 893
Retained Earnings, End of Year	\$ 1 154 881	\$ 1 205 376	\$ 2 360 257	\$ 2 290 187

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, 2003

	Enterprise Funds		Totals (Memorandum Only)	
	Water	Sewer	2003	2002
Cash Flows from Operating Activities:				
Operating income (loss)	\$ 64 830	\$ (1 203)	\$ 63 627	\$ 144 628
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	140 015	130 249	270 264	256 694
(Increase) decrease in:				
Accounts receivable	(5 577)	(2 501)	(8 078)	(38 200)
Increase (decrease) in:				
Accounts payable and accrued expenses	30 270	9 505	39 775	11 026
Customer deposits	195	330	525	324
Accrued compensated absences	1 164	(1 262)	(98)	465
Net Cash Provided (Used) by Operating Activities	\$ 230 897	\$ 135 118	\$ 366 015	\$ 374 937
Cash Flows Provided by Investing Activities:				
Interest on investments	\$ 7 005	\$ -	\$ 7 005	\$ 9 744
Net Cash Provided by Investing Activities	\$ 7 005	\$ -	\$ 7 005	\$ 9 744
Cash Flows from Capital and Related Financing Activities:				
Contribution of availability fees	\$ 152 390	\$ 264 810	\$ 417 200	\$ 443 775
Purchase of fixed assets	(214 569)	(272 438)	(487 007)	(559 058)
Proceeds from bonds	-	-	-	775 000
Principal payments on long-term debt	(158 071)	(17 447)	(175 518)	(143 605)
Interest payments on bonds and notes	(60 343)	(35 209)	(95 552)	(87 572)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (280 593)	\$ (60 284)	\$ (340 877)	\$ 428 540
Cash Flows Provided by (Used) by Noncapital Financing Activities:				
Net operating transfers	\$ (4 044)	\$ (2 086)	\$ (6 130)	\$ (1 863)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ (4 044)	\$ (2 086)	\$ (6 130)	\$ (1 863)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (46 735)	\$ 72 748	\$ 26 013	\$ 811 358
Cash and Cash Equivalents, Beginning of Year	1 038 211	598 038	1 636 249	824 891
Cash and Cash Equivalents, End of Year	\$ 991 476	\$ 670 786	\$ 1 662 262	\$ 1 636 249
Cash	\$ 733 293	\$ 670 786	\$ 1 404 079	\$ 1 377 524
Restricted Cash	258 183	-	258 183	258 725
Total Cash per Balance Sheet	\$ 991 476	\$ 670 786	\$ 1 662 262	\$ 1 636 249

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, 2003

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town of Berryville, Virginia (the "Town") are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. The Financial Reporting Entity

For financial reporting purposes, the town includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent upon the Town Council determined on the basis of the following:

1. The Town's ability to designate the management or significantly control the operations of the entity.
2. The Town's responsibility for the fiscal matters of the entity, including authorizations of budgetary appropriations, funding of operating deficiencies, control or use of surplus funds, responsibility for debts and control over the collections and disbursements of funds.
3. The scope of public services rendered by and the geographic location of the entity.

Based on the foregoing criteria, all the financial activities of the Town, including its water and sewer operations, are included in the accompanying financial statements. Fire and rescue services are provided to the Town residents by separate independent voluntary not-for-profit organizations and educational services are provided by the Clarke County School Board. Since these activities do not meet the criteria above they are not included in the accompanying financial statements.

B. Financial Statement Presentation

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. Each fund is a separate set of self-balancing accounts that consists of assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are used to establish accounting control over certain assets and liabilities that are not recorded in funds. The various funds and account groups are grouped in the financial statements as follows:

1. Governmental Funds account for the expendable financial resources other than those accounted for in proprietary and similar trust funds. The governmental fund measurement focus is on determination of financial position and changes in financial position, rather than on net income determination. The individual governmental funds are:

General Fund

The General Fund is the general operating fund of the Town. This fund accounts for all revenues and expenditures of the Town which are not accounted for in the other funds.

2. Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is on determination of net income. Proprietary Funds consist of the Enterprise Funds.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

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

B. Financial Statement Presentation (Continued)

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in the manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Enterprise Funds consist of the Water Fund and the Sewer Fund.

3. Account Groups are used to establish accounting control over general fixed assets and long-term liabilities. General long-term debt and general fixed asset account groups are included herein. Long-term obligations and fixed assets related to Proprietary Funds are accounted for in the Proprietary Funds.

Memorandum Only – Total Columns on Combined Statements - Overview

The total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

Comparative Totals

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

C. Basis of Accounting

1. Governmental Funds

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales taxes and utility taxes, which are collected by the State or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Interest on long-term debt is recognized when due except for interest due on July 1, which is accrued.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

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

C. Basis of Accounting (Continued)

2. Proprietary Funds

The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

D. Budgets

Each year all agencies of the Town submit requests for appropriation to the Town Administrator so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before April 30, the proposed budget is presented to the Town council for review. The Town's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Town Manager or the revenue estimates must be changed by an affirmative vote of a majority of the Town's council.

All budget data presented is the revised budget as of June 30.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Town considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. Property, Plant and Equipment

All purchased property, plant and equipment are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value at the date of donation.

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the assets capitalized in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. Such assets are immovable and of value only to the government.

Depreciation on assets in the general fixed assets account group is computed using the straight-line method over useful lives ranging from three to fifty years. Depreciation for property, plant and equipment in the proprietary funds is computed over the following useful lives using the straight-line method.

Water and sewer systems	10-50 years
Equipment	5-8 years

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

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

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. Contributed Capital

Connection and availability fees charged in excess of actual physical connection costs are recognized as contributed capital. Additionally, contributed capital includes donated developer systems and grant funds received for the construction of water and sewer lines. The Town amortizes its contributed capital over the useful life of the related assets or improvement using the straight-line method.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2—DEPOSITS:

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.

NOTE 3—ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS:

The Town calculates its allowance for uncollectible accounts using historical collection data and account analysis. The allowance amounted to \$21,373 on June 30, 2003, and is composed of the following:

General Fund	\$ 19 373
Enterprise Funds:	
Water	1 200
Sewer	<u>800</u>
Total	<u>\$ 21 373</u>

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2003, the amount due from other governmental units is as follows:

Clarke County, Virginia – sales tax	\$ 7 589
Department of Motor Vehicles – radar and equipment grant	<u>1 500</u>
Total	<u>\$ 9 089</u>

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003NOTE 5—CHANGES IN GENERAL FIXED ASSETS:

A summary of general fixed assets for the year ended June 30, 2003 is as follows:

General fixed assets on July 1, 2002 at cost	\$ 1 597 657
Additions	22 979
Deletions	<u> -</u>
General fixed assets on June 30, 2003 at cost	\$ 1 620 636
Accumulated depreciation	<u>(897 570)</u>
Investment in general fixed assets June 30, 2003	<u>\$ 723 066</u>

NOTE 6—PROPRIETARY FIXED ASSETS:

A summary of the Proprietary Fund property, plant and equipment at June 30, 2003 is as follows:

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	
Property, plant and equipment	\$ 5 245 957	\$ 4 445 007	\$ 9 690 964
Construction in progress	22 154	111 721	133 875
Accumulated depreciation	<u>(2 296 688)</u>	<u>(1 745 352)</u>	<u>(4 042 040)</u>
Total	<u>\$ 2 971 423</u>	<u>\$ 2 811 376</u>	<u>\$ 5 782 799</u>

NOTE 7—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 (System)

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 (AFS) 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. AFS is defined as the highest consecutive 36 months of salary. 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 obtained by writing the System at P.O. Box 2500, Richmond, VA 23218-2500.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

NOTE 7—DEFINED BENEFIT PENSION PLAN: (Continued)

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, 2003 was 1.0% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2003, the Town's annual pension cost of \$8,435, 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 4.25% to 6.10% 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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2001	\$ 4,142	100%	\$ -
June 30, 2002	4,146	100%	-
June 30, 2003	8,435	100%	-

E. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
June 30, 1999	\$1,253,654	\$1,000,246	\$(253,408)	125.3%	\$671,627	(37.7%)
June 30, 2000	1,462,807	1,057,452	(405,355)	138.3%	722,903	(56.1%)
June 30, 2001	1,637,959	1,248,008	(389,951)	131.3%	745,148	(52.3%)
June 30, 2002	1,703,452	1,426,651	(276,801)	119.4%	849,281	(32.6%)

NOTE 8—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, 2003 was \$29,250.

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

NOTE 9—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 \$53,955 in the General Long-term Debt Account Group, \$15,606 in the Water Fund and \$12,388 in the Sewer Fund.

NOTE 10—LONG-TERM DEBT:

Outstanding long-term debt as of June 30, 2003, includes the following:

General Long-term Debt Account Group:

\$100,000 note payable to the County of Clarke, Virginia, due by April 30, 2004, without interest. \$ 100 000

Total General Long-term Obligation Debt \$ 100 000

Enterprise Funds:

General Obligation Bonds:

\$1,090,000 Water and Sewer System Revenue Bonds issued August 1993, due in annual installments of \$20,000 to \$150,000 through October 1, 2004, interest rates vary from 2.85% to 5.05%. \$ 265 000 \$ -

\$865,000 Taxable General Obligation Water and Sewer System Bonds issued November 2001, due in monthly installments of \$6,093 beginning February 2002 through December 2003 and \$10,672 beginning January 2004 through December 2011, including interest at 5.79% 300 514 530 413

\$775,000 Exempt General Obligation Water System Bonds issued November 2001, due in monthly installments of \$4,721 beginning January 2002 through December 2003 and \$8,836 beginning January 2004 through December 2011, including interest at 4.04%. 737 289 -

Total Long-term Debt – Enterprise Funds \$ 1 302 803 \$ 530 413

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

NOTE 10—LONG-TERM DEBT: (Continued)

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

General Long-term Debt:

<u>Year Ending June 30,</u>	<u>Principal</u>
2004	\$ <u>100 000</u>
Total	\$ <u>100 000</u>

Enterprise Funds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 220 731	\$ 85 123
2005	315 071	70 917
2006	173 429	60 665
2007	182 226	51 869
2008	191 483	42 611
2009-2013	<u>750 276</u>	<u>68 991</u>
Total	\$ <u>1 833 216</u>	\$ <u>380 176</u>

Changes in long-term debt are as follows:

	<u>June 30, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2003</u>
General Long-Term Debt Account Group:				
Notes payable	\$ 100 000	\$ -	\$ -	\$ 100 000
Accrued compensated absences	<u>50 227</u>	<u>3 728</u>	<u>-</u>	<u>53 955</u>
Total	\$ <u>150 227</u>	\$ <u>3 728</u>	\$ <u>-</u>	\$ <u>153 955</u>
Enterprise Funds:				
General obligation bonds	\$ 2 008 734	\$ -	\$ 175 518	\$ 1 833 216
Accrued compensated absences	<u>28 092</u>	<u>-</u>	<u>98</u>	<u>27 994</u>
Total	\$ <u>2 036 826</u>	\$ <u>-</u>	\$ <u>175 616</u>	\$ <u>1 861 210</u>

TOWN OF BERRYVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

NOTE 11—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 \$31,999 is comprised of the following:

- A. Deferred Property Tax Revenue
Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$27,416 at June 30, 2003.
- B. Prepaid Property Taxes
Property taxes due subsequent to June 30, 2003 but paid in advance by the taxpayers totaled \$4,583 at June 30, 2003.

NOTE 12—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 13—ESTIMATED UNBILLED REVENUE:

Proprietary funds estimate and record utility services rendered but not yet billed as of June 30, 2003. The receivable was arrived at by taking the cycle billings the Town sent the customer in July and August 2003 and prorating the amount for days applicable to fiscal year ended June 30, 2003. For June 30, 2003, the amount of unbilled services rendered was approximately \$129,249.

NOTE 14—CONTRIBUTED CAPITAL:

A summary of changes in contributed capital is as follows:

	<u>Enterprise Funds</u>	
	<u>Water</u>	<u>Sewer</u>
Balance, July 1, 2002	\$ 1 416 161	\$ 1 568 280
Availability charges	152 390	264 810
Depreciation charged to contributed capital	<u>(49 377)</u>	<u>(51 743)</u>
Balance, June 30, 2003	<u>\$ 1 519 174</u>	<u>\$ 1 781 347</u>

NOTE 15—COMMITMENTS

The Town is in the process of constructing a building for the ultraviolet machine required for the sewer treatment plant. Total costs are estimated at \$205,000.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2003

NOTE 16—SUBSEQUENT EVENTS:

The Town is in the process of securing construction contracts for its public works site plan. Total costs are estimated to be \$271,000.

The Town sold property for \$158,000 in August 2003 that was acquired during fiscal year 2002.

SUPPLEMENTARY SCHEDULES

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GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sources of Revenues:			
Revenue from Local Sources:			
General Property Taxes:			
Real property taxes	\$ 462 500	\$ 449 270	\$ (13 230)
Personal property taxes	326 500	328 467	1 967
Penalties	1 500	5 606	4 106
Interest	350	2 742	2 392
<u>Total General Property Taxes</u>	<u>\$ 790 850</u>	<u>\$ 786 085</u>	<u>\$ (4 765)</u>
Other Local Taxes:			
Local sales and use taxes	\$ 85 000	\$ 98 273	\$ 13 273
Business license tax	105 000	117 717	12 717
Motor vehicle licenses	48 000	54 268	6 268
Bank franchise taxes	50 000	97 683	47 683
Utility pole franchise fees	14 500	21 828	7 328
Cable television tax	16 000	16 828	828
Meals tax	50 000	44 299	(5 701)
Consumer utility tax	140 000	138 641	(1 359)
<u>Total Other Local Taxes</u>	<u>\$ 508 500</u>	<u>\$ 589 537</u>	<u>\$ 81 037</u>
Permits, Privilege Fees and Regulatory:			
Licenses, zoning and subdivision permits	\$ 10 000	\$ 19 660	\$ 9 660
Fines and Forfeitures:			
Court fines and forfeitures	\$ 45 000	\$ 30 968	\$ (14 032)
Parking fines	2 500	5 114	2 614
<u>Total Fines and Forfeitures</u>	<u>\$ 47 500</u>	<u>\$ 36 082</u>	<u>\$ (11 418)</u>
Revenue from Use of Money and Property:			
Revenue from use of money	\$ 15 000	\$ 18 158	\$ 3 158
Revenue from use of property	27 200	31 362	4 162
<u>Total Revenue from Use of Money and Property</u>	<u>\$ 42 200</u>	<u>\$ 49 520</u>	<u>\$ 7 320</u>
Charges for Services:			
Charges for parking - meters	\$ 9 500	\$ 10 407	\$ 907
Miscellaneous Revenue			
Miscellaneous revenue	\$ 2 000	\$ 14 188	\$ 12 188
County storm water contribution	75 000	75 000	-
<u>Total Miscellaneous Revenue</u>	<u>\$ 77 000</u>	<u>\$ 89 188</u>	<u>\$ 12 188</u>

TOWN OF BERRYVILLE, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Intergovernmental:			
Revenue from the Commonwealth:			
Noncategorical Aid:			
ABC profits	\$ 7 650	\$ 6 919	\$ (731)
Railroad rolling stock taxes	1 650	-	(1 650)
Aid to localities with police departments	<u>77 500</u>	<u>71 436</u>	<u>(6 064)</u>
<u>Total Noncategorical Aid</u>	<u>\$ 86 800</u>	<u>\$ 78 355</u>	<u>\$ (8 445)</u>
Categorical Aid:			
Litter control grant	\$ 1 500	\$ 1 358	\$ (142)
Fire fund program	4 000	16 636	12 636
Street and highway maintenance	48 500	42 662	(5 838)
FEMA grant - state portion	<u>-</u>	<u>977</u>	<u>977</u>
<u>Total Categorical Aid</u>	<u>\$ 54 000</u>	<u>\$ 61 633</u>	<u>\$ 7 633</u>
<u>Total Revenue from the Commonwealth</u>	<u>\$ 140 800</u>	<u>\$ 139 988</u>	<u>\$ (812)</u>
Revenue from the Federal Government:			
Categorical Aid:			
DMV Grants	\$ -	\$ 1 500	\$ 1 500
Local law enforcement block grant	-	1 986	1 986
FEMA grant - federal portion	<u>-</u>	<u>5 080</u>	<u>5 080</u>
<u>Total Revenue from the Federal Government</u>	<u>\$ -</u>	<u>\$ 8 566</u>	<u>\$ 8 566</u>
<u>Total Intergovernmental</u>	<u>\$ 140 800</u>	<u>\$ 148 554</u>	<u>\$ 7 754</u>
<u>Total General Fund</u>	<u>\$ 1 626 350</u>	<u>\$ 1 729 033</u>	<u>\$ 102 683</u>

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General and Financial Administration:			
Town Council:			
Compensation	\$ 18 900	\$ 17 950	\$ 950
Office rental	3 000	3 000	-
Training	2 500	2 025	475
Local contributions	2 500	-	2 500
Miscellaneous	1 500	734	766
<u>Total Town Council</u>	<u>\$ 28 400</u>	<u>\$ 23 709</u>	<u>\$ 4 691</u>
Town Manger:			
Compensation	\$ 44 100	\$ 44 744	\$ (644)
Mileage	500	160	340
Training	2 000	847	1 153
Dues	750	453	297
<u>Total Town Manager</u>	<u>\$ 47 350</u>	<u>\$ 46 204</u>	<u>\$ 1 146</u>
Electoral Board and Officials:			
Compensation	\$ 1 000	\$ -	\$ 1 000
Officer Supplies	1 000	-	1 000
<u>Total Electoral Board and Officials</u>	<u>\$ 2 000</u>	<u>\$ -</u>	<u>\$ 2 000</u>
Legal and Related Professional Services:			
Town Code Supplements	\$ 2 000	\$ 695	\$ 1 305
State Code Supplements	1 500	920	580
Contractual services	48 600	26 370	22 230
Training	2 500	-	2 500
Dues and subscriptions	500	-	500
<u>Total Legal and Related Professional Services</u>	<u>\$ 55 100</u>	<u>\$ 27 985</u>	<u>\$ 27 115</u>
Independent Auditor:			
Independent Auditor, professional services	\$ 8 500	\$ 8 500	\$ -
Contractual services	1 000	-	1 000
<u>Total Independent Auditor</u>	<u>\$ 9 500</u>	<u>\$ 8 500</u>	<u>\$ 1 000</u>
Clerk/Treasurer:			
Compensation	\$ 24 585	\$ 24 583	\$ 2
Professional services	1 000	1 342	(342)
Surety bonds	300	300	-
Auto decals	750	718	32
Training	2 000	1 114	886
Dues	200	428	(228)
<u>Total Clerk/Treasurer</u>	<u>\$ 28 835</u>	<u>\$ 28 485</u>	<u>\$ 350</u>

TOWN OF BERRYVILLE, VIRGINIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General and Financial Administration: (Continued)			
Accounting:			
Compensation	\$ 43 305	\$ 31 885	\$ 11 420
<u>Total Accounting</u>	<u>\$ 43 305</u>	<u>\$ 31 885</u>	<u>\$ 11 420</u>
Other General and Financial Administration:			
Maintenance contracts	\$ 11 000	\$ 10 686	\$ 314
Advertising	5 000	8 259	(3 259)
Postage	6 000	6 990	(990)
Telephone	7 000	6 574	426
Internet	250	-	250
Office supplies	7 000	7 228	(228)
Office equipment	1 000	4 072	(3 072)
Newsletter	2 500	1 147	1 353
Training	1 000	-	1 000
Dues	4 000	1 794	2 206
<u>Total Other General and Financial Administration</u>	<u>\$ 44 750</u>	<u>\$ 46 750</u>	<u>\$ (2 000)</u>
<u>Total General Government Administration</u>	<u>\$ 259 240</u>	<u>\$ 213 518</u>	<u>\$ 45 722</u>
Public Safety:			
Police Department:			
Compensation	\$ 311 720	\$ 286 119	\$ 25 601
Maintenance contracts	1 880	1 892	(12)
Telephones	2 075	2 296	(221)
Communication equipment and services	720	810	(90)
Office supplies	2 000	1 475	525
Investigations	500	60	440
Technical equipment	2 000	3 803	(1 803)
Gasoline and oil	7 500	6 732	768
Repair and maintenance	6 000	7 201	(1 201)
Police supplies	2 500	1 551	949
Uniforms	1 800	1 794	6
Medical examinations	600	1 502	(902)
Training	6 000	7 935	(1 935)
Dues	150	300	(150)
<u>Total Police Department</u>	<u>\$ 345 445</u>	<u>\$ 323 470</u>	<u>\$ 21 975</u>
Fire and Rescue:			
Professional services-emergency medical technician	\$ 32 500	\$ 32 500	-
Fire fund program	4 000	16 636	(12 636)
Contribution	22 500	22 500	-
Crossing guard	5 000	5 000	-
<u>Total Fire and Rescue</u>	<u>\$ 64 000</u>	<u>\$ 76 636</u>	<u>\$ (12 636)</u>

TOWN OF BERRYVILLE, VIRGINIA

22
SCHEDULE 2
(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety: (Continued)			
Correction and Detention:			
Confinement of prisoners	\$ 250	\$ -	\$ 250
Public defender fees	500	-	500
<u>Total Correction and Detention</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 750</u>
Emergency Services:			
Contribution	\$ 2 000	\$ 2 000	\$ -
Community Services:			
Downtown Berryville, Incorporated	\$ 20 000	\$ 21 168	\$ (1 168)
<u>Total Public Safety</u>	<u>\$ 432 195</u>	<u>\$ 423 274</u>	<u>\$ 8 921</u>
Public Works:			
Maintenance of Streets, Bridges and Sidewalks:			
General Administration:			
Compensation	\$ 23 985	\$ 23 091	\$ 894
Electricity	1 100	1 302	(202)
Fuel oil/heat	1 700	1 645	55
Telephone	1 250	1 321	(71)
Office supplies	50	336	(286)
Vehicle repairs and maintenance	4 500	9 837	(5 337)
Medical exams	500	668	(168)
Training	700	16	684
<u>Total General Administration</u>	<u>\$ 33 785</u>	<u>\$ 38 216</u>	<u>\$ (4 431)</u>
Highways, Streets, Bridges and Sidewalks:			
Compensation	\$ 64 425	\$ 79 853	\$ (15 428)
Communication equipment and services	1 000	584	416
Gasoline & oil	4 700	10 233	(5 533)
Vehicle repairs and maintenance	4 000	1 951	2 049
Uniforms	3 000	2 232	768
Materials and supplies	4 000	5 054	(1 054)
Equipment maintenance	2 500	7 956	(5 456)
Sidewalk maintenance	10 000	11 356	(1 356)
Street sign maintenance	1 500	789	711
Norfolk/Southern R-O-W's	365	362	3
<u>Total Highways, Streets, Bridges and Sidewalks</u>	<u>\$ 95 490</u>	<u>\$ 120 370</u>	<u>\$ (24 880)</u>
Street Lights:			
Electricity - street lights	\$ 45 000	\$ 50 080	\$ (5 080)

TOWN OF BERRYVILLE, VIRGINIA

23
SCHEDULE 2
(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Public Works: (Continued)			
Snow and Ice Removal:			
Material and supplies	\$ 18 000	\$ 12 393	\$ 5 607
Parking Meters:			
Material and supplies	\$ 700	\$ 547	\$ 153
Street and Road Cleaning:			
Material and supplies	\$ 4 100	\$ 2 450	\$ 1 650
<u>Total Maintenance of Streets, Bridges and Sidewalks</u>	\$ 197 075	\$ 224 056	\$ (26 981)
Sanitation and Waste Removal, Refuse:			
Contractual services	\$ 151 000	\$ 151 041	\$ (41)
Recycling services	38 800	40 033	(1 233)
<u>Total Sanitation and Waste Removal, Refuse</u>	\$ 189 800	\$ 191 074	\$ (1 274)
Maintenance Buildings and Grounds:			
General Properties:			
Electricity	\$ 4 000	\$ 3 676	\$ 324
Fuel oil/heat	2 000	3 672	(1 672)
Repair and maintenance	6 000	4 024	1 976
Materials and supplies	1 500	581	919
Christmas lights	750	973	(223)
<u>Total General Properties</u>	\$ 14 250	\$ 12 926	\$ 1 324
Town Office:			
Contractual services	\$ 9 800	\$ 4 800	\$ 5 000
<u>Total Maintenance Buildings and Grounds</u>	\$ 24 050	\$ 17 726	\$ 6 324
<u>Total Public Works</u>	\$ 410 925	\$ 432 856	\$ (21 931)
Parks, Recreation and Cultural:			
Contractual services	\$ 780	\$ 900	\$ (120)
Christmas lights	500	-	500
Rose Hill improvements	3 000	1 812	1 188
Contribution	5 000	5 438	(438)
<u>Total Parks, Recreation and Cultural</u>	\$ 9 280	\$ 8 150	\$ 1 130

TOWN OF BERRYVILLE, VIRGINIA

24
SCHEDULE 2
(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Community Development:			
Planning:			
Compensation	\$ 51 843	\$ 52 897	\$ (1 054)
Office rental	3 000	3 000	-
Professional services	3 000	31 027	(28 027)
Office supplies	350	560	(210)
Printing	800	313	487
Mileage	500	333	167
Training	1 500	918	582
Dues	750	445	305
Publications	400	396	4
<u>Total Planning</u>	<u>\$ 62 143</u>	<u>\$ 89 889</u>	<u>\$ (27 746)</u>
Planning Commission:			
Compensation	\$ 5 400	\$ 3 225	\$ 2 175
Training	1 400	1 443	(43)
Dues	450	-	450
<u>Total Planning Commission</u>	<u>\$ 7 250</u>	<u>\$ 4 668</u>	<u>\$ 2 582</u>
Architectural Review:			
Professional services	\$ 800	\$ -	\$ 800
Training	800	-	800
Dues	200	-	200
<u>Total Architectural Review</u>	<u>\$ 1 800</u>	<u>\$ -</u>	<u>\$ 1 800</u>
Area Development:			
Compensation	\$ 1 440	\$ 1 485	\$ (45)
Training	500	-	500
<u>Total Area Development</u>	<u>\$ 1 940</u>	<u>\$ 1 485</u>	<u>\$ 455</u>
Zoning:			
Compensation	\$ 800	\$ 320	\$ 480
Training	500	105	395
<u>Total Zoning</u>	<u>\$ 1 300</u>	<u>\$ 425</u>	<u>\$ 875</u>
<u>Total Community Development</u>	<u>\$ 74 433</u>	<u>\$ 96 467</u>	<u>\$ (22 034)</u>

TOWN OF BERRYVILLE, VIRGINIA

25
SCHEDULE 2
(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Nondepartmental:			
Fringe Benefits:			
Social security	\$ 40 970	\$ 41 580	\$ (610)
Retirement	31 900	29 608	2 292
Health insurance	58 630	49 371	9 259
Life insurance	5 210	(23)	5 233
Unemployment insurance	-	203	(203)
Workers' compensation insurance	9 450	8 300	1 150
<u>Total Fringe Benefits</u>	<u>\$ 146 160</u>	<u>\$ 129 039</u>	<u>\$ 17 121</u>
Combined Insurances:			
Fire boiler insurance	\$ 6 050	\$ 7 385	\$ (1 335)
Blanket excess liability	2 375	17 187	(14 812)
VA Risk-2 police liability	3 435	2 837	598
Semi-multi peril insurance	12 165	762	11 403
Automobile insurance	10 250	10 547	(297)
VA Risk-2 BADA public official insurance	360	294	66
Insurance deductibles	3 500	-	3 500
<u>Total Combined Insurances</u>	<u>\$ 38 135</u>	<u>\$ 39 012</u>	<u>\$ (877)</u>
<u>Total Nondepartmental</u>	<u>\$ 184 295</u>	<u>\$ 168 051</u>	<u>\$ 16 244</u>
Capital Outlay:			
Computer upgrades	\$ -	\$ 157	\$ (157)
Police cruiser	-	1 785	(1 785)
Gazebo roof repairs	-	5 975	(5 975)
Line painting machine	2 000	2 057	(57)
Salt spreader	35 000	-	35 000
Air compressor	11 000	7 072	3 928
Parking lot	52 000	-	52 000
Public works site plan	220 000	15 206	204 794
Storm water reserve	30 000	-	30 000
Flood plain mitigation	75 000	-	75 000
Office expansion reserve	50 000	1 538	48 462
Contingency	73 610	30 015	43 595
<u>Total Capital Outlay</u>	<u>\$ 548 610</u>	<u>\$ 63 805</u>	<u>\$ 484 805</u>
<u>Total General Fund</u>	<u>\$ 1 918 978</u>	<u>\$ 1 406 121</u>	<u>\$ 512 857</u>

ENTERPRISE FUNDS

SCHEDULE OF EXPENDITURES

For the Years Ended June 30, 2003 and 2002

	June 30, 2003	June 30, 2002
Water Fund:		
General Administration:		
Salaries and wages	\$ 49 402	\$ 49 245
Professional services	1 585	9 770
Miss Utility	834	1 251
Postage	1 510	876
Office supplies	18	-
Training	31	-
<u>Total General Administration</u>	<u>\$ 53 380</u>	<u>\$ 61 142</u>
Supply Purification:		
Salaries and wages	\$ 124 855	\$ 122 943
Repairs and maintenance	29 252	13 567
Electricity	27 742	28 545
Heating service	5 256	7 008
Equipment and supplies	3 496	2 549
Materials and supplies - chemicals	14 515	12 044
Sludge removal	11 340	8 398
Permits & fees	9 003	-
Other operating expenses	10 713	8 622
<u>Total Supply Purification</u>	<u>\$ 236 172</u>	<u>\$ 203 676</u>
Transmission and Distribution:		
Salaries and wages	\$ 43 374	\$ 41 439
Repairs and maintenance - water lines	51 280	21 162
Materials and supplies	8 003	15 444
Other transmission and distribution expenses	452	251
<u>Total Transmission and Distribution</u>	<u>\$ 103 109</u>	<u>\$ 78 296</u>
Fringe Benefits:		
Social security	\$ 16 581	\$ 16 116
Retirement	12 479	11 634
Hospitalization	26 736	19 143
Group life insurance	82	1 274
Workers' compensation	5 720	4 000
Unemployment insurance	91	-
<u>Total Fringe Benefits</u>	<u>\$ 61 689</u>	<u>\$ 52 167</u>
Depreciation	\$ 140 015	\$ 126 476
<u>Total Operating Expenses</u>	<u>\$ 594 365</u>	<u>\$ 521 757</u>

TOWN OF BERRYVILLE, VIRGINIA

27
SCHEDULE 3
(Continued)

ENTERPRISE FUNDS

SCHEDULE OF EXPENDITURES
For the Years Ended June 30, 2003 and 2002

	June 30, 2003	June 30, 2002
Sewer Fund:		
General Administration:		
Salaries and wages	\$ 48 555	\$ 44 956
Professional services	-	10
Postage	741	578
<u>Total General Administration</u>	<u>\$ 49 296</u>	<u>\$ 45 544</u>
Wastewater Treatment:		
Salaries and wages	\$ 40 518	\$ 40 281
Repairs and maintenance	13 228	41 882
Electricity	40 297	36 122
Materials and supplies - lab	553	867
Materials and supplies - chemicals	3 281	10 287
Equipment and supplies	1 322	1 387
Other operating expenses	7 462	7 729
<u>Total Wastewater Treatment</u>	<u>\$ 106 661</u>	<u>\$ 138 555</u>
Maintenance of Sewer Lines:		
Salaries and wages	\$ 40 083	\$ 38 458
Repairs and maintenance - sewer lines	53 832	20 089
Materials and supplies	3 984	1 267
<u>Total Maintenance of Sewer Lines</u>	<u>\$ 97 899</u>	<u>\$ 59 814</u>
Fringe Benefits:		
Social security	\$ 10 172	\$ 9 333
Retirement	8 139	7 312
Hospitalization	15 199	12 696
Group life insurance	82	806
Unemployment insurance	56	
Workers' compensation	4 644	3 000
<u>Total Fringe Benefits</u>	<u>\$ 38 292</u>	<u>\$ 33 147</u>
Depreciation	<u>\$ 130 249</u>	<u>\$ 130 218</u>
<u>Total Operating Expenses</u>	<u>\$ 422 397</u>	<u>\$ 407 278</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
* 1993-94	\$ 475,884	\$ 318,807	\$ 4,615	\$ 28,646	\$ 9,191	\$ 8,639	\$ 19,341	\$ 34,536	\$ 899,659
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	51,011	36,082	49,520	10,407	89,188	148,554	1,760,384

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	Total	Profit <Loss>
* 1993-94	\$ 113,371	\$ 231,558	\$ 259,218	\$ 5,432	\$ 42,288	\$ 82,495	\$ 34,739	\$ 769,101	130,558
1994-95	135,431	280,501	211,940	5,851	48,598	128,959	94,939	906,219	149,573
1995-96	141,853	280,862	238,856	5,552	55,451	131,695	65,023	919,292	183,301
1996-97	158,037	284,615	275,211	16,501	50,556	126,443	88,392	999,755	176,932
1997-98	165,440	307,756	297,692	11,472	52,006	137,726	62,779	1,034,871	224,603
1998-99	188,011	376,235	270,846	7,289	61,845	125,900	216,199	1,246,325	<5640>
1999-00	214,912	397,033	318,658	5,387	58,643	136,738	95,354	1,226,725	141,266
2000-01	201,758	391,214	363,072	9,414	62,206	152,785	199,189	1,379,638	81,056
2001-02	240,081	425,994	396,484	8,449	76,976	155,427	259,754	1,563,165	17,857
2002-03	213,518	423,274	432,856	8,150	127,818	168,051	63,805	1,437,472	322,910

* For the ten month period September 1, 1992 to June 30, 1994.

Average 142,241.60

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