

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

*FISCAL YEAR ENDED JUNE 30, 2007*



**TOWN OF WARRENTON,  
VIRGINIA**

***TOWN OF WARRENTON, VIRGINIA***

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**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007**

Prepared By  
RICHARD M. HEARTLEY, FINANCE DIRECTOR



Town of Warrenton, Virginia

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007

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Town of Warrenton, Virginia

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007

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## INTRODUCTORY SECTION



# Town of Warrenton, Virginia

## Principal Town Officials

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### Town Council

John V. Albertella

Dennis M. Sutherland

George B. Fitch, Mayor

John E. Williams

Terrence L. Nyhous

David A. Norden, Vice Mayor

Roger R. Martella, Jr.

John S. Lewis

### Town Manager

Kenneth L. McLawhon

### Town Attorney

Whitson Robinson

### Officials

Town Recorder ..... Evelyn J. Weimer  
Finance/Personnel Director..... Richard M. Heartley  
Director of Parks & Recreation..... Harold W. Sanderson  
Planning/Zoning Director..... C. Christopher Mothersead  
Chief of Police ..... Connie C. Novak  
Public Works/Utilities Director..... Edward B. Tucker, Jr.

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# TOWN OF WARRENTON

POST OFFICE DRAWER 341  
WARRENTON, VIRGINIA 20188-0341  
[www.warrentonva.gov](http://www.warrentonva.gov)  
TELEPHONE (540) 347-1101  
FAX (540) 349-2414  
TDD 1-800-828-1120

December 6, 2007

To The Honorable Mayor, Members of Town Council  
And The Citizens of the Town of Warrenton

We are pleased to present the Comprehensive Annual Financial Report of the Town of Warrenton (Town) for the fiscal year ended June 30, 2007. The Town's Department of Finance prepared this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the data, as presented, is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of the various funds and component units. All disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial activity have been included.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basis financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## THE TOWN

The Town of Warrenton, the County Seat and the largest town in Fauquier County, is located in the Upper Piedmont region of Virginia at the foot of the Blue Ridge mountains about 45 miles southwest of Washington, DC. Settled in the late seventeenth century, the Town of Warrenton, then known as Courthouse Village, was formally incorporated in 1810.

Since 1992, Warrenton has been considered part of the Washington-Baltimore Metropolitan Statistical Area. Warrenton is easily accessible via four U.S. primary routes - 17, 15, 29 and 211. These routes provide access to Interstates 66, 64, 95 and 81 which link Warrenton to major trade routes across the Nation.

The Town has a Council-Manager form of government with an elected mayor and a seven-member Town Council, with five (5) members elected by ward and two (2) elected at large. The Town Manager performs the daily tasks required by the Town Council in accordance with the Town's Charter and oversees the activities of all Town departments and personnel.

The Town provides a wide range of municipal services including public safety, sanitation and recycling services, community development, and planning, and the construction and maintenance of highways, streets, and public works infrastructure and the provision of water and wastewater services. In addition, the Town contributes to cultural events and recreational activities. The Town also operates a water and wastewater utility system.

## FINANCIAL REPORTING ENTITY

This report includes all financial activities of the Town of Warrenton government (the primary government, as well as the financial activities of the Town's component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the financial statement to emphasize that they are legally separate from the primary government. The Town of Warrenton has no component units.

## ECONOMIC CONDITION AND OUTLOOK

The Town of Warrenton continues to experience moderate and well planned growth, most of which can be attributed to people seeking a high quality, small town environment with lower taxes and an escape from the rapid paced lifestyles of the more urban areas to the north and east. With the new growth and the generally positive economic conditions which accompany it, the outlook for the Town continues to be upbeat. This allowed the Town Council to decrease several tax rates in prior years while maintaining services at their pre-tax decrease level.

During the past year residential growth slowed somewhat while several new commercial projects picked up pace. If market demands remain steady, this could result in even greater growth in the community over the next several years.

## MAJOR INITIATIVES

### Current Initiatives:

During fiscal year 2002, the Town Council developed a written strategic plan and goals for the Town through 2012. As part of the strategic plan, Town Council developed a long-term vision of the Town and identified the following guiding principles that would assist the governing body to achieve this vision:

- Preserve Our Small-Town Character and Feeling
- Increase Recreational and Leisure Choices
- Preserve Our Historic Downtown
- Support Planned, Orderly Growth
- Maintain Current Town Boundaries
- Expand Warrenton as a Tourist Destination
- Preserve Scenic Views and Landscape Character
- Increase the Cost-Effective Delivery of Town Services, Reduce Duplication
- Personal Approach to Serving Citizens

Again in 2004, the mayor and seven council members once again ratified the strategic plan and goals developed in FY 2002.

The Finance Department continues to coordinate professional services necessary to further enhance the Town's web presence which includes an Issue Tracker to enable citizens to report a problem, pose a question, or propose an idea, 24 hours a day, 7 days a week and to monitor staff progress in resolving the issue.

The Town completed two major projects during FY 2007. The near completion of the new \$28 million aquatic center which includes both competition and leisure pools enjoyed a successful grand opening on September 8, 2007 and the completion of the Warrenton Visitor Center located on the Mosby-Spilman site on Main Street. The Town has received grant funding for this project and has designated a local match of \$625,000 to fully fund construction costs of approximately \$882,000. The center held its grand opening ceremony in November 2006.

#### Future Initiatives:

The ongoing development of the park area adjacent to the new aquatic center and development of parks and recreation aquatic, health, and recreational programs will demand staff's full attention in the coming fiscal year.

In the Utilities Fund, the Meter Department continues to work hard in the conversion of an additional 500 manual read meters to automated remote reads which will allow for a reduction of one permanent staff member due to the automation, even levels while the number of customer accounts grows.

The Transmission & Distribution Department is transitioning to a more maintenance functioning organization by focusing more on fire hydrant maintenance, sewer line inspections and flushing to prevent backup, and the regular servicing/exercising of valves throughout the system. Except for times of drought, the section will be flushing on more frequent basis to insure water quality in the lines. Water line replacement and upgrades will be primarily on smaller projects due to the shift to more maintenance.

Rehabilitation/Replacement of sanitary sewer lines to combat infiltration and inflow (I&I) will be a major effort in the proposed budget with the areas identified in the CENTEX study targeted for rehabilitation regardless as to the status of the proposed development projects that initiated the studies.

Upgrades to the wastewater treatment plant for nutrient removal that were started in 2008 will continue along with the second phase of increasing the capacity to the water treatment plant. Neutralizing odors at the wastewater treatment plant will continue to be a priority.

Traffic flow, safety and maximizing of capacity will be the focus of public works with continued upgrades to the signals and coordinated effort with the VDOT Urban program on intersection improvements at Blackwell/Walker and Winchester/Lee Highway.

Nutrient removal upgrades to the Waste Water Treatment Plant, under the current permit and federally mandated discharge limits will continue with a nitrogen and phosphorus reduction study and design engineering and initial construction to begin in the coming year. This multi-million dollar effort, timed to take advantage of Virginia Water Quality Improvement grant funding with an agreement between the Town and EPA to be consummated in December 2006, will allow the Town to meet the 2010 WWTP permit discharge limits.

The replacement of the grit collector and installation of a building over the headworks to reduce odors and prolong equipment life is scheduled for late fall/early winter.

## INTERNAL CONTROLS AND BUDGETARY ACCOUNTING

The management of the Town is responsible for establishing and maintaining an internal control structure to ensure the protection of Town assets. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls were designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements in conformity with GAAP and maintaining accountability for assets. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition to the internal account controls noted above, the Town also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Town Council. All funds, except the fiduciary funds, are included in the annual appropriated budget.

The Town prepares an annual budget for all funds, to include revenues, expenditures, transfers and debt service. As part of the budget process, Council has mandated that 15% of the annual budget for each fund is to be held in reserve, thus not available for appropriation. The five-year Capital Improvement Plan (CIP) is prepared annually by staff. The planning document is developed with significant input from staff, Council, management and the citizenry and is approved by the Town's Planning Commission. The Town Council adopts the CIP as part of the budgetary process. Once approved, the plan is used as a guide to incorporate capital outlay projects in the Town's annual budget.

The Town Charter requires the Town Manager to submit a balanced budget to the Town Council no later than May 1. Each department prepares its own budget request for review and amendment by the Town Manager prior to inclusion in the Town's budget. After public hearings, the Town adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. The Town's practice is to prepare a budget document that meets the Government Finance Officers Association (GFOA) criteria to receive the Distinguished Budget Presentation Award. Beginning with the fiscal year 1997 budget, the Town has received the GFOA Award.

When necessary, the Town Council approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. The Town Manager may transfer appropriations at the department appropriation level without approval from Town Council. Budgetary compliance is monitored and reported at the department level on a monthly basis.

## RISK MANAGEMENT

The Town's risk management program is designed to protect against accidental losses that would significantly affect personnel, property, the budget, or the Town's ability to fulfill its responsibility to the taxpayers and the public. The Town is a member of several risk pools for workers compensation, liability, and property coverage.

## CASH MANAGEMENT

The primary objectives of the Town's cash management and investment program are the safety and preservation of principal, liquidity, and yield. Idle cash during the year was invested in treasury bonds, US agencies, and demand deposit accounts with various financial institutions, fully collateralized by those institutions. Increasing cash balances and rising investment yields during the year resulted in an 86% increase in interest revenue for the period.

## INDEPENDENT AUDIT

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the Town independent certified public accountants. Robinson, Farmer, Cox Associates was selected for our audit. The audit was designed to meet the requirements set forth in state statutes. The auditor's reports are included in the financial section and compliance section of this report.

## CERTIFICATE OF ACHIEVEMENT

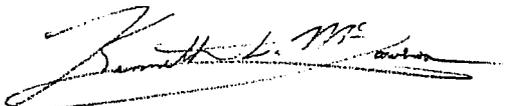
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Warrenton for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the tenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our comprehensive annual finance report continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

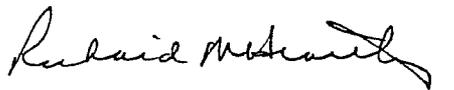
## ACKNOWLEDGMENTS

We would like to express our sincere appreciation to each member of the Finance Department for their efforts in making this report possible on a timely basis. We would also like to thank the Town Council for their leadership and support in planning and conducting the financial operation of the Town in a responsible and progressive manner.

Respectfully submitted,



Kenneth L. McLawhon  
Town Manager



Richard M. Heartley  
Director of Finance & Human Resources

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Warrenton  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

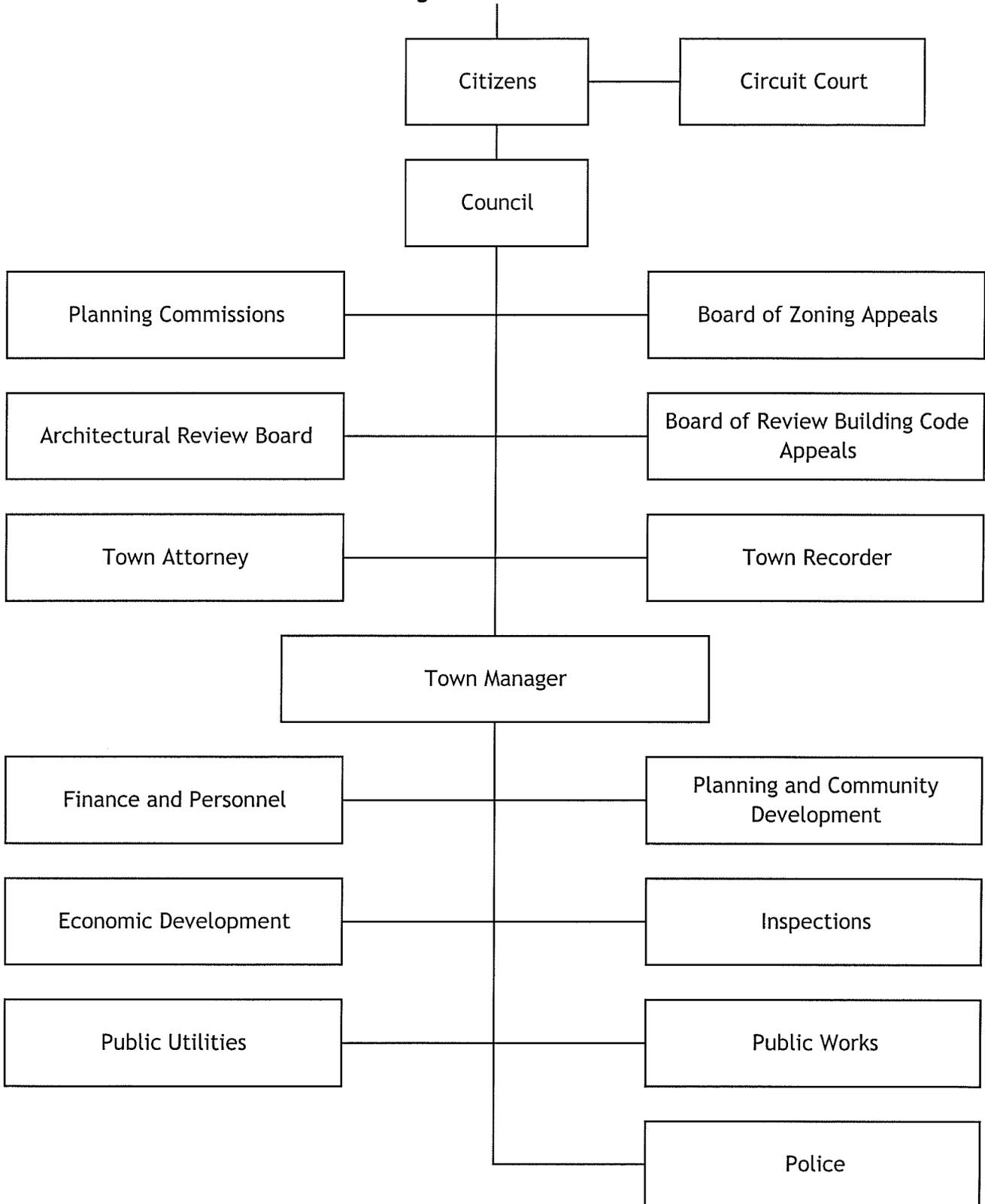
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Town of Warrenton  
Organizational Chart



## FINANCIAL SECTION



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### THE HONORABLE MEMBERS OF THE TOWN COUNCIL TOWN OF WARRENTON, 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 Warrenton, Virginia as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Warrenton, Virginia 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, Government Auditing Standards and the Specifications for Audits of Authorities, Boards and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia as of June 30, 2007, and the respective changes in 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2007, on our consideration of the Town of Warrenton, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and schedule of pension funding progress as listed in the table of contents, 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. 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 an opinion on the financial statements that collectively comprise the Town of Warrenton, Virginia's basic financial statements. The introductory section, individual and combining fund financial statements, supporting budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual and combining fund financial statements and supporting budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
November 14, 2007

## Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the Town of Warrenton, Virginia for the fiscal year ended June 30, 2007. This narrative is to be read in conjunction with the additional information that we have furnished in our letter of transmittal which can be found earlier in this report.

### Financial Highlights

The assets of the Town of Warrenton, Virginia exceeded its liabilities at the close of the last two fiscal years. The unrestricted portion may be used to meet the Town's ongoing obligations to creditors and citizens.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net Assets	\$ 83,205,070	\$ 78,109,145
Unrestricted	14,880,313	20,533,774

The Town's total net assets increased \$5,095,925 in FY 2007. A significant increase in investment in capital assets, net of related debt, \$16,716,944 represents the near completion of the recently opened Warrenton Aquatic Recreation Facility (WARF). This increase in net assets is offset by a reduction in reserves for future investment in capital assets totaling \$4,616,994 and a \$5,653,461 reduction in unrestricted net assets.

The Town's governmental funds reported a decrease in combined ending fund balances for the last fiscal year primarily due to the Town's commitment to the establishment of the parks and recreation fund to support the new Recreation and Aquatic facility to open in July 2007. A significant amount of this fund balance is available for spending at the Town's discretion (unreserved fund balance).

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Fund balance, ending	\$ 4,039,495	\$ 14,482,205
Decrease from prior year	10,442,710	268,472
Unreserved fund balance	2,667,795	13,885,546
Percentage unreserved	66%	96%

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continued to be met in the future.

## Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of Town finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net assets and 2) the statement of activities.

The statement of net assets presents all of the Town's assets, liabilities and net assets. The difference between assets and liabilities is reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the Town.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the Town. Governmental activities are principally supported by taxes and intergovernmental revenues and include general government administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The business-type activities of the Town are its Water and Sewer Fund and the Parks and Recreation Fund.

## Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Warrenton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

## Proprietary funds

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business.

The Town of Warrenton has two proprietary funds: the Water & Sewer Fund and the newly created Parks and Recreation fund. The Water & Sewer Fund accounts for all revenues and expenses related to water production, billing, and sewage treatment. The Parks & Recreation Fund, established in FY 2007, recently responsible for the successful grand opening of the Town's WARF on September 8, 2007 also responsible for other Town parks and recreational facilities, and will account for all revenues and expenses related to the use and maintenance of all Town parks and recreational facilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer Fund, which is considered a major fund of the Town. Beginning in FY 2008, the Parks & Recreation Fund will become another major fund of the Town with financial statements providing separate information included in the proprietary fund financial statements.

## Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the Town's own activities.

## Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

## Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining and individual fund statements are presented immediately following the required supplementary information.

## Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the Town of Warrenton, assets exceeded liabilities by \$83,205,070 at June 30, 2007.

The Town's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

Town of Warrenton's Net Assets

	Governmental activities		Business-type activities		Total	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Current and other assets	\$ 5,117,585	\$ 16,043,601	\$ 19,945,626	\$ 22,082,066	\$ 25,063,211	\$ 38,125,667
Capital assets	27,860,169	27,888,659	44,029,627	27,284,193	71,889,796	55,172,852
Total assets	<u>\$ 32,977,754</u>	<u>\$ 43,932,260</u>	<u>\$ 63,975,253</u>	<u>\$ 49,366,259</u>	<u>\$ 96,953,007</u>	<u>\$ 93,298,519</u>
Long-term liabilities	\$ 239,954	\$ 254,310	\$ 10,291,658	\$ 10,271,205	\$ 10,531,612	\$ 10,525,515
Other liabilities	511,251	947,949	2,705,074	2,487,397	3,216,325	3,435,346
Total liabilities	<u>\$ 751,205</u>	<u>\$ 1,202,259</u>	<u>\$ 12,996,732</u>	<u>\$ 12,758,602</u>	<u>\$ 13,747,937</u>	<u>\$ 13,960,861</u>
Net assets:						
Invested in capital assets net of related debt	\$ 27,860,169	\$ 27,888,659	\$ 33,900,479	\$ 17,155,045	\$ 61,760,648	\$ 45,043,704
Restricted	1,361,700	2,046,436	4,646,949	11,713,744	6,008,649	13,760,180
Unrestricted	3,004,680	12,794,906	12,431,093	7,738,868	15,435,773	20,533,774
Total net assets	<u>\$ 32,226,549</u>	<u>\$ 42,730,001</u>	<u>\$ 50,978,521</u>	<u>\$ 36,607,657</u>	<u>\$ 83,205,070</u>	<u>\$ 79,337,658</u>

For the Town, investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of related debt used to acquire those assets that is still outstanding, represents 75 percent of total net assets. The Town uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The majority of these net assets are to be used for public safety equipment replacement, general government renovations and utility projects. The Town's restricted net assets account for 11 percent of total net assets.

The remaining balance of unrestricted net assets at June 30, 2007 is \$14,880,313 or 17 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the Town is able to report positive balances in all three categories of net assets.

The government's net assets increased, by \$5,095,925 during the current fiscal year. The majority of this increase is attributable to an increase in revenues coupled with the Town staying within prescribed budgetary expenditure/expense limitations for the year ending June 30, 2007.

## Governmental Activities

Governmental activities increased the Town's net assets by \$4,190,977 before transfers to the recreation fund, thereby accounting for 34 percent of the total growth in the net assets of the Town. Key elements of this increase are as follows:

	Town of Warrenton's Net Assets					
	Governmental activities		Business-type activities		Total	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Revenues:						
Program revenues:						
Charges for services	\$ 461,224	\$ 518,864	\$ 4,091,748	\$ 3,916,771	\$ 4,552,972	\$ 4,435,635
Operating grants & contributions	1,361,666	1,291,284	-	-	1,361,666	1,291,284
Capital grants & contributions	1,666,057	7,227,348	792,065	1,735,377	2,458,122	8,962,725
General revenues:						
General property taxes	554,281	713,802	-	-	554,281	713,802
Other local taxes	5,978,858	5,592,761	-	-	5,978,858	5,592,761
Use of money and property	778,520	625,169	746,081	533,634	1,524,601	1,158,803
Miscellaneous	22,532	265,957	228,613	132,633	251,145	398,590
Grants and contributions not restricted to specific programs	814,922	835,666	-	-	814,922	835,666
Total revenues	<u>\$ 11,638,060</u>	<u>\$ 17,070,851</u>	<u>\$ 5,858,507</u>	<u>\$ 6,318,415</u>	<u>\$ 17,496,567</u>	<u>\$ 23,389,266</u>
Expenses:						
General government	\$ 1,060,596	\$ 937,279	\$ -	\$ -	\$ 1,060,596	\$ 937,279
Public safety	2,504,495	2,444,376	-	-	2,504,495	2,444,376
Public works	3,196,533	3,111,121	-	-	3,196,533	3,111,121
Health and welfare	94,945	96,765	-	-	94,945	96,765
Parks, recreation and cultural	135,169	149,936	-	4,623	135,169	154,559
Community development	455,345	508,498	-	-	455,345	508,498
Parks & recreation	-	-	589,436	-	589,436	-
Water and sewer	-	-	4,364,123	4,058,266	4,364,123	4,058,266
Total expenses	<u>\$ 7,447,083</u>	<u>\$ 7,247,975</u>	<u>\$ 4,953,559</u>	<u>\$ 4,062,889</u>	<u>\$ 12,400,642</u>	<u>\$ 11,310,864</u>
Increase in net assets	\$ 4,190,977	\$ 9,822,876	\$ 904,948	\$ 2,255,526	\$ 5,095,925	\$ 12,078,402
Transfers	(13,465,916)	(5,826,014)	13,465,916	5,826,014	-	-
Net assets, beginning of year	41,501,488	38,733,139	36,607,657	28,526,117	78,109,145	67,259,256
Net assets, end of year	<u>\$ 32,226,549</u>	<u>\$ 42,730,001</u>	<u>\$ 50,978,521</u>	<u>\$ 36,607,657</u>	<u>\$ 83,205,070</u>	<u>\$ 79,337,658</u>

- Property tax revenue decreased by \$159,521 (22 percent) during the year. The decrease in personal property tax revenue decrease of 106,650 is attributable to the Town's providing 100% tax relief for qualifying motor vehicles again for fiscal year 2007. This year, personal property tax relief was replaced by a fixed annual payment from the Commonwealth restricted to provide ongoing relief from the car tax. More timely real estate and personal property tax payments from smaller, more affordable dollar amounts resulted in a decrease in penalty and interest revenue of \$7,629 (38 percent). The Town continued decrease in reliance on property tax revenues is clearly indicated by these amounts. The Town's real estate tax rate of .015 per \$100 of assessed value continues to be one of the lowest in the Commonwealth.
- Operating Grants and Contributions increased \$70,382 due primarily increased funding in law enforcement grants (\$55,652) and street and highway maintenance funds from the Commonwealth of Virginia (\$13,680).
- With the exception of the local cigarette tax, other local taxes reflect increases that total \$386,097 (7 percent). Significant increases in business license (18 percent), local sales tax (5 percent), and meals tax (9 percent) revenues played a positive role in this growth.
- Operating expenses increased by 3 percent from last year while experiencing a growth in demand for services and increases in wages and related benefits.
- Capital grants and contributions decreased by \$5,561,291 due to the addition of only 1.26 lane miles of collector streets to the VDOT Street Maintenance Program. These streets were dedicated to the Town by developers upon the completion of residential neighborhoods.

### Business-type Activities

Business-type activities increased the Town's net assets by \$14,370,864, accounting for 282 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Approximately 94 percent of the increase is attributable to the transfer of from the general fund to fund the final states of construction of the WARF. The remaining increase represents capital contributions from developers and individuals connecting to the system for the first time.
- A \$174,977 increase in charges for services from an additional 92 water and sewer customers.
- Increases in expenses closely paralleled inflation and growth in demand for services.

### Financial Analysis of the Government's Funds

As earlier mentioned, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the Town's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$4,594,955, a decrease of \$10,415,962 over the prior year. Approximately 53 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to various Town capital projects. Of the capital projects, the most prominent are public works projects and the aquatic center/recreation facility.

#### Proprietary funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$12,431,093 or 14 percent of the total net assets. Restricted net assets of \$4,646,949 are funds committed to future utility and parks & recreation projects.

### General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were increased by \$248,708, which is 3 percent of the total original budget. While various line items were increased or decreased due to re-allocations, the major increase is attributable to legal fees incurred in the police department and the replacement of the Town Hall roof.

### Capital Asset and Debt Administration

#### Capital assets

The Town's investment in capital assets for its governmental activities as of June 30, 2007 is \$27,860,169 (net of accumulated depreciation). The Town's investment in business-type activity capital assets is \$33,900,479 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure and systems, machinery and equipment, and construction in progress. The total net decrease in the Town's investment in capital assets for the current fiscal year was 25 percent for government activities and a total net increase of 40 percent for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Dedication of several parts of collector streets by the developer - \$1,638,000
- High Street drainage project - \$196,128
- Visitor Center construction final - \$113,556
- Traffic signal synchronization/pre-emption devices - \$51,454
- Purchase of refuse truck - \$98,526
- WARF Aquatic/Recreational Facility construction costs Phase II - \$15,125,900
- Various park improvements and enhancements - \$432,287
- Waterline construction and replacement projects for \$72,377
- Rady Park pump station upgrade project - \$17,287
- Water treatment plant security upgrade - \$12,410,994
- Wastewater treatment plant improvements - \$656,024
- Purchase of pick up truck - \$18,095
- Rental property improvements - \$10,629

Town of Warrenton, Virginia Capital Assets for Governmental Activities  
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Land	\$ 1,129,257	\$ 1,862,836	\$ 2,154,757	\$ 1,434,675	\$ 3,284,014	\$ 3,297,511
Buildings and system	3,085,630	2,559,728	14,743,211	8,083,542	17,828,841	10,643,270
Machinery and equipment	692,723	589,024	842,506	719,662	1,535,229	1,308,686
Infrastructure	22,952,559	21,995,867	-	6,765,259	22,952,559	28,761,126
Construction in progress	-	881,204	26,289,153	10,281,055	26,289,153	11,162,259
<b>Total</b>	<b>\$ 27,860,169</b>	<b>\$ 27,888,659</b>	<b>\$ 44,029,627</b>	<b>\$ 27,284,193</b>	<b>\$ 71,889,796</b>	<b>\$ 55,172,852</b>

Additional information on the Town's capital assets may be found in the notes to the financial statements.

## Long-term debt

At the end of the fiscal year the Town had the following outstanding debt:

Town of Warrenton's Outstanding Debt For the Year Ended June 30, 2005						
	Governmental activities		Business-type activities		Total	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
General obligation						
bonds	\$ -	\$ -	\$ 9,775,000	\$ 9,775,000	\$ 9,775,000	\$ 9,775,000
Premium on						
bond issue	-	-	354,148	354,148	354,148	354,148
Compensated						
absences	239,954	254,310	162,510	142,057	402,464	396,367
Total	<u>\$ 239,954</u>	<u>\$ 254,310</u>	<u>\$ 10,291,658</u>	<u>\$ 10,271,205</u>	<u>\$ 10,531,612</u>	<u>\$ 10,525,515</u>

Additional information on the Town's long-term debt can be found in the notes to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

- At the end of the fiscal year, the unemployment rate for Fauquier County was 2.5 percent, which remains unchanged from the rate of 2.5 percent a year ago. This compares favorably to the state's average unemployment rate of 3.2 percent and the national average rate of 4.7 percent.
- Earnings on investments have increased over the past two fiscal years due to higher yields generally found in the financial market and higher idle funds available for investment. The Town Investment revenue was \$1,524,601 and \$986,374 for the fiscal year ending June 30, 2007 and June 30, 2006 respectively. These amounts included unrealized gains and losses from investment.
- Residential real estate activity has slowed somewhat from past years causing a decline in the number of new housing starts. For the short term, developers have put projects on hold or slowed new unit starts. However, as this is a nationwide phenomenon, this lack luster growth will not have a significant negative impact in the long term. Commercial new construction and renovations continue to have a significant positive impact on the Town's tax base.

All of these factors were considered in preparing the Town's budget for the 2008 fiscal year.

During fiscal year 2007, unreserved fund balance in the general fund decreased \$10,442,710 primarily due to the general fund providing in excess of 50 percent of WARF's construction costs. Appropriations for Town funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2008 budget year.

## Requests for Information

This financial report is designed to provide readers with a general overview of the Town of Warrenton's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P. O. Drawer 341, Warrenton, Virginia 20188.

## **BASIC FINANCIAL STATEMENTS**



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



Town of Warrenton, Virginia  
Statement of Net Assets  
June 30, 2007

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,326,492	\$ 18,499,996	\$ 22,826,488
Receivables (net of allowance for uncollectibles):			
Taxes receivable	21,724	-	21,724
Accounts receivable	414,855	399,233	814,088
Accrued interest receivable	96,125	-	96,125
Notes receivable	-	73,859	73,859
Due from other governmental units	188,812	286,727	475,539
Inventories	69,577	262,542	332,119
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	297,187	297,187
Other assets:			
Unamortized bond issue costs	-	126,082	126,082
Capital assets (net of accumulated depreciation):			
Land	1,129,257	2,154,757	3,284,014
Buildings and system	3,085,630	14,743,211	17,828,841
Machinery and equipment	692,723	842,506	1,535,229
Infrastructure	22,952,559	-	22,952,559
Construction in progress	-	26,289,153	26,289,153
Total assets	\$ 32,977,754	\$ 63,975,253	\$ 96,953,007
<b>LIABILITIES</b>			
Accounts payable	\$ 510,617	\$ 1,074,234	\$ 1,584,851
Retainage payable	-	1,123,649	1,123,649
Customers' deposits	-	27,584	27,584
Accrued interest payable	-	189,722	189,722
Unearned revenue	634	289,885	290,519
Long-term liabilities:			
Due within one year	23,995	226,500	250,495
Due in more than one year	215,959	10,065,158	10,281,117
Total liabilities	\$ 751,205	\$ 12,996,732	\$ 13,747,937
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 27,860,169	\$ 33,900,479	\$ 61,760,648
Restricted for:			
Construction	1,361,700	4,646,949	6,008,649
Perpetual Care:			
Expendable	555,460	-	555,460
Unrestricted (deficit)	2,449,220	12,431,093	14,880,313
Total net assets	\$ 32,226,549	\$ 50,978,521	\$ 83,205,070

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

Town of Warrenton, Virginia  
Statement of Activities  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,060,596	\$ -	\$ -	\$ -
Public safety	2,504,495	139,433	293,788	-
Public works	3,196,533	-	1,062,878	1,638,000
Health and welfare	94,945	-	-	-
Parks, recreation, and cultural	135,169	-	5,000	-
Community development	455,345	321,791	-	28,057
Total government activities	<u>\$ 7,447,083</u>	<u>\$ 461,224</u>	<u>\$ 1,361,666</u>	<u>\$ 1,666,057</u>
Business-type activities:				
Water and sewer	\$ 4,364,123	\$ 4,091,748	\$ -	\$ 792,065
Parks and recreation	589,436	-	-	-
Total business-type activities	<u>\$ 4,953,559</u>	<u>\$ 4,091,748</u>	<u>\$ -</u>	<u>\$ 792,065</u>
Total primary government	<u>\$ 12,400,642</u>	<u>\$ 4,552,972</u>	<u>\$ 1,361,666</u>	<u>\$ 2,458,122</u>

General revenues:

General property taxes

Other local taxes:

Local sales and use tax

Consumers' utility tax

Business license tax

Restaurant food tax

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

Transfers

Total general revenues

Change in net assets

Net assets - beginning , as adjusted

Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (1,060,596)	\$ -	\$ (1,060,596)
(2,071,274)	-	(2,071,274)
(495,655)	-	(495,655)
(94,945)	-	(94,945)
(130,169)	-	(130,169)
(105,497)	-	(105,497)
<u>\$ (3,958,136)</u>	<u>\$ -</u>	<u>\$ (3,958,136)</u>
\$ -	\$ 519,690	\$ 519,690
-	(589,436)	(589,436)
<u>\$ -</u>	<u>\$ (69,746)</u>	<u>\$ (69,746)</u>
<u>\$ (3,958,136)</u>	<u>\$ (69,746)</u>	<u>\$ (4,027,882)</u>
\$ 554,281	\$ -	\$ 554,281
542,586	-	542,586
994,325	-	994,325
1,653,232	-	1,653,232
1,775,493	-	1,775,493
1,013,222	-	1,013,222
778,520	746,081	1,524,601
22,532	228,613	251,145
814,922	-	814,922
(13,465,916)	13,465,916	-
<u>\$ (5,316,803)</u>	<u>\$ 14,440,610</u>	<u>\$ 9,123,807</u>
(9,274,939)	14,370,864	5,095,925
41,501,488	36,607,657	78,109,145
<u>\$ 32,226,549</u>	<u>\$ 50,978,521</u>	<u>\$ 83,205,070</u>

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## **FUND FINANCIAL STATEMENTS**



Town of Warrenton, Virginia  
 Balance Sheet  
 Governmental Funds  
 June 30, 2007

Exhibit 3

	General	Permanent Fund Perpetual Care	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,771,032	\$ 555,460	\$ 4,326,492
Receivables (net of allowance for uncollectibles):			
Taxes receivable	21,724	-	21,724
Accounts receivable	414,855	-	414,855
Accrued interest receivable	96,125	-	96,125
Due from other governmental units	188,812	-	188,812
Inventories	69,577	-	69,577
Total assets	<u>\$ 4,562,125</u>	<u>\$ 555,460</u>	<u>\$ 5,117,585</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 510,617	\$ -	\$ 510,617
Deferred revenue	12,013	-	12,013
Total liabilities	<u>\$ 522,630</u>	<u>\$ -</u>	<u>\$ 522,630</u>
Fund balances:			
Reserved for:			
Construction	\$ 1,361,700	\$ -	\$ 1,361,700
Perpetual care	-	555,460	555,460
Unreserved, reported in:			
General fund	2,677,795	-	2,677,795
Total fund balances	<u>\$ 4,039,495</u>	<u>\$ 555,460</u>	<u>\$ 4,594,955</u>
Total liabilities and fund balances	<u>\$ 4,562,125</u>	<u>\$ 555,460</u>	<u>\$ 5,117,585</u>

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

Town of Warrenton, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2007

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Exhibit 4

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,594,955
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		27,860,169
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		11,379
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(239,954)</u>
Net assets of governmental activities	\$	<u><u>32,226,549</u></u>

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

Town of Warrenton, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

Exhibit 5

	General	Permanent Fund Perpetual Care	Total
<b>REVENUES</b>			
General property taxes	\$ 627,637	\$ -	\$ 627,637
Other local taxes	5,978,858	-	5,978,858
Permits, privilege fees, and regulatory licenses	321,791	-	321,791
Fines and forfeitures	139,433	-	139,433
Revenue from the use of money and property	751,772	26,748	778,520
Miscellaneous	40,698	-	40,698
Recovered costs	13,487	-	13,487
Intergovernmental revenues:			
Commonwealth	2,162,466	-	2,162,466
Federal	42,179	-	42,179
Total revenues	<u>\$ 10,078,321</u>	<u>\$ 26,748</u>	<u>\$ 10,105,069</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 973,880	\$ -	\$ 973,880
Public safety	2,398,000	-	2,398,000
Public works	2,263,115	-	2,263,115
Health and welfare	94,945	-	94,945
Parks, recreation, and cultural	135,640	-	135,640
Community development	508,735	-	508,735
Capital projects	680,800	-	680,800
Total expenditures	<u>\$ 7,055,115</u>	<u>\$ -</u>	<u>\$ 7,055,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,023,206</u>	<u>\$ 26,748</u>	<u>\$ 3,049,954</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ (13,465,916)	\$ -	\$ (13,465,916)
Total other financing sources (uses)	<u>\$ (13,465,916)</u>	<u>\$ -</u>	<u>\$ (13,465,916)</u>
Net change in fund balances	\$ (10,442,710)	26,748	\$ (10,415,962)
Fund balances - beginning	14,482,205	528,712	15,010,917
Fund balances - ending	<u>\$ 4,039,495</u>	<u>\$ 555,460</u>	<u>\$ 4,594,955</u>

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

Town of Warrenton, Virginia  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2007

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Exhibit 6

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

Net change in fund balances - total governmental funds	\$	(10,415,962)
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 the capital outlays exceeded depreciation in the current period.		1,218,189
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(18,166)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(73,356)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		<u>14,356</u>
Change in net assets of governmental activities	\$	<u><u>(9,274,939)</u></u>

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

Town of Warrenton, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2007

Exhibit 7

	Enterprise Funds		
	Water & Sewer	Recreation	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 11,935,398	\$ 6,564,598	\$ 18,499,996
Accounts receivable	399,233	-	399,233
Notes receivable	73,859	-	73,859
Due from other governmental units	286,727	-	286,727
Inventories	262,542	-	262,542
Restricted current assets:			
Cash and cash equivalents	297,187	-	297,187
Total current assets	\$ 13,254,946	\$ 6,564,598	\$ 19,819,544
Other assets:			
Unamortized bond issue costs	\$ -	\$ 126,082	\$ 126,082
Capital assets:			
Utility plant in service	\$ 31,855,898	\$ 2,269,004	\$ 34,124,902
Less accumulated depreciation	(16,359,302)	(25,126)	(16,384,428)
Construction in progress	974,325	25,314,828	26,289,153
Total capital assets	\$ 16,470,921	\$ 27,558,706	\$ 44,029,627
Total noncurrent assets	\$ 16,470,921	\$ 27,684,788	\$ 44,155,709
Total assets	\$ 29,725,867	\$ 34,249,386	\$ 63,975,253
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 156,989	\$ 917,245	\$ 1,074,234
Customers' deposits	27,584	-	27,584
Compensated absences	6,500	-	6,500
Retainage Payable	-	1,123,649	1,123,649
Interest payable	-	189,722	189,722
Unearned revenue	289,885	-	289,885
Bonds payable - current portion	-	220,000	220,000
Total current liabilities	\$ 480,958	\$ 2,450,616	\$ 2,931,574
Noncurrent liabilities:			
Bonds payable - net of current portion, unamortized premium	\$ -	\$ 9,909,148	\$ 9,909,148
Compensated absences	156,010	-	156,010
Total noncurrent liabilities	\$ 156,010	\$ 9,909,148	\$ 10,065,158
Total liabilities	\$ 636,968	\$ 12,359,764	\$ 12,996,732
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 16,470,921	\$ 17,429,558	\$ 33,900,479
Restricted for capital projects	3,522,954	1,123,995	4,646,949
Unrestricted	9,095,024	3,336,069	12,431,093
Total net assets	\$ 29,088,899	\$ 21,889,622	\$ 50,978,521

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

Town of Warrenton, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2007

Exhibit 8

	Enterprise Funds		
	Water & Sewer	Recreation	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Sale of water	\$ 1,350,681	\$ -	\$ 1,350,681
Sewer service charges	2,554,297	-	2,554,297
Sale of materials and supplies	23,205	-	23,205
Late payment charges	32,972	-	32,972
Transfer fees	8,277	-	8,277
Other fees	122,316	-	122,316
Miscellaneous	86,103	-	86,103
Total operating revenues	<u>\$ 4,177,851</u>	<u>\$ -</u>	<u>\$ 4,177,851</u>
<b>OPERATING EXPENSES</b>			
Source of supply of water	\$ 703,167	\$ -	\$ 703,167
Maintenance of water and sewer lines	465,495	-	465,495
Meter reading, billing, and servicing	185,478	-	185,478
Operation of sewage treatment plant	1,253,306	-	1,253,306
Administration	644,832	-	644,832
Recreation	-	101,836	101,836
Capital Outlay	199,548	-	199,548
Depreciation	912,297	25,126	937,423
Total operating expenses	<u>\$ 4,364,123</u>	<u>\$ 126,962</u>	<u>\$ 4,491,085</u>
Operating income (loss)	<u>\$ (186,272)</u>	<u>\$ (126,962)</u>	<u>\$ (313,234)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	\$ 554,330	\$ 191,751	\$ 746,081
Rental revenue	142,510	-	142,510
Interest expense	-	(462,474)	(462,474)
Total nonoperating revenues (expenses)	<u>\$ 696,840</u>	<u>\$ (270,723)</u>	<u>\$ 426,117</u>
Income before contributions and transfers	<u>\$ 510,568</u>	<u>\$ (397,685)</u>	<u>\$ 112,883</u>
Capital contributions	\$ 792,065	\$ -	\$ 792,065
Transfers in	-	13,465,916	13,465,916
Change in net assets	<u>\$ 1,302,633</u>	<u>\$ 13,068,231</u>	<u>\$ 14,370,864</u>
Total net assets - beginning	<u>\$ 27,786,266</u>	<u>\$ 8,821,391</u>	<u>\$ 36,607,657</u>
Total net assets - ending	<u>\$ 29,088,899</u>	<u>\$ 21,889,622</u>	<u>\$ 50,978,521</u>

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

	Enterprise Funds		
	Water & Sewer	Recreation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,205,319	\$ -	\$ 4,205,319
Payments to suppliers	(1,637,600)	(26,180)	(1,663,780)
Payments to employees	(1,869,955)	-	(1,869,955)
Net cash provided (used by) operating activities	<u>\$ 697,764</u>	<u>\$ (26,180)</u>	<u>\$ 671,584</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (890,278)	\$ (16,792,579)	\$ (17,682,857)
Interest payments	-	(277,375)	(277,375)
Capital contributions	505,338	-	505,338
Transfers from other funds	-	13,465,916	13,465,916
Net cash provided (used) by capital and related financing activities	<u>\$ (384,940)</u>	<u>\$ (3,604,038)</u>	<u>\$ (3,988,978)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	\$ 554,330	\$ 191,751	\$ 746,081
Other - rental income	142,510	-	142,510
Net cash provided (used) by investing activities	<u>\$ 696,840</u>	<u>\$ 191,751</u>	<u>\$ 888,591</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,009,664	\$ (3,438,467)	(2,428,803)
Cash and cash equivalents - beginning - including restricted	11,222,921	10,003,065	21,225,986
Cash and cash equivalents - ending - including restricted	<u>\$ 12,232,585</u>	<u>\$ 6,564,598</u>	<u>\$ 18,797,183</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (186,272)	\$ (126,962)	\$ (313,234)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	\$ 912,297	\$ 25,126	\$ 937,423
(Increase) decrease in accounts receivable	30,869	-	30,869
(Increase) decrease in notes receivable	9,770	-	9,770
(Increase) decrease in inventories	(46,275)	-	(46,275)
Increase (decrease) in customer deposits	3,519	-	3,519
Increase (decrease) in accounts payable and accrued expenses	(29,907)	75,656	45,749
Increase (decrease) in deferred revenue	(16,690)	-	(16,690)
Increase (decrease) in accrued leave	20,453	-	20,453
Total adjustments	<u>\$ 884,036</u>	<u>\$ 100,782</u>	<u>\$ 984,818</u>
Net cash provided (used) by operating activities	<u>\$ 697,764</u>	<u>\$ (26,180)</u>	<u>\$ 671,584</u>
<b>Reconciliation of cash and cash equivalents at end of year to the Statement of Net Assets:</b>			
Total cash and cash equivalents per Statement of Net Assets	\$ 11,935,398	\$ 6,564,598	
Total restricted cash and cash equivalents per Statement of Net Assets	<u>297,187</u>	<u>-</u>	
Total cash and cash equivalents per Statement of Net Assets	<u>\$ 12,232,585</u>	<u>\$ 6,564,598</u>	

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

Town of Warrenton, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

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Exhibit 10

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 50,603
Receivables:	
Other receivables	23
Total assets	<u>\$ 50,626</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 627
Amounts held for others	49,999
Total liabilities	<u>\$ 50,626</u>

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

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2007

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant policies:

**A. Reporting Entity:**

The Town of Warrenton, Virginia (government) is a municipal corporation governed by an elected mayor and seven-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Blended component units** - There were no blended component units for the Town for the year ended June 30, 2007.

**Discretely Presented Component Units** - There were no discretely presented component units for the Town for the year ended June 30, 2007.

**Cost Sharing Agreement**

The Town has, with the County of Fauquier, a joint dispatch center. The Town appoints three members of the eight-member board of the Center. The agreement, which began in July 1994, has the Town sharing 20% of the net costs. All E-911 telephone taxes are credited to the Center and then expenses are shared on a 20/80 split with the County. Since the Center is not truly subject to joint control in that Fauquier County has the ability to unilaterally control the financial and operating policies of the Center, the Center does not meet the definition of a joint venture.

**B. Government-Wide 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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 rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Fiduciary funds statements have no measurement focus. 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 imposed by the provider have been met.

Governmental fund 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 60 days after year-end are reflected as deferred revenues. Sales, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County. Utility taxes are collected by the utilities and remitted directly to the Town.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the capital projects fund.

The government reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the Town's water and sewer system. The Town's fund operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

The *recreation fund* accounts for the activities of the Town's recreation facilities.

Additionally, the government reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, or other governmental units. Agency funds include the Town's agency fund and retirement fund. The Town's agency funds accounts for funds held for other entities and the retirement fund accounts for amounts held for employees for payment to the Virginia Retirement System.

The *permanent fund* accounts for financial resources that are legally restricted to the extent that only earnings not principal may be used for purposes that support the government's programs. The Town reports a perpetual care fund, which is used to account for funds received for the Town's cemetery. The interest income can be used to maintain the cemetery.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Assets, liabilities, and net assets or equity**

**1. *Deposits and investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**2. *Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**D. Assets, liabilities, and net assets or equity (continued)**

**3. *Inventory***

Inventory is valued at cost, using the *first in, first out* method. The cost is recorded as an expense at the time the individual inventory items are consumed, rather than when purchased.

**4. *Property Taxes***

The Town collects real property taxes semi-annually and personal property taxes annually. Real property and personal property is assessed by the County of Fauquier Commissioner of Revenue annually on property owned on January 1<sup>st</sup> and July 1<sup>st</sup> for real estate and January 1<sup>st</sup> for personal property. Town Council adopts tax rates in April of each year as a part of the budget process. Real property taxes are levied as of January 1<sup>st</sup> and July 1<sup>st</sup> and are due on June 15<sup>th</sup> and December 15<sup>th</sup> of each year. Personal property taxes are levied as of January 1<sup>st</sup> and are due on December 15<sup>th</sup> of each year. Penalties accrue on the unpaid balances at this date. Interest is charged on unpaid balances beginning December 16<sup>th</sup> and June 16<sup>th</sup>. Unpaid real property taxes constitute a lien against the property. The Town bills and collects its own property taxes.

**5. *Allowance for Uncollectible Accounts***

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$66,329 at June 30, 2007 and is composed solely of property taxes and water and sewer receivables.

**6. *Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**7. *Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**D. Assets, liabilities, and net assets or equity (continued)**

**7. Capital assets (continued)**

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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. No interest was capitalized during the current or previous year.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	<u>Prior to 1982</u>	<u>After 1982</u>
Buildings and improvements	40	50 years
Water and sewer lines	40	50 years
Water and sewer plant	40	50 years
Machinery and equipment	10	5-10 years
Infrastructure	30-50	30-50 years

Infrastructure acquired prior to 1980 is reported in the financial statements.

**8. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The general and water & sewer funds have been used to liquidate this liability in the past.

**9. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**D. Assets, liabilities, and net assets or equity (continued)**

**9. *Long-term obligations (continued)***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. *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.

**11. *Net assets***

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

**12. *Restricted assets***

Certain assets of the Town's water and sewer enterprise fund have been restricted for the payment of customer deposits and for maintenance of water lines for the Warrenton training center.

**NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (continued)**

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds and net assets—governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$239,954) difference for the primary government are as follows:

	<b>Primary Government</b>
Compensated absences	\$ <u>(239,954)</u>
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	\$ <u><u>(239,954)</u></u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$1,218,189 difference for the primary government are as follows:

	<b>Primary Government</b>
Capital outlay	\$ 2,460,714
Depreciation expense	<u>(1,242,525)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>1,218,189</u></u>

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)**

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$14,356 difference for the primary government are as follows:

	<u>Primary Government</u>
Compensated absences	\$ <u>14,356</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>14,356</u></u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**A. Budgetary information**

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. There is no legally adopted budget for the perpetual care fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to May 1, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)**

**A. Budgetary information (continued)**

7. Appropriations lapse on June 30, for all Town funds, unless they are carried forward by a resolution of Town Council. Several supplemental appropriations were necessary during this fiscal year.
8. All budget data presented in the accompanying financial statements is the amended budget as of June 30.

**B. Excess of expenditures over appropriations**

For the year ended June 30, 2007, there were no funds in which expenditures exceeded appropriations.

**C. Deficit fund equity**

At June 30, 2007, there were no funds with deficit fund equity.

**NOTE 4—DEPOSITS AND INVESTMENTS:**

**Deposits**

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

**Investments**

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

**Custodial Credit Risk (Investments)**

The Town of Warrenton sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the Town of Warrenton shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

**NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Credit Risk of Debt Securities**

The Town of Warrenton may invest any and all funds belonging to it or in its control in the following:

1. Obligations of the Commonwealth of Virginia. Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth and those unconditionally guaranteed as to the payment of principal and interest by the Commonwealth of Virginia.
2. Obligations of the United States. Stocks, bonds, notes and other evidences of indebtedness of the United States, its agencies or government sponsored corporation. These securities can be held directly or in the form of a registered money market or mutual fund provided that the portfolio of the fund is limited to such evidences of indebtedness.
3. Certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act, Section 2.2-4400 of the Code of Virginia.
4. Overnight, term or open Repurchase agreements collateralized by U.S. Treasury/Agency Securities. The collateral for overnight or one day repurchase agreements is required to be at least 100% of the value of the repurchase agreement.
5. “Prime Quality” commercial paper, with a maturity of 270 days or less, issued by corporations organized under the laws of the United States, with a rating no lower than P-1 by Moody’s Investor and A-1 by Standard and Poor’s Corporation.
6. Commonwealth of Virginia Local Government Investment Pool (LGIP). Convenience and cost effectiveness are primary advantages in using the LGIP as an investment vehicle. The LGIP offers the Town of Warrenton diversification, daily liquidity and professional management which, over time, should provide higher yields and more liquidity than would be obtained through individual investments.

The Town’s rated debt investments as of June 30, 2007 were rated by Moody’s and/or an equivalent national rating organization and the ratings are presented below using the Moody’s rating scale.

**Locality’s Rated Debt Investments’ Values**

<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 12,977,090	-	-	-	-
Repurchase Agreements - Underlying:					
U.S. Agency Securities	691,813	-	-	-	-
Total	<u>\$ 13,668,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Concentration of Credit Risk**

The Town of Warrenton shall diversify its investments by type and issuer consistent with the following guidelines:

1. The portfolio will be diversified with no more than five percent of its value in the securities of any single issuer. This limitation shall not apply to securities of the Commonwealth of Virginia, the U.S. Government, insured certificates of deposit and the Commonwealth of Virginia Local Investment Pool.
2. The maximum percentage of the portfolio permitted in each eligible security type is as follows:

Commonwealth of Virginia Securities	50%
U.S. Government Securities	50%
Certificates of Deposit	75%
Repurchase Agreements	50%
Commercial Paper	25%
Virginia LGIP	100%

The Town had investments at June 30, 2007, with more than 5 percent of the total in securities of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and the Federal Mortgage Corporation.

**Interest Rate Risk**

The Town limits its exposure to interest rate risk by investing only in investments detailed above. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting its weighted average maturity of its investment portfolio to less than two years.

**Investment Maturities (in years)**

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<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Greater Than 10 Years</u>
Repurchase Agreements	\$ 691,813	\$ -	\$ 691,813	\$ -	\$ -

**External Investment Pools**

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2007

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**NOTE 5—RECEIVABLES:**

Receivables as of year end for the government's individual major funds including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:			
Interest	\$ 96,125	\$ -	\$ 96,125
Property taxes	88,053	-	88,053
Other local taxes	406,056	-	406,056
Accounts	8,799	411,406	420,205
Gross receivables	\$ 599,033	\$ 411,406	\$ 1,010,439
Less: allowance for uncollectibles	(66,329)	(12,173)	(78,502)
Net total receivables	<u>\$ 532,704</u>	<u>\$ 399,233</u>	<u>\$ 931,937</u>

**NOTE 6—DUE FROM OTHER GOVERNMENTAL UNITS:**

	<u>Primary Government</u>
Commonwealth of Virginia:	
VDOT revenue sharing	\$ 20,556
Auto rental tax	21,073
Sales tax	97,415
Other	21,710
Federal Government:	
USDA Rural Development Grant	28,058
Total	<u>\$ 188,812</u>

Notes to Financial Statements  
As of June 30, 2007**NOTE 7—CAPITAL ASSETS:**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2007.

## Governmental Activities

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,862,836	\$	\$ (733,579)	\$ 1,129,257
Construction in progress	881,204	864	(882,068)	-
Total capital assets not being depreciated	<u>\$ 2,744,040</u>	<u>\$ 864</u>	<u>\$ (1,615,647)</u>	<u>\$ 1,129,257</u>
<b>Other capital assets:</b>				
Buildings and improvements	\$ 3,977,337	\$ 1,078,928	\$ (792,011)	\$ 4,264,254
Infrastructure	33,873,037	1,979,054	(71,661)	35,780,430
Furniture, equipment and vehicles	2,498,558	369,093	(106,350)	2,761,301
Total other capital assets	<u>\$ 40,348,932</u>	<u>\$ 3,427,075</u>	<u>\$ (970,022)</u>	<u>\$ 42,805,985</u>
<b>Less: Accumulated depreciation for:</b>				
Buildings and improvements	\$ (1,417,609)	\$ (112,183)	\$ 351,168	\$ (1,178,624)
Infrastructure	(11,877,170)	(953,132)	2,431	(12,827,871)
Furniture, equipment and vehicles	(1,909,534)	(177,210)	18,166	(2,068,578)
Total accumulated depreciation	<u>\$ (15,204,313)</u>	<u>\$ (1,242,525)</u>	<u>\$ 371,765</u>	<u>\$ (16,075,073)</u>
Other capital assets, net	<u>\$ 25,144,619</u>	<u>\$ 2,184,550</u>	<u>\$ (598,257)</u>	<u>\$ 26,730,912</u>
Net capital assets	<u>\$ 27,888,659</u>	<u>\$ 2,185,414</u>	<u>\$ (2,213,904)</u>	<u>\$ 27,860,169</u>
<b>Depreciation expense was allocated as follows:</b>				
General government administration	\$ 18,257			
Public safety	133,815			
Public works	1,063,065			
Parks, recreation and cultural	1,385			
Community development	26,003			
Total depreciation expense	<u>\$ 1,242,525</u>			

**NOTE 7—CAPITAL ASSETS: (CONTINUED)**

## Enterprise Activities

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 1,434,675	\$ 720,082	\$ -	\$ 2,154,757
Construction in progress	10,281,055	16,266,915	(258,817)	26,289,153
Total capital assets not being depreciated	<u>\$ 11,715,730</u>	<u>\$ 16,986,997</u>	<u>\$ (258,817)</u>	<u>\$ 28,443,910</u>
Other capital assets:				
Buildings and system	\$ 29,219,974	\$ 759,041	\$ -	\$ 29,979,015
Equipment	1,795,494	195,636	-	1,991,130
Total other capital assets	<u>\$ 31,015,468</u>	<u>\$ 954,677</u>	<u>\$ -</u>	<u>\$ 31,970,145</u>
Less: Accumulated depreciation for:				
Buildings and system	\$ (14,371,173)	\$ (864,631)	\$ -	\$ (15,235,804)
Equipment	(1,075,832)	(72,792)	-	(1,148,624)
Total accumulated depreciation	<u>\$ (15,447,005)</u>	<u>\$ (937,423)</u>	<u>\$ -</u>	<u>\$ (16,384,428)</u>
Other capital assets, net	<u>\$ 15,568,463</u>	<u>\$ 17,254</u>	<u>\$ -</u>	<u>\$ 15,585,717</u>
Net capital assets	<u>\$ 27,284,193</u>	<u>\$ 17,004,251</u>	<u>\$ (258,817)</u>	<u>\$ 44,029,627</u>

Town of Warrenton, Virginia

Notes to Financial Statements  
As of June 30, 2007

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**NOTE 8—LONG-TERM DEBT:**

Annual requirements to amortize general obligation bonds are as follows:

Business-type activities - long term indebtedness

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 220,000	\$ 462,212
2009	230,000	453,212
2010	240,000	443,813
2011	250,000	434,013
2012	260,000	423,813
2013	270,000	413,212
2014	280,000	402,212
2015	295,000	390,713
2016	305,000	378,713
2017	320,000	366,213
2018	330,000	353,006
2019	340,000	337,700
2020	360,000	320,200
2021	380,000	301,700
2022	400,000	282,200
2023	420,000	261,700
2024	440,000	240,200
2025	460,000	217,700
2026	485,000	194,075
2027	510,000	169,200
2028	535,000	142,406
2029	565,000	113,531
2030	595,000	83,081
2031	625,000	51,056
2032	660,000	17,325
Total	\$ <u>9,775,000</u>	\$ <u>7,253,206</u>

**NOTE 8—LONG-TERM DEBT: (CONTINUED)**

**Details of long-term indebtedness: (continued)**

**Primary Government - Business - Type Activities:**

**General obligation bonds:**

Series 2006, \$9,775,000, issued June 28, 2006 for construction of a recreation facility, payable in varying annual installments, through June 28, 2032, with interest at 4.0%	\$ 9,775,000
Unamortized premium on general obligation bonds	354,148
Compensated absences payable	<u>162,510</u>
Total business-type activity long-term debt	<u><u>\$ 10,291,658</u></u>

Town of Warrenton, Virginia

Notes to Financial Statements  
As of June 30, 2007

**NOTE 8—LONG-TERM DEBT:**

	Amounts Payable July 1, 2006	Increases	Decreases	Amounts Payable June 30, 2007
<b>Primary Government:</b>				
Governmental Activities				
Compensated Absences	\$ 254,310	\$ 23,995	\$ (38,351)	\$ 239,954
Total governmental activities	<u>\$ 254,310</u>	<u>\$ 23,995</u>	<u>\$ (38,351)</u>	<u>\$ 239,954</u>
Business Activities				
General obligation bonds	\$ 9,775,000	-	-	9,775,000
Premium on bond issue	354,148	-	-	354,148
Compensated Absences	142,057	45,486	(25,033)	162,510
Total business activities	<u>\$ 10,271,205</u>	<u>\$ 45,486</u>	<u>\$ (25,033)</u>	<u>\$ 10,291,658</u>
Total primary government	<u><u>\$ 10,525,515</u></u>	<u><u>\$ 69,481</u></u>	<u><u>\$ (63,384)</u></u>	<u><u>\$ 10,531,612</u></u>

	Total Amount Outstanding	Amount Due Within One Year
<b>Details of Long-Term Indebtedness:</b>		
Governmental Activities:		
Compensated absences	\$ 239,954	\$ 23,995
Total governmental activities debt	<u>\$ 239,954</u>	<u>\$ 23,995</u>
Business Activities:		
General obligation bonds	\$ 9,775,000	\$ 220,000
Premium on bond issue	354,148	-
Compensated absences	162,510	6,500
Total business-type activities debt	<u>\$ 10,291,658</u>	<u>\$ 226,500</u>

**NOTE 9—DEFINED BENEFIT PENSION OBLIGATION:**

**Plan Description**

The Town contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System).

The Town contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters 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 our web site at [http://www.varetire.org/PDF/2005 AnnuRept.pdf](http://www.varetire.org/PDF/2005%20AnnuRept.pdf) obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

**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 has assumed 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 2007 was 7.53% of annual covered payroll.

**Annual Pension Cost**

For 2007, the Town's annual pension cost of \$311,713 was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases of 3.75%-5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. The required contribution was determined using the level percentage method and there are twenty years remaining in the open amortization period.

**NOTE 9—DEFINED BENEFIT PENSION OBLIGATION: (CONTINUED)**

Required Supplementary Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2005	\$ 186,565	100.00%	-
June 30, 2006	195,490	100.00%	-
June 30, 2007	311,713	100.00%	-

(1) Employer Portion only

**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. Deferred revenue totaling \$290,519 consists of the following:

- A. Prepaid property taxes—Property taxes due subsequent to June 30, 2007, but paid in advance by the taxpayers totaled \$634 at June 30, 2007.
- B. Prepaid utility payments—Water and sewer bills due subsequent to June 30, 2007, but paid in advance by users totaled \$8,235 at June 30, 2007. The Town also received \$281,650 in deferred revenue to maintain the Warrenton Training Center.

**NOTE 11—SURETY BONDS:**

	<u>Amount</u>
Fidelity and Deposit Company - Surety	
Kenneth L. McLawhon, Town Manager	\$ 50,000
Public Employees Blanket Bond	25,000
Untied States Fidelity and Guaranty Company - Surety	
Director of Finance	500,000
Accounting Supervisor	500,000

Town of Warrenton, Virginia

Notes to Financial Statements  
As of June 30, 2007

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**NOTE 12—RISK MANAGEMENT:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves and administrative costs of the program.

The Town is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

**NOTE 13—BEGINNING NET ASSET ADJUSTMENT:**

The beginning net assets of the governmental activities were adjusted as follows:

	<u>Governmental Activities</u>
Balance at July 1, 2006 as originally reported	\$ 42,730,001
Transfer of recreation fund capital assets	(1,228,513)
Balance at July 1, 2006 as adjusted	<u>\$ 41,501,488</u>

**NOTE 14—CONSTRUCTION CONTRACTS OUTSTANDING:**

The Town had the following material construction contracts outstanding at June 30, 2007:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
Parks and recreation facility	\$ <u>22,602,861</u>	\$ <u>20,613,796</u>	\$ <u>1,989,065</u>

Town of Warrenton, Virginia

Notes to Financial Statements  
As of June 30, 2007

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**NOTE 15—INTERFUND TRANSFERS:**

Interfund transfer for the year ended June 30, 2007, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 13,465,916
Recreation Fund	13,465,916	-
	<u>13,465,916</u>	<u>-</u>
Total	\$ <u>13,465,916</u>	\$ <u>13,465,916</u>

Transfers were used to finance construction of a recreation facility.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Note to Required Supplementary Information**

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.



## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 751,857	\$ 751,857	\$ 627,637	\$ (124,220)
Other local taxes	5,710,800	5,710,800	5,978,858	268,058
Permits, privilege fees, and regulatory licenses	388,068	388,068	321,791	(66,277)
Fines and forfeitures	130,000	130,000	139,433	9,433
Revenue from the use of money and property	72,384	72,384	751,772	679,388
Miscellaneous	169,400	169,400	40,698	(128,702)
Recovered costs	15,000	15,000	13,487	(1,513)
Intergovernmental revenues:				
Commonwealth	2,165,302	2,165,302	2,162,466	(2,836)
Federal	101,952	101,952	42,179	(59,773)
Total revenues	<u>\$ 9,504,763</u>	<u>\$ 9,504,763</u>	<u>\$ 10,078,321</u>	<u>\$ 573,558</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 968,240	\$ 992,305	\$ 973,880	\$ 18,425
Public safety	2,495,226	2,489,211	2,398,000	91,211
Public works	2,548,628	2,609,500	2,263,115	346,385
Health and welfare	88,861	88,861	94,945	(6,084)
Parks, recreation, and cultural	145,562	141,460	135,640	5,820
Community development	551,122	571,179	508,735	62,444
Capital projects	904,310	1,058,141	680,800	377,341
Total expenditures	<u>\$ 7,701,949</u>	<u>\$ 7,950,657</u>	<u>\$ 7,055,115</u>	<u>\$ 895,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,802,814</u>	<u>\$ 1,554,106</u>	<u>\$ 3,023,206</u>	<u>\$ 1,469,100</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (13,465,916)	\$ (13,465,916)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,465,916)</u>	<u>\$ (13,465,916)</u>
Net change in fund balances	\$ 1,802,814	\$ 1,554,106	\$ (10,442,710)	\$ (11,996,816)
Fund balances - beginning	(1,802,814)	(1,554,106)	14,482,205	16,036,311
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,039,495</u>	<u>\$ 4,039,495</u>

Town of Warrenton, Virginia  
 Schedule of Pension Funding Progress  
 As of June 30, 2007

Exhibit 12

Town Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/06	\$ 13,652,775	\$ 14,190,380	\$ 537,605	96.21%	\$ 4,068,115	13.22%
06/30/05	12,725,638	13,491,452	765,814	94.32%	3,772,033	20.30%
06/30/04	12,291,644	12,232,007	(59,637)	100.49%	3,683,778	-1.62%
06/30/03	11,930,622	11,431,696	(498,926)	104.36%	3,563,311	-14.00%
06/30/02	11,077,819	9,446,564	(1,631,255)	117.27%	3,423,426	-47.65%

## **OTHER SUPPLEMENTARY INFORMATION**



## FIDUCIARY FUNDS

### Agency:

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. The Town's Agency funds consist of the Agency and Retirement Funds.



Town of Warrenton, Virginia  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2007

Exhibit 13

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Agency Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 36,959	\$ 4,644	\$ -	\$ 41,603
Other receivables	-	23	-	23
Total assets	<u>\$ 36,959</u>	<u>\$ 4,667</u>	<u>\$ -</u>	<u>\$ 41,626</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,869	\$ -	\$ 1,242	\$ 627
Amounts held for others	35,090	5,909	-	40,999
Total liabilities	<u>\$ 36,959</u>	<u>\$ 5,909</u>	<u>\$ 1,242</u>	<u>\$ 41,626</u>
<b>Retirement Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,539	\$ 461	\$ -	\$ 9,000
Total assets	<u>\$ 8,539</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ 9,000</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 8,539	\$ 461	\$ -	\$ 9,000
Total liabilities	<u>\$ 8,539</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ 9,000</u>
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 45,498	\$ 5,105	\$ -	\$ 50,603
Other receivables	-	23	-	23
Total assets	<u>\$ 45,498</u>	<u>\$ 5,128</u>	<u>\$ -</u>	<u>\$ 50,626</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,869	\$ -	\$ 1,242	\$ 627
Amounts held for others	43,629	6,370	-	49,999
Total liabilities	<u>\$ 45,498</u>	<u>\$ 6,370</u>	<u>\$ 1,242</u>	<u>\$ 50,626</u>

Town of Warrenton, Virginia  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2007

Exhibit 14

	<u>Agency Funds</u>		
	<u>Agency</u>	<u>Retirement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 41,603	\$ 9,000	\$ 50,603
Receivables:	23	-	23
Total assets	<u>\$ 41,626</u>	<u>\$ 9,000</u>	<u>\$ 50,626</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 627	\$ -	\$ 627
Amounts held for others	40,999	9,000	49,999
Total liabilities	<u>\$ 41,626</u>	<u>\$ 9,000</u>	<u>\$ 50,626</u>

## **SUPPORTING SCHEDULES**



Town of Warrenton, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 268,857	\$ 268,857	\$ 266,236	\$ (2,621)
Real and personal public service corporation taxes	6,000	6,000	5,220	(780)
Personal property taxes	450,000	450,000	344,316	(105,684)
Penalties	15,000	15,000	8,091	(6,909)
Interest	12,000	12,000	3,774	(8,226)
Total general property taxes	<u>\$ 751,857</u>	<u>\$ 751,857</u>	<u>\$ 627,637</u>	<u>\$ (124,220)</u>
Other local taxes:				
Local sales and use taxes	\$ 574,800	\$ 574,800	\$ 542,586	\$ (32,214)
Consumers' utility Tax	966,400	966,400	994,325	27,925
Utility license tax	90,700	90,700	115,983	25,283
Business license taxes	1,337,500	1,337,500	1,653,232	315,732
Consumption taxes	45,800	45,800	48,255	2,455
Motor vehicle licenses	110,000	110,000	96,189	(13,811)
Bank stock taxes	535,000	535,000	357,730	(177,270)
Hotel and motel room taxes	145,600	145,600	197,870	52,270
Restaurant food taxes	1,660,000	1,660,000	1,775,493	115,493
Cigarette tax	245,000	245,000	197,195	(47,805)
Total other local taxes	<u>\$ 5,710,800</u>	<u>\$ 5,710,800</u>	<u>\$ 5,978,858</u>	<u>\$ 268,058</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 388,068	\$ 388,068	\$ 321,791	\$ (66,277)
Total permits, privilege fees, and regulatory licenses	<u>\$ 388,068</u>	<u>\$ 388,068</u>	<u>\$ 321,791</u>	<u>\$ (66,277)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 130,000	\$ 130,000	\$ 139,433	\$ 9,433
Total fines and forfeitures	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 139,433</u>	<u>\$ 9,433</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 70,000	\$ 747,521	\$ 677,521
Revenue from use of property	2,384	2,384	4,251	1,867
Total revenue from use of money and property	<u>\$ 72,384</u>	<u>\$ 72,384</u>	<u>\$ 751,772</u>	<u>\$ 679,388</u>
Miscellaneous revenue:				
Proffers	\$ 86,400	\$ 86,400	\$ -	\$ (86,400)
Miscellaneous	83,000	83,000	40,698	(42,302)
Total miscellaneous revenue	<u>\$ 169,400</u>	<u>\$ 169,400</u>	<u>\$ 40,698</u>	<u>\$ (128,702)</u>
Recovered costs:				
Recoveries and Rebates	\$ 15,000	\$ 15,000	\$ 13,487	\$ (1,513)
Total recovered costs	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 13,487</u>	<u>\$ (1,513)</u>
Total revenue from local sources	<u>\$ 7,237,509</u>	<u>\$ 7,237,509</u>	<u>\$ 7,873,676</u>	<u>\$ 636,167</u>

Town of Warrenton, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 8,009	\$ 8,009	\$ 8,009	\$ -
Motor vehicle rental tax	119,400	119,400	83,935	(35,465)
Rolling stock tax	70	70	54	(16)
Personal property tax relief funds	718,491	718,491	722,924	4,433
Total noncategorical aid	<u>\$ 845,970</u>	<u>\$ 845,970</u>	<u>\$ 814,922</u>	<u>\$ (31,048)</u>
Other categorical aid:				
Litter control grant	\$ 3,500	\$ 3,500	\$ 2,943	\$ (557)
DJCP law enforcement grant	209,012	209,012	252,812	43,800
Performing arts grant	5,000	5,000	5,000	-
Street & highway maintenance	1,079,720	1,079,720	1,044,584	(35,136)
Other	6,100	6,100	26,027	19,927
Fire program	16,000	16,000	16,178	178
Total other categorical aid	<u>\$ 1,319,332</u>	<u>\$ 1,319,332</u>	<u>\$ 1,347,544</u>	<u>\$ 28,212</u>
Total categorical aid	<u>\$ 1,319,332</u>	<u>\$ 1,319,332</u>	<u>\$ 1,347,544</u>	<u>\$ 28,212</u>
Total revenue from the Commonwealth	<u>\$ 2,165,302</u>	<u>\$ 2,165,302</u>	<u>\$ 2,162,466</u>	<u>\$ (2,836)</u>
Revenue from the federal government:				
Criminal justice grant	\$ 101,952	\$ 101,952	\$ 7,771	\$ (94,181)
Homeland security grant	-	-	6,351	6,351
USDA	-	-	28,057	28,057
Total categorical aid	<u>\$ 101,952</u>	<u>\$ 101,952</u>	<u>\$ 42,179</u>	<u>\$ (59,773)</u>
Total revenue from the federal government	<u>\$ 101,952</u>	<u>\$ 101,952</u>	<u>\$ 42,179</u>	<u>\$ (59,773)</u>
 Total General Fund	 <u>\$ 9,504,763</u>	 <u>\$ 9,504,763</u>	 <u>\$ 10,078,321</u>	 <u>\$ 573,558</u>

Town of Warrenton, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative Department:				
Personal services	\$ 77,833	\$ 77,833	\$ 80,457	\$ (2,624)
Fringe benefits	54,143	54,143	47,821	6,322
Contractual services	20,750	17,050	39,716	(22,666)
Other charges	23,473	23,473	25,417	(1,944)
Capital outlay	2,750	2,750	2,352	398
Total legislative department	<u>\$ 178,949</u>	<u>\$ 175,249</u>	<u>\$ 195,763</u>	<u>\$ (20,514)</u>
Executive Department:				
Personal services	\$ 116,556	\$ 116,556	\$ 117,948	\$ (1,392)
Fringe benefits	40,355	40,355	40,381	(26)
Contractual services	1,780	1,780	519	1,261
Other charges	11,173	11,173	11,141	32
Capital outlay	500	500	-	500
Total executive department	<u>\$ 170,364</u>	<u>\$ 170,364</u>	<u>\$ 169,989</u>	<u>\$ 375</u>
Legal Services:				
Personal services	\$ 2,400	\$ 2,400	\$ 2,400	-
Fringe benefits	10,603	10,603	10,390	213
Contractual services	77,000	73,840	80,090	(6,250)
Other charges	4,050	4,050	3,038	1,012
Total legal services	<u>\$ 94,053</u>	<u>\$ 90,893</u>	<u>\$ 95,918</u>	<u>\$ (5,025)</u>
Finance Department:				
Personal services	\$ 217,738	\$ 217,738	\$ 237,389	\$ (19,651)
Fringe benefits	80,245	80,245	87,115	(6,870)
Contractual services	35,105	36,405	29,446	6,959
Other charges	41,412	41,412	35,559	5,853
Capital outlay	2,300	2,300	378	1,922
Total finance department	<u>\$ 376,800</u>	<u>\$ 378,100</u>	<u>\$ 389,887</u>	<u>\$ (11,787)</u>
Memberships and Dues:				
Other charges	\$ 5,736	\$ 5,736	\$ 5,861	\$ (125)
Total memberships and dues	<u>\$ 5,736</u>	<u>\$ 5,736</u>	<u>\$ 5,861</u>	<u>\$ (125)</u>
Data Processing Department				
Contractual services	\$ 83,688	\$ 109,645	\$ 72,265	\$ 37,380
Other charges	7,900	7,900	5,802	2,098
Capital outlay	50,750	54,418	38,395	16,023
Total data processing department	<u>\$ 142,338</u>	<u>\$ 171,963</u>	<u>\$ 116,462</u>	<u>\$ 55,501</u>

Town of Warrenton, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Total general government administration	\$ 968,240	\$ 992,305	\$ 973,880	\$ 18,425
<b>Public safety:</b>				
Department of Police				
Personal services	\$ 1,366,650	\$ 1,358,000	\$ 1,376,280	\$ (18,280)
Fringe benefits	506,293	506,293	396,490	109,803
Contractual services	39,800	79,709	67,141	12,568
Other charges	177,817	181,714	205,839	(24,125)
Capital outlay	9,700	18,150	25,845	(7,695)
Total department of police	<u>\$ 2,100,260</u>	<u>\$ 2,143,866</u>	<u>\$ 2,071,595</u>	<u>\$ 72,271</u>
<b>Fire and Rescue Services:</b>				
Personal services	\$ 61,436	\$ 61,436	\$ 47,694	\$ 13,742
Fringe benefits	15,207	15,207	13,022	2,185
Other charges	108,703	69,082	68,624	458
Capital outlay	10,000	-	-	-
Total fire and rescue services	<u>\$ 195,346</u>	<u>\$ 145,725</u>	<u>\$ 129,340</u>	<u>\$ 16,385</u>
<b>Bureau of Building Inspections:</b>				
Personal services	\$ 121,002	\$ 121,002	\$ 132,766	\$ (11,764)
Fringe benefits	36,235	36,235	39,362	(3,127)
Contractual services	19,350	19,350	2,042	17,308
Other charges	22,283	22,283	22,769	(486)
Capital outlay	750	750	126	624
Total bureau of building inspections	<u>\$ 199,620</u>	<u>\$ 199,620</u>	<u>\$ 197,065</u>	<u>\$ 2,555</u>
Total public safety	<u>\$ 2,495,226</u>	<u>\$ 2,489,211</u>	<u>\$ 2,398,000</u>	<u>\$ 91,211</u>
<b>Public Works Administration:</b>				
Personal services	\$ 266,342	\$ 266,342	\$ 286,651	\$ (20,309)
Fringe benefits	86,936	86,936	96,416	(9,480)
Contractual services	17,894	25,854	2,949	22,905
Other charges	25,272	25,272	27,109	(1,837)
Capital outlay	800	800	-	800
Total public works administration	<u>\$ 397,244</u>	<u>\$ 405,204</u>	<u>\$ 413,125</u>	<u>\$ (7,921)</u>
<b>Bureau of Street Maintenance:</b>				
Personal services	\$ 345,650	\$ 345,650	\$ 259,274	\$ 86,376
Fringe benefits	233,637	233,637	192,354	41,283
Contractual services	2,730	2,730	6,142	(3,412)
Other charges	185,721	185,721	170,769	14,952
Capital outlay	30,350	30,350	351	29,999
Total bureau of street maintenance	<u>\$ 798,088</u>	<u>\$ 798,088</u>	<u>\$ 628,890</u>	<u>\$ 169,198</u>

Town of Warrenton, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Arterial Street Maintenance:				
Personal services	\$ 64,000	\$ 64,000	\$ 76,647	\$ (12,647)
Fringe benefits	4,896	4,896	5,495	(599)
Contractual services	45,900	45,900	49,682	(3,782)
Other charges	82,300	82,300	94,135	(11,835)
Capital outlay	99,611	99,611	81,178	18,433
Total arterial street maintenance	<u>\$ 296,707</u>	<u>\$ 296,707</u>	<u>\$ 307,137</u>	<u>\$ (10,430)</u>
Collector Street Maintenance:				
Personal services	\$ 53,000	\$ 53,000	\$ 58,322	\$ (5,322)
Fringe benefits	4,055	4,055	4,358	(303)
Contractual services	15,000	15,000	7,130	7,870
Other charges	53,780	53,780	82,705	(28,925)
Capital outlay	181,030	181,030	156,233	24,797
Total collector street maintenance	<u>\$ 306,865</u>	<u>\$ 306,865</u>	<u>\$ 308,748</u>	<u>\$ (1,883)</u>
Bureau of Refuse Collection:				
Personal services	\$ 168,433	\$ 168,433	\$ 163,276	\$ 5,157
Fringe benefits	80,871	80,871	65,463	15,408
Contractual services	111,170	106,110	989	105,121
Other charges	58,916	63,976	66,506	(2,530)
Total bureau of refuse collection	<u>\$ 419,390</u>	<u>\$ 419,390</u>	<u>\$ 296,234</u>	<u>\$ 123,156</u>
Recycling Program:				
Personal services	\$ 60,585	\$ 60,585	\$ 56,896	\$ 3,689
Fringe benefits	24,119	24,119	18,585	5,534
Contractual services	800	800	141	659
Other charges	33,709	33,709	5,322	28,387
Total recycling program	<u>\$ 119,213</u>	<u>\$ 119,213</u>	<u>\$ 80,944</u>	<u>\$ 38,269</u>
Maintenance, Buildings and Grounds:				
Personal services	\$ 38,230	\$ 38,230	\$ 39,556	\$ (1,326)
Fringe benefits	13,065	13,065	11,102	1,963
Contractual services	64,901	64,901	68,656	(3,755)
Other charges	86,925	139,837	107,966	31,871
Capital outlay	8,000	8,000	757	7,243
Total maintenance, buildings and grounds	<u>\$ 211,121</u>	<u>\$ 264,033</u>	<u>\$ 228,037</u>	<u>\$ 35,996</u>
Total public works	<u>\$ 2,548,628</u>	<u>\$ 2,609,500</u>	<u>\$ 2,263,115</u>	<u>\$ 346,385</u>

Town of Warrenton, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare:				
Welfare/Social Services:				
Other charges	\$ 88,861	\$ 88,861	\$ 94,945	\$ (6,084)
Total welfare/social service contributions	<u>88,861</u>	<u>88,861</u>	<u>94,945</u>	<u>(6,084)</u>
Total health and welfare	<u>\$ 88,861</u>	<u>\$ 88,861</u>	<u>\$ 94,945</u>	<u>\$ (6,084)</u>
Parks, recreation, and culture:				
Maintenance, cemetery:				
Personal services	\$ 66,706	\$ 66,706	\$ 69,543	\$ (2,837)
Fringe benefits	31,198	31,198	18,989	12,209
Contractual services	11,700	3,100	772	2,328
Other charges	9,958	9,958	14,741	(4,783)
Total maintenance, cemetery	<u>\$ 119,562</u>	<u>\$ 110,962</u>	<u>\$ 104,045</u>	<u>\$ 6,917</u>
Cultural enrichment:				
Other charges	\$ 26,000	\$ 30,498	\$ 31,595	\$ (1,097)
Total cultural enrichment	<u>\$ 26,000</u>	<u>\$ 30,498</u>	<u>\$ 31,595</u>	<u>\$ (1,097)</u>
Total parks, recreation, and cultural	<u>\$ 145,562</u>	<u>\$ 141,460</u>	<u>\$ 135,640</u>	<u>\$ 5,820</u>
Community development:				
Planning and Zoning Department				
Personal services	\$ 285,746	\$ 285,746	\$ 293,349	\$ (7,603)
Fringe benefits	79,515	79,515	70,155	9,360
Contractual services	72,970	68,298	52,754	15,544
Other charges	79,095	79,095	79,253	(158)
Capital outlay	16,500	43,029	8,667	34,362
Total planning and zoning department	<u>\$ 533,826</u>	<u>\$ 555,683</u>	<u>\$ 504,178</u>	<u>\$ 51,505</u>

Town of Warrenton, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Zoning Appeals Board:				
Personal services	\$ 900	\$ 900	\$ 236	\$ 664
Fringe benefits	69	69	18	51
Contractual services	1,500	1,500	1,621	(121)
Other charges	950	950	275	675
Total zoning appeals board	<u>\$ 3,419</u>	<u>\$ 3,419</u>	<u>\$ 2,150</u>	<u>\$ 1,269</u>
Architectural Review Board:				
Personal services	\$ 1,650	\$ 1,650	\$ 765	\$ 885
Fringe benefits	127	127	58	69
Contractual services	10,250	8,450	485	7,965
Other charges	1,850	1,850	1,099	751
Total architectural review board	<u>\$ 13,877</u>	<u>\$ 12,077</u>	<u>\$ 2,407</u>	<u>\$ 9,670</u>
Total community development	<u>\$ 551,122</u>	<u>\$ 571,179</u>	<u>\$ 508,735</u>	<u>\$ 62,444</u>
Capital projects:				
Capital outlay	<u>\$ 904,310</u>	<u>\$ 1,058,141</u>	<u>\$ 680,800</u>	<u>\$ 377,341</u>
Total capital projects	<u>\$ 904,310</u>	<u>\$ 1,058,141</u>	<u>\$ 680,800</u>	<u>\$ 377,341</u>
Total General Fund	<u><u>\$ 7,701,949</u></u>	<u><u>\$ 7,950,657</u></u>	<u><u>\$ 7,055,115</u></u>	<u><u>\$ 895,542</u></u>

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Operating Revenues:</b>				
Sale of services, commodities and properties:				
Sewer service charges	\$ 2,697,974	\$ 2,697,974	\$ 2,554,297	\$ (143,677)
Sale of water	1,452,755	1,452,755	1,350,681	(102,074)
Sale of materials and supplies	73,500	73,500	23,205	(50,295)
Late payment charges	33,600	33,600	32,972	(628)
Installation fees	12,600	12,600	116,499	103,899
Transfer fees	12,495	12,495	8,277	(4,218)
Reconnection fees	10,500	10,500	5,817	(4,683)
Total sale of services, commodities and properties	<u>\$ 4,308,773</u>	<u>\$ 4,308,773</u>	<u>\$ 4,091,748</u>	<u>\$ (217,025)</u>
Miscellaneous revenue:				
Miscellaneous receipts	\$ 130,384	\$ 130,384	\$ 86,103	\$ (44,281)
Total miscellaneous revenue	<u>\$ 130,384</u>	<u>\$ 130,384</u>	<u>\$ 86,103</u>	<u>\$ (44,281)</u>
Total operating revenue	<u>\$ 4,439,157</u>	<u>\$ 4,439,157</u>	<u>\$ 4,177,851</u>	<u>\$ (261,306)</u>
<b>Operating Expenses:</b>				
Source of supply:				
Personal services	\$ 284,881	\$ 284,881	\$ 262,124	\$ 22,757
Fringe benefits	103,335	103,335	96,338	6,997
Contractual services	86,579	86,579	72,987	13,592
Other charges	211,662	211,662	271,718	(60,056)
Total source of supply	<u>\$ 686,457</u>	<u>\$ 686,457</u>	<u>\$ 703,167</u>	<u>\$ (16,710)</u>
Transmission and distribution:				
Personal services	\$ 299,101	\$ 299,101	\$ 264,123	\$ 34,978
Fringe benefits	123,763	123,763	115,369	8,394
Contractual services	16,988	16,988	6,282	10,706
Other charges	82,974	82,974	79,721	3,253
Total transmission and distribution	<u>\$ 522,826</u>	<u>\$ 522,826</u>	<u>\$ 465,495</u>	<u>\$ 57,331</u>
Meter reading:				
Personal services	\$ 105,869	\$ 105,869	\$ 91,111	\$ 14,758
Fringe benefits	41,160	41,160	34,421	6,739
Contractual services	9,537	9,537	8,215	1,322
Other charges	99,265	99,265	51,731	47,534
Total meter reading	<u>\$ 255,831</u>	<u>\$ 255,831</u>	<u>\$ 185,478</u>	<u>\$ 70,353</u>
Wastewater Treatment Operation:				
Personal services	\$ 445,520	\$ 445,520	\$ 457,683	\$ (12,163)
Fringe benefits	159,425	159,425	157,411	2,014
Contractual services	149,455	149,455	159,716	(10,261)
Other charges	384,390	384,390	478,496	(94,106)
Total wastewater treatment operation	<u>\$ 1,138,790</u>	<u>\$ 1,138,790</u>	<u>\$ 1,253,306</u>	<u>\$ (114,516)</u>

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Expenses: (Continued)				
Public Utilities Administration:				
Personal services	\$ 369,166	\$ 369,166	\$ 321,735	\$ 47,431
Fringe benefits	131,672	131,672	108,093	23,579
Contractual services	173,367	225,751	136,360	89,391
Car Allowance	-	-	840	(840)
Other charges	59,683	59,683	57,232	2,451
Capital outlays	35,670	38,115	20,572	17,543
Total public utilities administration	<u>\$ 769,558</u>	<u>\$ 824,387</u>	<u>\$ 644,832</u>	<u>\$ 179,555</u>
Capital Outlay:				
Machinery & equipment	\$ 150,465	\$ 254,428	\$ 196,029	\$ 58,399
Water plant improvements	205,000	210,848	-	210,848
Sewer plant improvements	1,235,000	1,679,356	-	1,679,356
Sewer line rehabilitation	200,000	1,000	-	1,000
Cedar Run pump station	-	138,074	3,518	134,556
Other	-	-	1	(1)
Total capital outlay	<u>\$ 2,211,965</u>	<u>\$ 2,705,206</u>	<u>\$ 199,548</u>	<u>\$ 2,505,658</u>
Depreciation	\$ -	\$ -	\$ 912,297	\$ (912,297)
Total operating expenses	<u>\$ 5,585,427</u>	<u>\$ 6,133,497</u>	<u>\$ 4,364,123</u>	<u>\$ 1,769,374</u>
Net operating income	<u>\$ (1,146,270)</u>	<u>\$ (1,694,340)</u>	<u>\$ (186,272)</u>	<u>\$ (1,508,068)</u>
Non-operating revenues (expenses):				
Interest revenue	\$ 84,000	\$ 84,000	\$ 554,330	\$ (470,330)
Rental revenue	159,562	159,562	142,510	17,052
Capital contributions	1,365,435	1,365,435	792,065	573,370
Net non-operating revenues (expenses)	<u>\$ 1,608,997</u>	<u>\$ 1,608,997</u>	<u>\$ 1,488,905</u>	<u>\$ 120,092</u>
Net income (loss) before operating transfers	<u>\$ 462,727</u>	<u>\$ (85,343)</u>	<u>\$ 1,302,633</u>	<u>\$ (1,387,976)</u>
Operating transfers out	<u>(3,416,727)</u>	<u>(3,416,727)</u>	<u>-</u>	<u>(3,416,727)</u>
Net income (loss)	<u>\$ (2,954,000)</u>	<u>\$ (3,502,070)</u>	<u>\$ 1,302,633</u>	<u>\$ (4,804,703)</u>
Net income (loss)	<u>\$ (2,954,000)</u>	<u>\$ (3,502,070)</u>	<u>\$ 1,302,633</u>	<u>\$ (4,804,703)</u>
Net assets, beginning of year	<u>2,954,000</u>	<u>3,502,070</u>	<u>27,786,266</u>	<u>(24,284,196)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,088,899</u>	<u>\$ (29,088,899)</u>

Town of Warrenton, Virginia  
 Schedule of Changes in Reserved for Construction Fund Balances  
 General Fund  
 For the Year Ended June 30, 2007

Schedule 4

	Balances	Transfers		Balances
	July 1, 2006	In	Out	June 30, 2007
Academy Recreation	\$ 27,500	\$ -	\$ 27,500	\$ -
ARB Printing	-	1,800	-	1,800
Academy Hill Park Improvements	50,000	-	50,000	-
Adelphia	41,000	-	-	41,000
Business directional sign	3,100	-	-	3,100
Cemetery street improvement	5,000	-	-	5,000
Cemetery Pmts on Contract	-	8,600	-	8,600
Comprehensive Plan	12,570	15,000	-	27,570
Data processing equipment	23,487	-	-	23,487
Drainage projects	62,936	-	-	62,936
Driveway culvert Evans	5,400	-	-	5,400
Driveway culverts	8,642	-	-	8,642
Fire/Rescue	-	49,621	-	49,621
Gay Road Park design	50,000	-	50,000	-
Haiti St. sidewalk	23,400	-	-	23,400
Highland Proffers	84,876	4,606	-	89,482
Legal Fees	44,510	95,166	-	139,676
Light installation	21,701	-	-	21,701
Microfilm records	4,102	5,000	-	9,102
Old Town Signage	5,000	-	-	5,000
Park site improvements	19,069	-	10,069	9,000
Parking lot improvements	3,760	-	-	3,760
Parking Project	350,000	-	-	350,000
Parks Maint. Contr. Repair	47,489	-	-	47,489
Planning department printing	8,238	-	-	8,238
Playground equipment	5,500	-	-	5,500
Professional services - data processing	49,672	-	-	49,672
Professional services - planning	11,782	8,370	-	20,152
Recreation	169,180	-	169,180	-
Recreation Center	-	-	-	-
Repairs municipal building	55,607	-	52,912	2,695
Sidewalk construction	44,031	-	-	44,031
Sidewalk curb and gutter	54,634	-	-	54,634
Storm sewers	190,200	-	-	190,200
Street improvements/painting	7,872	-	-	7,872
SWMM upgrade	15,000	-	-	15,000
VDOT Urban Project	8,234	-	-	8,234
Visitor Center	-	16,824	-	16,824
Wherehouse improvements	2,882	-	-	2,882
<b>Totals</b>	<b>\$ 1,516,374</b>	<b>\$ 204,987</b>	<b>\$ 359,661</b>	<b>\$ 1,361,700</b>

Town of Warrenton, Virginia  
 Schedule of Changes in Restricted Net Assets  
 Water and Sewer Fund  
 For the Year Ended June 30, 2007

Schedule 5

	Balances		Transfers		Balances	
	July 1, 2006		In	Out	June 30, 2007	
Caustic feed system	\$ 51,834	\$	-	\$ -	\$	51,834
Culpeper Street water line	19,748		-	-		19,748
Data processing equipment	25,558		-	-		25,558
Furniture and fixtures	2,615		-	-		2,615
Lift station upgrade	60,720		-	-		60,720
Lines and services	813,931		-	-		813,931
Professional services - data processing	1,293		-	-		1,293
Professional services - adm	4,200		1,200	-		5,400
Sewer plant improvements	731,651		-	-		731,651
Sewer plant improvements-ammonia	601,179		-	-		601,179
Sewer rehabilitation	282,956		-	-		282,956
Rady Park Pump Station Upgrade	207,035		-	-		207,035
Warrenton Training Center	329,891		-	32,704		297,187
Water plant improvements	421,847		-	-		421,847
<b>Totals</b>	<b>\$ 3,554,458</b>	<b>\$</b>	<b>1,200</b>	<b>\$ 32,704</b>	<b>\$</b>	<b>3,522,954</b>

Town of Warrenton, Virginia  
 Schedule of Changes in Restricted Net Assets  
 Recreation Fund  
 For the Year Ended June 30, 2007

Schedule 6

	Balances	Transfers		Balances
	July 1, 2006	In	Out	June 30, 2007
Academy Hill Park	\$ -	\$ 65,000	\$ -	\$ 65,000
Park site improvement	-	10,069	-	10,069
Gay Road Park	-	50,000	-	50,000
Recreation proffers	-	169,180	-	169,180
Academy recreation proffers	-	27,500	-	27,500
Steam mitigation	-	160,980	-	160,980
F&F aquatic center	-	380,173	-	380,173
Gold Cup park	-	25,000	-	25,000
Rt. 211 access/parking	-	235,093	-	235,093
Playground equipment	-	1,000	-	1,000
Totals	\$ -	\$ 1,123,995	\$ -	\$ 1,123,995

## **STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the Town of Warrenton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	86-93
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	94-100
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	101-105
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	106-107
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	108-113
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

### Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF WARRENTON, VIRGINIA

Net Assets by Component

Last Six Fiscal Years

(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 14,682,167	\$ 17,346,179	\$ 24,142,662
Restricted	1,941,736	6,758,066	6,001,061
Unrestricted	8,110,581	6,556,011	8,589,416
Total governmental activities net assets	\$ <u>24,734,484</u>	\$ <u>30,660,256</u>	\$ <u>38,733,139</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 12,491,284	\$ 16,786,204	\$ 16,811,434
Restricted	2,863,575	2,607,984	2,870,352
Unrestricted	8,405,449	6,509,702	8,844,331
Total business-type activities net assets	\$ <u>23,760,308</u>	\$ <u>25,903,890</u>	\$ <u>28,526,117</u>
Primary government			
Invested in capital assets, net of related debt	\$ 27,173,451	\$ 34,132,383	\$ 40,954,096
Restricted	4,805,311	9,366,050	8,871,413
Unrestricted	16,516,030	13,065,713	17,433,747
Total primary government net assets	\$ <u>48,494,792</u>	\$ <u>56,564,146</u>	\$ <u>67,259,256</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the Town implemented GASB 34.

Table 1

Fiscal Year	
2006	2007
\$ 27,888,659	\$ 27,860,169
2,046,436	1,917,160
<u>12,794,906</u>	<u>2,449,220</u>
<u>\$ 42,730,001</u>	<u>\$ 32,226,549</u>
\$ 17,155,045	\$ 33,900,479
11,713,744	4,646,949
<u>7,738,868</u>	<u>12,431,093</u>
<u>\$ 36,607,657</u>	<u>\$ 50,978,521</u>
\$ 45,043,704	\$ 61,760,648
13,760,180	6,564,109
<u>20,533,774</u>	<u>14,880,313</u>
<u>\$ 79,337,658</u>	<u>\$ 83,205,070</u>

Changes in Net Assets  
 Last Five Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 801,322	\$ 865,020	\$ 841,326	\$ 937,279	\$ 1,060,596
Public safety	2,010,689	2,044,514	2,162,210	2,444,376	2,504,495
Public works	2,872,899	2,425,711	2,900,194	3,111,121	3,196,533
Health and welfare	58,350	60,986	72,096	96,765	94,945
Parks, recreation and cultural	251,035	165,968	52,562	149,936	135,169
Community development	429,669	407,819	445,378	508,498	455,345
Interest on long-term debt	2,492	94	-	-	-
Total governmental activities expenses	\$ 6,426,456	\$ 5,970,112	\$ 6,473,766	\$ 7,247,975	\$ 7,447,083
Business-type activities:					
Water and sewer	\$ 3,832,591	\$ 3,842,061	\$ 3,757,536	\$ 4,058,266	\$ 4,364,123
Parks and recreation	-	-	-	4,623	589,436
Total business-type activities expenses	\$ 3,832,591	\$ 3,842,061	\$ 3,757,536	\$ 4,062,889	\$ 4,953,559
Total primary government expenses	\$ 10,259,047	\$ 9,812,173	\$ 10,231,302	\$ 11,310,864	\$ 12,400,642
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Public safety	\$ 155,070	\$ 206,823	\$ 134,871	\$ 128,732	\$ 139,433
Community development	-	253,742	375,753	390,132	321,791
Operating grants and contributions	1,014,166	2,405,588	1,119,543	1,291,284	1,361,666
Capital grants and contributions	-	2,221,275	5,731,845	7,227,348	1,666,057
Total governmental activities program revenues	\$ 1,169,236	\$ 5,087,428	\$ 7,362,012	\$ 9,037,496	\$ 3,488,947
Business-type activities:					
Charges for services:					
Water and sewer	\$ 3,518,907	\$ 3,643,950	\$ 3,695,420	\$ 3,916,771	\$ 4,091,748
Capital grants and contributions	5,320,575	1,791,625	2,127,048	1,735,377	792,065
Total business-type activities program revenues	\$ 8,839,482	\$ 5,435,575	\$ 5,822,468	\$ 5,652,148	\$ 4,883,813
Total primary government program revenues	\$ 10,008,718	\$ 10,523,003	\$ 13,184,480	\$ 14,689,644	\$ 8,372,760
Net (expense) / revenue					
Governmental activities	\$ (5,257,220)	\$ (882,684)	\$ 888,246	\$ 1,789,521	\$ (3,958,136)
Business-type activities	5,006,891	1,593,514	-	1,589,259	(69,746)
Total primary government net expense	\$ (250,329)	\$ 710,830	\$ 888,246	\$ 3,378,780	\$ (4,027,882)

Changes in Net Assets  
Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 595,516	\$ 631,535	\$ 727,907	\$ 713,802	\$ 554,281
Other local taxes	4,884,107	-	-	-	-
Local sales and use tax	-	390,691	458,976	519,031	542,586
Consumer's utility tax	-	896,993	1,010,520	952,708	994,325
Business license tax	-	1,023,571	1,123,373	1,400,230	1,653,232
Restaurant food tax	-	1,494,046	1,561,380	1,632,434	1,775,493
Transient occupancy tax	-	132,663	185,405	-	-
Motor vehicle license tax	-	91,278	91,990	-	-
Bank stock tax	-	798,720	381,368	-	-
Tobacco tax	-	231,192	225,417	-	-
Other local taxes	-	123,546	45,556	1,088,358	1,013,222
Permits, privilege fees, and regulatory licenses	255,724	-	-	-	-
Unrestricted grants and contributions of money and property	641,418	748,819	805,549	835,666	-
Miscellaneous	112,894	142,685	253,183	265,957	22,532
Gain/loss on disposal of capital assets	-	(2,977)	-	-	-
Unrestricted grants and contributions Transfers	-	-	-	(5,826,014)	-
Total governmental activities	\$ 6,748,961	\$ 6,808,456	\$ 7,184,637	\$ 2,207,341	\$ 8,149,113
Business-type activities:					
Unrestricted grants and contributions	\$ -	\$ 299,000	\$ 2,064,932	\$ -	\$ -
Unrestricted revenues from use of money and property	229,401	240,345	363,492	533,634	746,081
Miscellaneous	33,635	10,723	193,803	132,633	228,613
Miscellaneous	-	-	-	5,826,014	-
Total business-type activities	\$ 263,036	\$ 550,068	\$ 2,622,227	\$ 6,492,281	\$ 974,694
Total primary government	\$ 7,011,997	\$ 7,358,524	\$ 9,806,864	\$ 8,699,622	\$ 9,123,807
<b>Change in Net Assets</b>					
Governmental activities	\$ 1,491,741	\$ 5,925,772	\$ 8,072,883	\$ 3,996,862	\$ 4,190,977
Business-type activities	5,269,927	2,143,582	2,622,227	8,081,540	904,948
Total primary government	\$ 6,761,668	\$ 8,069,354	\$ 10,695,110	\$ 12,078,402	\$ 5,095,925

Note: Accrual-basis financial information is available back to fiscal year 2003 when the Town implemented GASB 34.

**TOWN OF WARRENTON, VIRGINIA**

Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year				
	1998	1999	2000	2001	2002
General fund					
Reserved	\$ 1,097,312	\$ 1,108,969	\$ 1,920,460	\$ 3,016,433	\$ 2,560,828
Unreserved	4,229,718	4,716,876	4,098,743	5,678,717	5,898,956
Total general fund	<u>\$ 5,327,030</u>	<u>\$ 5,825,845</u>	<u>\$ 6,019,203</u>	<u>\$ 8,695,150</u>	<u>\$ 8,459,784</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Special revenue funds	\$ 18,644	\$ -	\$ -	\$ -	-
Capital projects funds	-	-	-	-	-
Permanent funds	-	-	-	-	494,443
Total all other governmental funds	<u>\$ 18,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,443</u>

Table 3

Fiscal Year				
2003	2004	2005	2006	2007
\$ 1,442,840	\$ 6,259,158	\$ 5,492,318	\$ 596,659	\$ 1,361,700
8,213,270	6,558,977	8,749,616	13,885,546	2,677,795
<u>\$ 9,656,110</u>	<u>\$ 12,818,135</u>	<u>\$ 14,241,934</u>	<u>\$ 14,482,205</u>	<u>\$ 4,039,495</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	125,470	-	-	-
498,896	498,908	508,743	528,712	555,460
<u>\$ 498,896</u>	<u>\$ 624,378</u>	<u>\$ 508,743</u>	<u>\$ 528,712</u>	<u>\$ 555,460</u>

**TOWN OF WARRENTON, VIRGINIA**

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000	2001
<b>Revenues</b>				
General property taxes	\$ 1,675,689	\$ 1,643,425	\$ 1,462,133	\$ 1,211,312
Other local taxes	3,232,114	3,482,397	3,550,359	4,191,058
Permits, privilege fees and regulatory licenses	125,678	109,343	134,462	214,220
Fines and forfeitures	110,940	106,942	104,505	73,808
Revenue from use of money and property	244,565	302,289	292,579	458,405
Miscellaneous	189,521	36,698	174,071	942,784
Recovered costs	31,124	23,527	25,004	24,285
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	767,480	1,121,876	1,155,222	1,271,559
Federal	279,953	47,136	22,848	4,770
Total revenues	\$ 6,657,064	\$ 6,873,633	\$ 6,921,183	\$ 8,392,201
<b>Expenditures</b>				
General government administration	\$ 750,083	\$ 756,020	\$ 786,176	\$ 788,901
Public safety	1,599,638	1,711,155	1,822,997	1,938,025
Public works	1,934,484	1,917,692	2,010,157	1,968,878
Contributions	104,146	89,349	228,659	153,911
Parks, recreation and cultural	12,297	27,022	9,338	19,989
Community development	363,162	422,662	424,043	494,974
Non-departmental	-	-	-	-
Capital projects	1,263,632	1,443,594	1,390,842	476,872
Debt service:				
Principal	41,171	23,359	23,719	48,159
Interest and other fiscal charges	4,656	2,609	1,032	7,804
Total expenditures	\$ 6,073,269	\$ 6,393,462	\$ 6,696,963	\$ 5,897,513
Excess of revenues over (under) expenditures	\$ 583,795	\$ 480,171	\$ 224,220	\$ 2,494,688
Other financing sources (uses)				
Transfers in	\$ 126,502	\$ -	\$ -	\$ -
Transfers out	(126,502)	-	(30,862)	-
Proceeds from indebtedness	-	-	-	181,259
Total other financing sources (uses)	\$ -	\$ -	\$ (30,862)	\$ 181,259
Net change in fund balances	\$ 583,795	\$ 480,171	\$ 193,358	\$ 2,675,947

Debt service as a percentage of  
noncapital expenditures

Table 4

Fiscal Year						
2002	2003	2004	2005	2006	2007	
\$ 605,363	\$ 570,204	\$ 649,312	\$ 744,748	\$ 722,808	\$ 627,637	
4,695,289	4,884,107	5,182,700	5,083,985	5,592,761	5,978,858	
273,780	255,724	323,960	375,753	390,132	321,791	
88,950	155,070	136,605	134,871	128,732	139,433	
229,157	259,302	105,694	314,013	625,169	778,520	
379,256	40,596	85,460	219,696	266,831	40,698	
22,377	72,298	57,225	33,489	23,151	13,487	
-	-	1,357,540	-	-	-	
1,527,205	1,623,410	1,785,002	1,924,592	2,110,717	2,162,466	
11,749	32,174	11,865	500	613,581	42,179	
<u>\$ 7,833,126</u>	<u>\$ 7,892,885</u>	<u>\$ 9,695,363</u>	<u>\$ 8,831,647</u>	<u>\$ 10,473,882</u>	<u>\$ 10,105,069</u>	
\$ 831,332	\$ 765,865	\$ 837,312	\$ 837,721	\$ 835,842	\$ 973,880	
1,839,211	1,973,466	1,956,619	2,063,730	2,365,107	2,398,000	
2,151,562	2,005,221	1,836,982	2,217,748	2,191,932	2,263,115	
191,664	207,671	204,369	72,096	96,765	94,945	
-	-	-	148,550	206,123	135,640	
436,114	438,994	403,547	433,713	504,741	508,735	
-	19,900	12,500	675	-	-	
2,127,027	1,322,262	1,151,423	1,749,250	986,852	680,800	
59,864	68,225	5,004	-	-	-	
6,055	2,492	100	-	-	-	
<u>\$ 7,642,829</u>	<u>\$ 6,804,096</u>	<u>\$ 6,407,856</u>	<u>\$ 7,523,483</u>	<u>\$ 7,187,362</u>	<u>\$ 7,055,115</u>	
\$ 190,297	\$ 1,088,789	\$ 3,287,507	\$ 1,308,164	\$ 3,286,520	\$ 3,049,954	
\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	\$ -	
(425,663)	-	-	-	(8,826,014)	(13,465,916)	
-	-	-	-	-	-	
<u>\$ (425,663)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,826,014)</u>	<u>\$ (13,465,916)</u>	
<u>\$ (235,366)</u>	<u>\$ 1,088,789</u>	<u>\$ 3,287,507</u>	<u>\$ 1,308,164</u>	<u>\$ (2,539,494)</u>	<u>\$ (10,415,962)</u>	

**TOWN OF WARRENTON, VIRGINIA**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Merchants' Capital</b>	<b>Public Service</b>
2007	\$ 1,726,834,100	\$ 94,049,306	\$ -	\$ 251,503	N/A	\$ 26,702,670
2006	1,702,213,900	87,009,001	-	301,061	N/A	15,115,823
2005	803,093,350	75,359,990	-	389,476	N/A	18,765,767
2004	754,879,500	72,564,642	-	405,195	N/A	33,632,102
2003	701,853,350	64,202,242	-	560,712	N/A	24,056,439
2002	591,875,900	57,788,410	1,111	360,911	N/A	22,395,310
2001	502,120,502	50,952,693	4,300	400,064	N/A	21,730,034
2000	488,175,500	43,931,350	5,705	284,056	N/A	21,138,978
1999	474,819,450	42,111,093	10,605	606,856	N/A	19,917,027
1998	469,124,500	37,886,291	1,000	518,461	N/A	18,700,691

Source: Commissioner of Revenue

Table 5

	<b>Total Taxable Assessed Value</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$	1,847,837,579	\$ 1,847,837,579	100.00%
	1,804,639,785	1,804,639,785	100.00%
	897,608,583	897,608,583	100.00%
	861,481,439	861,481,439	100.00%
	790,672,743	790,672,743	100.00%
	672,421,642	672,421,642	100.00%
	575,207,593	575,207,593	100.00%
	553,535,589	553,535,589	100.00%
	537,465,031	537,465,031	100.00%
	526,230,943	526,230,943	100.00%

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Property Tax Rates (1)  
 Direct and Overlapping Governments  
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				Overlapping Rates County of Fauquier	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Real Estate	Personal Property
2007	\$ 0.015	\$ 1.00	\$ N/A	\$ 1.00	\$ 0.645	\$ 4.65
2006	0.015	1.00	N/A	1.00	0.645	4.65
2005	0.03	1.00	N/A	1.00	0.99	4.65
2004	0.03	1.00	N/A	1.00	0.99	4.65
2003	0.03	1.00	N/A	1.00	0.99	4.65
2002	0.05	1.00	N/A	1.00	1.06	4.65
2001	0.12	2.25	0.18	2.25	1.06	4.65
2000	0.14	2.25	0.18	2.25	1.06	4.65
1999	.17/.14	2.25	0.18	2.25	1.06	4.65
1998	0.18	2.25	0.18	2.25	1.03	4.65

(1) Per \$100 of assessed value

TOWN OF WARRENTON, VIRGINIA

Principal Property Taxpayers  
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2007	
		2006 Assessed Valuation	% of Total Assessed Valuation
Warrenton Center LLC	Shopping Center	\$ 28,957,100	0.016045917
Warrenton Development Co	Developer	21,008,800	0.011641548
Warrenton Village	Shopping Center	18,637,600	0.010327601
Walmart	Retail Store	14,559,700	0.008067926
Sears Roebuck anc Co	Retail Store	12,666,900	0.007019074
Jefferson Associates	Shopping Center	12,492,100	0.006922212
Warrenton Professional Center	Shopping Center	12,254,500	0.006790552
Kalis Holdings Inc	Shopping Center	10,372,800	0.005747851
Home Depot USA Inc	Retail Store	8,433,400	0.004673176
Highland Commons Lp	Developer	8,286,600	0.00459183
		<u>\$ 147,669,500</u>	<u>3.94%</u>

Source: Commissioner of Revenue

Table 7

Taxpayer	Type Business	Fiscal Year 1998	
		1997 Assessed Valuation	% of Total Assessed Valuation
Jefferson Associates	Shopping Center	\$ 24,302,000	0.048862392
Bell Atlantic-Virginia Inc	Utility	11,067,030	0.022251731
Warrenton Development Co	Developer	8,715,300	0.017523266
Troy CMBS Property LLC	Shopping Center	6,590,700	0.013251476
Highland Commons LP	Builder/Developer	6,021,000	0.012106019
Warrenton Towne Center	Shopping Center	5,258,300	0.010572509
Virginia Power	Utility	4,737,930	0.009526236
Warrenton Professional Centre	Health Care	4,671,200	0.009392067
Mildred S Fletcher	Rental Properties	4,494,200	0.009036185
The Fauquier Bank	Bank	3,975,800	0.007993873
		<u>\$ 79,833,460</u>	<u>2.13%</u>

Property Tax Levies and Collections  
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 1,127,768	\$ 1,108,642	98.30%	-	\$ 1,108,642	98.30%
2006	1,472,705	1,423,898	96.69%	130,949	1,554,847	105.58%
2005	1,300,387	1,240,510	95.40%	130,447	1,370,957	105.43%
2004	1,240,467	1,210,246	97.56%	23,472	1,233,718	99.46%
2003	1,108,708	1,064,496	96.01%	27,902	1,092,398	98.53%
2002	1,051,396	1,005,877	95.67%	59,813	1,065,690	101.36%
2001	1,470,335	1,403,690	95.47%	45,866	1,449,556	98.59%
2000	1,553,140	1,494,425	96.22%	60,771	1,555,196	100.13%
1999	1,603,661	1,552,848	96.83%	50,932	1,603,780	100.01%
1998	1,618,551	1,560,250	96.40%	67,697	1,627,947	100.58%

Source: Department of Finance & Human Resources

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Capital Leases	General Obligation Bonds	Capital Leases				
2007	\$ -	\$ 9,775,000	\$ -	\$ -	9,775,000	3.30%	1,131
2006	-	9,775,000	-	-	9,775,000	3.30%	1,131
2005	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	0.00%	-
2003	5,010	3,375,000	3,323	-	3,383,333	1.94%	456
2002	73,235	3,990,000	8,122	-	4,071,357	2.15%	542
2001	133,099	4,600,000	-	-	4,733,099	2.82%	710
2000	-	5,155,000	17,103	-	5,172,103	2.65%	780
1999	22,683	5,705,000	15,573	-	5,743,256	5.22%	906
1998	46,999	6,245,000	31,405	-	6,323,404	6.03%	1,048
1997	88,170	6,780,000	45,909	-	6,914,079	6.97%	1,210

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2007	\$ 9,775,000	\$ -	\$ 9,775,000	0.53%	1,131
2006	9,775,000	-	9,775,000	0.54%	1,131
2005	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2003	3,375,000	-	3,375,000	0.43%	143
2002	3,990,000	-	3,990,000	0.59%	158
2001	4,600,000	-	4,600,000	0.80%	183
2000	5,155,000	-	5,155,000	0.93%	175
1999	5,705,000	-	5,705,000	1.06%	329
1998	6,245,000	-	6,245,000	1.19%	360

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Town of Warrenton	90,195,000	14%	\$ 12,627,300
Subtotal, overlapping debt			<u>9,775,000</u>
Town of Warrenton, direct debt			<u>9,775,000</u>
Total direct and overlapping debt			<u>\$ 22,402,300</u>

Source: County of Fauquier June 30, 2007 Comprehensive Annual Financial Report

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the County of Louisa. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the Town's total taxable assessed value.

**TOWN OF WARRENTON, VIRGINIA**

Legal Debt Margin Information  
Last Ten Fiscal Years

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	<b>Fiscal Year</b>			
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Debt limit	\$ 49,547,456	\$ 49,472,474	\$ 50,929,713	\$ 52,385,054
Total net debt applicable to limit	<u>6,245,000</u>	<u>5,705,000</u>	<u>5,155,000</u>	<u>4,600,000</u>
Legal debt margin	<u>\$ 43,302,456</u>	<u>\$ 43,767,474</u>	<u>\$ 45,774,713</u>	<u>\$ 47,785,054</u>
Total net debt applicable to the limit as a percentage of debt limit	12.60%	11.53%	10.12%	8.78%

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 59,187,590	\$ 70,185,335	\$ 75,487,950	\$ 80,309,335	\$ 180,463,979	\$ 184,783,758
<u>3,990,000</u>	<u>3,375,000</u>	-	-	<u>9,775,000</u>	<u>9,775,000</u>
<u>\$ 55,197,590</u>	<u>\$ 66,810,335</u>	<u>\$ 75,487,950</u>	<u>\$ 80,309,335</u>	<u>\$ 170,688,979</u>	<u>\$ 175,008,758</u>
6.74%	4.81%	0.00%	0.00%	5.42%	5.29%

## Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 1,847,837,579
Add back: exempt real property	-
Total assessed value	<u>\$ 1,847,837,579</u>
Debt limit (10% of total assessed value)	\$ 184,783,758
Net debt applicable to limit	<u>9,775,000</u>
Legal debt margin	<u>\$ 175,008,758</u>

Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	8,639	\$ 296,447,285	\$ 34,315	39	1,496	2.50%
2006	8,639	296,447,285	34,315	38	1,515	2.50%
2005	8,269	283,750,735	34,315	38	1,418	2.80%
2004	8,174	192,514,048	23,552	38	1,297	2.10%
2003	7,413	174,590,976	23,552	38	1,220	2.90%
2002	7,517	189,435,917	25,201	38	1,090	2.80%
2001	6,670	168,090,670	25,201	38	1,051	1.30%
2000	6,634	195,059,502	29,403	34	1,021	1.40%
1999	6,339	110,083,074	17,366	35	954	1.80%
1998	6,035	104,803,810	17,366	35	926	2.40%
1997	5,716	99,264,056	17,366	35	862	2.90%

Source: Weldon Cooper Center, Annual school report - prepared by the county, [www.fedstats.gov](http://www.fedstats.gov)

Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2007			Fiscal Year 1998		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Fauquier County School Board	1,795	1	8.47%	-		0.00%
Fauquier Hospital	987	2	4.66%	-		0.00%
County of Fauquier	630	3	2.97%	-		0.00%
Wal Mart	250	4	1.18%	-		0.00%
Giant	200	5	0.94%	-		0.00%
Fauquier Bank	154	6	0.73%	-		0.00%
Warrenton Overlook Health Center	145	7	0.68%	-		0.00%
Oak Springs Nursing	132	8	0.62%	-		0.00%
Home Depot	110	9	0.52%	-		0.00%
Bloom	80	10	0.38%	-		0.00%
Totals	4,483		21.15%	-		0.00%

Source: Virginia Employment Commission,  
Quarterly Census of Employment and Wages (QCEW), 4th Quarter (October, November, December) 2006.

Note: The information for 1998 was not available.

TOWN OF WARRENTON, VIRGINIA

Full-time Equivalent Town Government Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year					
	1999	2000	2001	2002	2003	2004
General and Financial Administration	6	6	6	6	6	6
Legislative	1	1	1	1	1	1
Public safety						
Police Department	24	24	24	24	24	25
Fire & rescue	1	1	1	1	1	1
Building inspections	2	2	2	2	2	2
Public works						
General maintenance	23	21	21	21	21	21
Administration	5	4	4	4	4	4
Culture and recreation						
Parks - cemetery maintenance	2	2	2	2	2	1
Planning & Community development	5	5	5	5	5	5
Water and Sewer						
Water	14	15	15	15	15	15
Wastewater	12	12	9	9	9	9
Administration	6	6	6	6	6	6
Motor Pool	4	3	3	3	3	3
Parks & Recreation	0	0	0	0	0	0
Totals	<u>103</u>	<u>100</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>

Source: Department of Finance & Human Resources

Table 15

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Fiscal Year			
2005	2006	2006	2007
5	6	6	6
1	1	1	1
24	25	25	27
1	1	1	1
2	2	2	2
22	22	22	22
5	5	5	5
1	1	1	1
5	5	5	5
15	16	16	16
9	9	9	9
6	7	7	7
2	2	2	2
0	0	3	3
<u>97</u>	<u>101</u>	<u>104</u>	<u>106</u>

TOWN OF WARRENTON, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year					
	1998	1999	2000	2001	2002	2003
Public safety						
Police department:(Calendar Year)						
Physical arrests	-	-	-	471	475	503
Traffic violations	-	-	-	1,172	1,786	1,154
Fire and rescue:						
Number of calls answered	-	-	-	-	-	-
Building inspections:						
Permits issued	-	-	-	-	-	552
Public works						
Refuse collected (tons/year)	2,668	2,780	2,958	3,303	3,453	3,598
Recycling (tons/year)	1,450	2,007	1,871	2,386	2,293	1,456
Community development						
Planning:						
Zoning permits issued	-	-	-	-	-	-

Source: Individual town departments

Table 16

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Fiscal Year			
2004	2005	2006	2007
513	539	703	397
906	1,078	1567	1,615
-	-	-	1,628
578	611	521	573
3,879	4,187	4,085	4,289
2,990	1,632	1,664	1,747
156	183	186	189

**TOWN OF WARRENTON, VIRGINIA**

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year				
	1998	1999	2000	2001	2002
General government					
Administration buildings	1	1	1	1	1
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	14	14	14	16	16
Fire Stations	1	1	1	1	1
Sanitation					
Collection Trucks	2	2	2	2	2
Highway and Streets					
Streets (miles)	74.54	72.15	74.91	80	82.8
Streetlights	609	599	622	634	645
Traffic Signals	4	4	4	4	4
Culture and Recreation					
Parks acreage	18.44	18.44	18.44	18.44	18.44
Parks	3	3	3	3	3
Water					
Water mains (miles)	71	67	69.28	73	74
Fire Hydrants	735	663	694	549	560
Sewer					
Sanitary sewers	58	51	51	55	56
Storm sewers (miles)	11.64	10.88	11.62	11.62	14.62

Source: Individual town departments

Table 17

Fiscal Year				
2003	2004	2005	2006	2007
1	1	1	1	1
1	1	1	1	1
16	16	16	16	18
1	1	1	1	1
2	2	2	2	2
85.16	85.16	85.16	85.5	87.16
645	645	695	758	770
4	4	6	7	8
18.44	23.69	23.69	88.69	88.69
3	4	4	5	5
76.24	69.7	69.7	72.5	73.24
578	578	578	623	635
58.56	58.56	58.56	58.56	58.56
15.31	15.44	15.44	15.44	15.44

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## COMPLIANCE SECTION



**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 WARRENTON, 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 Warrenton, Virginia as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Specifications for Audits of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control Over Financial Reporting:**

In planning and performing our audit, we considered the Town of Warrenton, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Warrenton, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Warrenton, Virginia's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Warrenton, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Warrenton, Virginia's financial statement that is more than inconsequential will not be prevented or detected by the Town of Warrenton, Virginia's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters:**

As part of obtaining reasonable assurance about whether the Town of Warrenton, Virginia's financial statement is 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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Town of Warrenton, Virginia in a separate letter dated November 14, 2007.

This report is intended solely for the information and use of the 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.

*Robinson, Fanner, Cox Associates*

Verona, Virginia  
November 14, 2007