

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009



TOWN OF WARRENTON, VIRGINIA

TOWN OF WARRENTON, VIRGINIA

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

Prepared By
JOAN JACKSON, FINANCE DIRECTOR

Town of Warrenton, Virginia

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009

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Town of Warrenton, Virginia

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Town of Warrenton, Virginia

Principal Town Officials

Town Council		
Powell Duggan		Dennis M. Sutherland
	George B. Fitch, Mayor	
Joan R. William		Roger R. Martella, Jr.
	David A. Norden, Vice Mayor	
Samuel B. Tarr		John S. Lewis
Town Manager		
Kenneth L. McLawhon		
Town Attorney		
Whitson Robinson		
Officials		
Town Recorder		Evelyn J. Weimer
Finance/Personnel Director		Joan M. Jackson
Director of Parks & Recreation.....		vacant
Planning/Zoning Director		C. Christopher Mothersead
Public Works/Utilities Director		Edward B. Tucker, Jr.
Chief of Police		Connie Novak

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TOWN OF WARRENTON

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December 22, 2009

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, 2009. 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.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section, which is unaudited, includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis (MDA), basic and combining fund financial statements, notes to the financial statements, required supplementary information, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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 a small town environment with lower taxes and an escape from the rapid paced lifestyles of the more urban areas to the north and east.

During the past year residential growth continued to be slow and commercial projects were steady. Market demands will determine community growth 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 foregoing 2012 "blueprint" remains solid and on track.

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 Warrenton Aquatic and Recreational Facility completed its first full year in operation. It has been well received by Town residents and draws a large number of patrons from Fauquier and other surrounding counties. The second phase of upgrades has been completed at Eva Walker Park to the great enjoyment of the many Town residents that make use of the facilities.

The Meter Department successfully converted 626 manual read meters to automated remote readers which will allow the department to maintain current staffing levels as the number of accounts grow.

MAJOR INITIATIVES: (CONTINUED)

The nutrient removal upgrades are almost completed at the Waste Water Treatment Plant. A punch list of small items will be addressed and this will allow the Town to meet the 2010 WWTP permit discharge limits.

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.

A 20 year old boiler will be replaced at the Public Works facility which will create a safer working environment and eliminate a potential fire hazard.

Through the VDOT Revenue Sharing program there will be intersection improvements including a new traffic signal and the extension of asphalt pavement shoulders.

The Meter Department plans to convert 250 manual read meters to automated remote readers in an effort to maintain current staff levels with new accounts being added weekly.

The Water Plant will be designing and seeking approval from the Virginia Health Department to replace the chlorine gas and soda ash feed systems. Construction will not take place until 2011.

Repairs will be made to the Airlie Dam where the concrete has deteriorated on the dam piers, panels and construction joints. This will avoid more costly repairs in the future as well as possible compromise of the structural elements.

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 historically 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.

INTERNAL CONTROLS AND BUDGETARY ACCOUNTING: (CONTINUED)

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.

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.

INDEPENDENT AUDIT

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all department of the County by 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, as well as meet the requirements of OMB Circular A-133. The auditor's reports are included in the financial section and Single Audit 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, 2008. This was the twelfth 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.

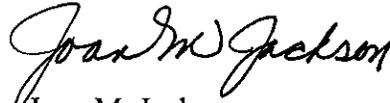
ACKNOWLEDGMENTS

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



Joan M. Jackson
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, 2008

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.



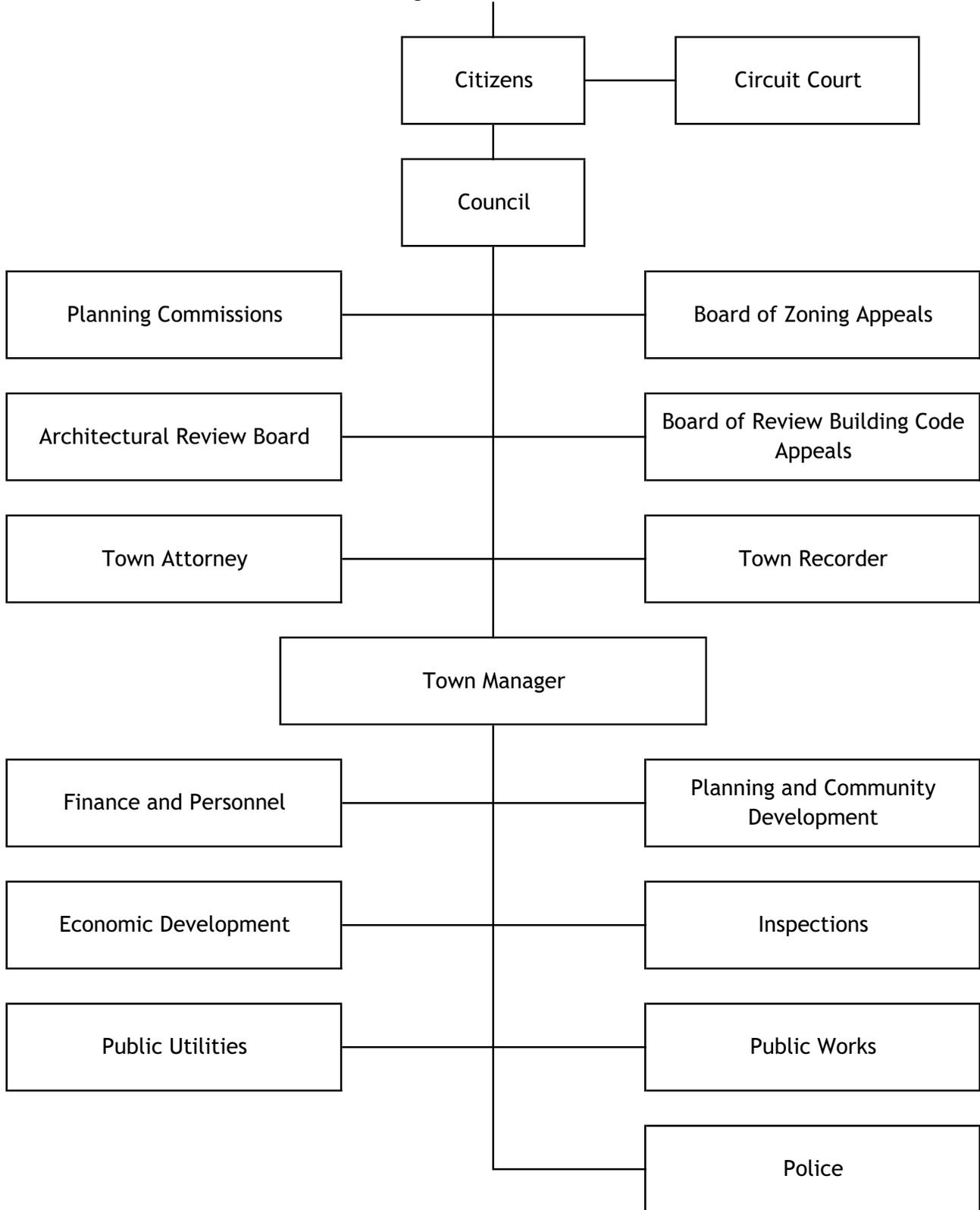
President

Executive Director

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Town of Warrenton

Organizational Chart



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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

TO 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, 2009, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, Virginia as of June 30, 2009, 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 1, 2009, 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 opinions 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 1, 2009

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, 2009. 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, 2009</u>	<u>June 30, 2008</u>
Net Assets	\$ 90,182,315	\$ 87,329,425
Unrestricted	12,151,960	12,397,719

The Town's total net assets increased \$2,852,890 in FY 2009. The increase in investment capital assets, net of related debt, \$4,698,848 represents an ongoing mandated nutrient removal program at the Wastewater Treatment plant and the completion of the Aquatic facility. This increase in net assets is offset by a \$245,759 reduction in unrestricted net assets.

The Town's governmental funds reported an increase in combined ending fund balances for the last fiscal year primarily due to the Town's commitment to a strict purchasing policy and a sense of fiscal responsibility when evaluating expenditures. A significant amount of this fund balance is available for spending at the Town's discretion (unreserved fund balance).

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Fund balance, ending	\$ 7,915,196	\$ 6,082,559
Increase from prior year	1,832,637	1,857,256
Unreserved fund balance	6,522,249	4,720,859
Percentage unreserved	82%	78%

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 \$90,182,315 at June 30, 2009.

Government-wide Financial Analysis: (Continued)

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, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Current and other assets	\$ 8,799,772	\$ 6,952,102	\$ 12,272,004	\$ 15,953,384	\$ 21,071,776	\$ 22,905,486
Capital assets	29,729,797	28,706,827	51,130,240	47,706,491	80,860,037	76,413,318
Total assets	<u>\$ 38,529,569</u>	<u>\$ 35,658,929</u>	<u>\$ 63,402,244</u>	<u>\$ 63,659,875</u>	<u>\$ 101,931,813</u>	<u>\$ 99,318,804</u>
Long-term liabilities	\$ 284,120	\$ 263,380	\$ 9,789,539	\$ 10,046,856	\$ 10,073,659	\$ 10,310,236
Other liabilities	255,913	241,576	1,419,926	1,437,567	1,675,839	1,679,143
Total liabilities	<u>\$ 540,033</u>	<u>\$ 504,956</u>	<u>\$ 11,209,465</u>	<u>\$ 11,484,423</u>	<u>\$ 11,749,498</u>	<u>\$ 11,989,379</u>
Net assets:						
Invested in capital assets net of related debt	\$ 29,729,797	\$ 28,706,827	\$ 41,495,789	\$ 37,819,911	\$ 71,225,586	\$ 66,526,738
Restricted	1,980,173	2,091,437	4,824,596	6,313,531	6,804,769	8,404,968
Unrestricted	6,279,566	4,355,709	5,872,394	8,042,010	12,151,960	12,397,719
Total net assets	<u>\$ 37,989,536</u>	<u>\$ 35,153,973</u>	<u>\$ 52,192,779</u>	<u>\$ 52,175,452</u>	<u>\$ 90,182,315</u>	<u>\$ 87,329,425</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 79 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 8 percent of total net assets.

The remaining balance of unrestricted net assets at June 30, 2009 is \$12,151,960 or 13 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 \$2,852,890 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, 2009.

Governmental Activities

Governmental activities increased the Town's net assets by \$2,835,563, thereby accounting for 99 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, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenues:						
Program revenues:						
Charges for services	\$ 347,271	\$ 272,737	\$ 4,560,993	\$ 4,552,448	\$ 4,908,264	\$ 4,825,185
Operating grants & contributions	1,516,783	1,476,243	-	-	1,516,783	1,476,243
Capital grants & contributions	-	-	2,202,277	1,250,165	2,202,277	1,250,165
General revenues:						
General property taxes	620,168	663,543	-	-	620,168	663,543
Other local taxes	5,469,815	5,568,696	-	-	5,469,815	5,568,696
Use of money and property	255,025	432,507	76,032	497,567	331,057	930,074
Miscellaneous	27,049	109,047	125,187	128,891	152,236	237,938
Grants and contributions not restricted to specific programs	795,668	786,652	-	-	795,668	786,652
Total revenues	\$ <u>9,031,779</u>	\$ <u>9,309,425</u>	\$ <u>6,964,489</u>	\$ <u>6,429,071</u>	\$ <u>15,996,268</u>	\$ <u>15,738,496</u>
Expenses:						
General government	\$ 926,615	\$ 853,933	\$ -	\$ -	\$ 926,615	\$ 853,933
Public safety	2,731,817	2,856,414	-	-	2,731,817	2,856,414
Public works	1,742,009	1,813,751	-	-	1,742,009	1,813,751
Health and welfare	95,851	101,427	-	-	95,851	101,427
Parks, recreation and cultural	147,141	380,447	-	-	147,141	380,447
Community development	552,783	561,837	-	-	552,783	561,837
Parks & recreation	-	-	2,034,786	1,772,884	2,034,786	1,772,884
Water and sewer	-	-	4,912,376	4,570,230	4,912,376	4,570,230
Total expenses	\$ <u>6,196,216</u>	\$ <u>6,567,809</u>	\$ <u>6,947,162</u>	\$ <u>6,343,114</u>	\$ <u>13,143,378</u>	\$ <u>12,910,923</u>
Increase in net assets	\$ 2,835,563	\$ 2,741,616	\$ 17,327	\$ 85,957	\$ 2,852,890	\$ 2,827,573
Net assets, beginning of year	<u>35,153,973</u>	<u>32,412,357</u>	<u>52,175,452</u>	<u>52,089,495</u>	<u>87,329,425</u>	<u>84,501,852</u>
Net assets, end of year	\$ <u>37,989,536</u>	\$ <u>35,153,973</u>	\$ <u>52,192,779</u>	\$ <u>52,175,452</u>	\$ <u>90,182,315</u>	\$ <u>87,329,425</u>

Governmental Activities: (Continued)

- Real estate and personal property tax payments decreased which is a direct reflection of the continued downturn in the economy. The Town's real estate tax rate of .015 per \$100 of assessed value continues to be one of the lowest in the Commonwealth.
- Charges for service increased slightly due to increased permit activity and increased penalties and interest payments.
- All local taxes reflect decreases that total \$478,689 (9 percent) with the exception of a slight increase in Franchise fees. There was a decrease of \$2,595 in local sales tax, a \$34,447 decrease in Bank Stock taxes and a \$17,802 decrease in Communications Sales and use tax.
- Operating expenses decreased by 6 percent from last year because of a shift of duties from Public Works to the new Parks and Recreation fund and also through retirement of employees with longevity.
- Capital grants and contributions increased due to an increase in Street and Highway Maintenance, an increase in VDOT sharing reimbursements and disbursements by the Department of Criminal Justice.

Business-type Activities

Business-type activities increased the Town's net assets by \$17,327 accounting for 1 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Increases in expenses closely paralleled inflation and growth in demand for services.
- A further slowdown in the economy is reflected in higher penalties, interest and reconnection fees.
- Capital Grants increased by \$952,112 due to the reimbursements of the nearly completed Nutrient Removal Upgrade project.

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 \$8,502,422, an increase of \$1,841,977 over the prior year. This increase is primarily attributable to an increased sense of fiscal responsibility within the Town's staff. Due to economic conditions encountered during the year the Town staff was more cautious regarding their spending and therefore saved funds in multiple categories across the Town's operations. Approximately 82 percent of total fund balance 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 parks and recreation projects.

Financial Analysis of the Government's Funds: (Continued)

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 \$5,655,802 or 11 percent of the total net assets. Restricted net assets of \$4,824,596 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 \$382,918, which is 5 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 as the result of the permit appeal and the visitor center law suit. Final actual expenditures were \$1,173,447 under final amended appropriations (14 percent of the total final amended budget). This can be attributed primarily to the public works function expending less than their legally appropriated amounts. In particular, salaries and wages as well as street improvements expenses were significantly under budget. Public safety, community development, parks, recreation and cultural and general government administration also expended less than their budgeted amounts. Final actual revenues were \$1,212,883 less than final amended budget amounts. This is primarily due to a shortfall in business license revenues and permits, privilege fees, and regulatory licenses.

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental activities as of June 30, 2009 is \$29,729,797 (net of accumulated depreciation). The Town's investment in business-type activity capital assets is \$51,130,240 (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 increase in the Town's investment in capital assets for the current fiscal year was 4 percent for government activities and a total net increase of 7 percent for business-type activities.

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

- Various lawn equipment purchases - \$15,791
- Replace gas furnace at Police Dept - \$3,500
- Traffic signs replaced - \$5,851
- Purchase of police department vehicles - \$55,209
- WRAF Aquatic/Recreational Facility building/grounds - \$86,665
- Various park improvements and enhancements - \$176,698
- Waterline construction and replacement projects for \$55,199
- Meter Department equipment upgrade - \$145,736
- Sewer plant nutrient removal - \$3,730,832
- Town Hall light replacement - \$11,000
- Dump truck replacement and upgrade - \$101,084
- Rental Property improvements - \$7,916
- Purchase message trailer - \$16,700
- Paving -various streets - \$262,887
- Sewer line rehabilitation - \$254,938
- Water/well improvements - \$105,783
- Sidewalk, curb and gutter - \$76,855

Capital Asset and Debt Administration: (Continued)

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Land	\$ 1,129,257	\$ 1,129,257	\$ 4,185,476	\$ 4,185,476	\$ 5,314,733	\$ 5,314,733
Utility plant in service	-	-	12,830,089	13,428,382	12,830,089	13,428,382
Buildings and improvements	2,963,278	3,070,109	24,728,323	24,496,798	27,691,601	27,566,907
Improvements other than buildings	-	-	365,687	371,906	365,687	371,906
Furniture, equipment, and vehicles	4,247,652	775,709	1,065,418	1,002,819	5,313,070	1,778,528
Infrastructure	21,389,610	23,731,752	-	-	21,389,610	23,731,752
Construction in progress	-	-	7,955,247	4,221,110	7,955,247	4,221,110
Total	\$ 29,729,797	\$ 28,706,827	\$ 51,130,240	\$ 47,706,491	\$ 80,860,037	\$ 76,413,318

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, 2008**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
General obligation bonds	\$ -	\$ -	\$ 9,325,000	\$ 9,555,000	\$ 9,325,000	\$ 9,555,000
Premium on bond issue	-	-	309,451	331,580	309,451	331,580
Compensated absences	284,120	263,380	155,088	160,276	439,208	423,656
Total	\$ 284,120	\$ 263,380	\$ 9,789,539	\$ 10,046,856	\$ 10,073,659	\$ 10,310,236

Additional information on the Town's long-term debt can be found in note 8 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 5.4 percent, which is an increase of 1.9 percent from the rate of 3.5 percent a year ago. This compares favorably to the state's average unemployment rate of 6.6 percent and the national average rate of 9.5 percent.
- Earnings on investments have decreased this past fiscal year due to lower yields generally found in the financial market and less idle funds available for investment. The Town Investment revenue was \$325,099 for the fiscal year ending June 30, 2009, reflective of the current economic atmosphere.
- 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 2010 fiscal year.

During fiscal year 2009, unreserved fund balance in the general fund increased \$1,801,390 due to strict adherence to purchasing policies in effect that serve to guide expenditure considerations.

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.

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,037,978	\$ 12,079,035	\$ 19,117,013
Receivables (net of allowance for uncollectibles):			
Taxes receivable	46,945	-	46,945
Accounts receivable	286,278	353,539	639,817
Notes receivable	-	50,055	50,055
Due from other governmental units	164,492	284,497	448,989
Inventories	109,742	240,168	349,910
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	299,935	299,935
Other assets:			
Unamortized bond issue costs	-	115,996	115,996
Capital assets (net of accumulated depreciation):			
Land	1,129,257	4,185,476	5,314,733
Utility plant in service	-	12,830,089	12,830,089
Buildings and improvements	2,963,278	24,728,323	27,691,601
Improvements other than buildings	-	365,687	365,687
Furniture, equipment, and vehicles	4,247,652	1,065,418	5,313,070
Infrastructure	21,389,610	-	21,389,610
Construction in progress	-	7,955,247	7,955,247
Total assets	\$ 37,375,232	\$ 64,553,465	\$ 101,928,697
LIABILITIES			
Accounts payable	\$ 255,021	\$ 888,109	\$ 1,143,130
Accrued liabilities	-	42,144	42,144
Customers' deposits	-	34,825	34,825
Accrued interest payable	-	183,490	183,490
Unearned revenue	565	263,404	263,969
Long-term liabilities:			
Due within one year	28,412	277,179	305,591
Due in more than one year	255,708	9,512,360	9,768,068
Total liabilities	\$ 539,706	\$ 11,201,511	\$ 11,741,217
NET ASSETS			
Invested in capital assets, net of related debt	\$ 29,729,797	\$ 41,495,789	\$ 71,225,586
Restricted for:			
Construction	1,967,024	7,537,827	9,504,851
Perpetual Care:			
Expendable	587,226	-	587,226
Unrestricted (deficit)	4,551,479	4,318,338	8,869,817
Total net assets	\$ 36,835,526	\$ 53,351,954	\$ 90,187,480

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, 2009

<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>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 923,669	\$ -	\$ -	\$ -
Public safety	2,731,817	-	249,526	-
Public works	1,741,929	196,490	1,265,196	-
Health and welfare	95,851	150,781	-	-
Parks, recreation, and cultural	147,141	-	5,000	-
Community development	552,783	-	-	-
Total governmental activities	<u>\$ 6,193,190</u>	<u>\$ 347,271</u>	<u>\$ 1,519,722</u>	<u>\$ -</u>
Business-type activities:				
Water and sewer	\$ 4,910,354	\$ 3,683,359	\$ -	\$ 2,202,277
Parks and recreation	2,037,823	877,937	-	-
Total business-type activities	<u>\$ 6,948,177</u>	<u>\$ 4,561,296</u>	<u>\$ -</u>	<u>\$ 2,202,277</u>
Total primary government	<u>\$ 13,141,367</u>	<u>\$ 4,908,567</u>	<u>\$ 1,519,722</u>	<u>\$ 2,202,277</u>

General revenues:

General property taxes

Other local taxes:

Local sales and use tax

Consumers' utility tax

Business license tax

Restaurant food tax

Communications tax

Bank Stock taxes

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

Total general revenues

Change in net assets

Net assets - beginning

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
\$ (923,669)	\$ -	\$ (923,669)
(2,482,291)	-	(2,482,291)
(280,243)	-	(280,243)
54,930	-	54,930
(142,141)	-	(142,141)
(552,783)	-	(552,783)
<u>\$ (4,326,197)</u>	<u>\$ -</u>	<u>\$ (4,326,197)</u>
\$ -	\$ 975,282	\$ 975,282
-	(1,159,886)	(1,159,886)
<u>\$ -</u>	<u>\$ (184,604)</u>	<u>\$ (184,604)</u>
<u>\$ (4,326,197)</u>	<u>\$ (184,604)</u>	<u>\$ (4,510,801)</u>
\$ 620,168	\$ -	\$ 620,168
461,030	-	461,030
458,357	-	458,357
1,248,770	-	1,248,770
1,816,416	-	1,816,416
561,660	-	561,660
355,391	-	355,391
568,191	-	568,191
254,939	76,032	330,971
27,047	125,187	152,234
795,668	-	795,668
<u>\$ 6,007,750</u>	<u>\$ 1,361,106</u>	<u>\$ 7,368,856</u>
1,681,553	1,176,502	2,858,055
35,153,973	52,175,452	87,329,425
<u>\$ 36,835,526</u>	<u>\$ 53,351,954</u>	<u>\$ 90,187,480</u>

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2009

	General	Permanent Fund Perpetual Care	Total
ASSETS			
Cash and cash equivalents	\$ 6,450,750	\$ 587,226	\$ 7,037,976
Receivables (net of allowance for uncollectibles):			
Taxes receivable	46,945	-	46,945
Accounts receivable	286,278	-	286,278
Due from other governmental units	164,492	-	164,492
Inventories	109,742	-	109,742
Total assets	<u>\$ 7,058,207</u>	<u>\$ 587,226</u>	<u>\$ 7,645,433</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 255,021	\$ -	\$ 255,021
Deferred revenue	42,002	-	42,002
Total liabilities	<u>\$ 297,023</u>	<u>\$ -</u>	<u>\$ 297,023</u>
Fund balances:			
Reserved for:			
Construction	\$ 1,967,024	\$ -	\$ 1,967,024
Perpetual care	-	587,226	587,226
Unreserved, reported in:			
General fund	4,794,160	-	4,794,160
Total fund balances	<u>\$ 6,761,184</u>	<u>\$ 587,226</u>	<u>\$ 7,348,410</u>
Total liabilities and fund balances	<u>\$ 7,058,207</u>	<u>\$ 587,226</u>	<u>\$ 7,645,433</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,348,410
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,729,797
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	41,439
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(284,120)</u>
Net assets of governmental activities	<u>\$ 36,835,526</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2009

	General	Permanent Fund Perpetual Care	Total
REVENUES			
General property taxes	\$ 628,812	\$ -	\$ 628,812
Other local taxes	5,469,815	-	5,469,815
Permits, privilege fees, and regulatory licenses	196,490	-	196,490
Fines and forfeitures	150,781	-	150,781
Revenue from the use of money and property	245,599	9,340	254,939
Miscellaneous	27,047	-	27,047
Intergovernmental revenues:			
Commonwealth	2,312,390	-	2,312,390
Federal	3,000	-	3,000
Total revenues	<u>\$ 9,033,934</u>	<u>\$ 9,340</u>	<u>\$ 9,043,274</u>
EXPENDITURES			
Current:			
General government administration	\$ 943,962	\$ -	\$ 943,962
Public safety	2,620,108	-	2,620,108
Public works	2,668,615	-	2,668,615
Health and welfare	95,851	-	95,851
Parks, recreation, and cultural	142,506	-	142,506
Community development	524,919	-	524,919
Capital projects	199,461	-	199,461
Total expenditures	<u>\$ 7,195,422</u>	<u>\$ -</u>	<u>\$ 7,195,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,838,512</u>	<u>\$ 9,340</u>	<u>\$ 1,847,852</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(1,159,887)	-	(1,159,887)
Proceeds of revenue bonds	-	-	-
Proceeds of bond anticipation notes	-	-	-
Proceeds of capital leases	-	-	-
Proceeds of revenue anticipation notes	-	-	-
Sale of capital assets	-	-	-
Advance refunding of bonds	-	-	-
Other	-	-	-
Total other financing sources (uses)	<u>\$ (1,159,887)</u>	<u>\$ -</u>	<u>\$ (1,159,887)</u>
Net change in fund balances	\$ 678,625	\$ 9,340	\$ 687,965
Fund balances - beginning	6,082,559	577,886	6,660,445
Fund balances - ending	<u>\$ 6,761,184</u>	<u>\$ 587,226</u>	<u>\$ 7,348,410</u>

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

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, 2009

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

Net change in fund balances - total governmental funds	\$	687,965
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.		1,022,970
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(8,642)
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>(20,740)</u>
Change in net assets of governmental activities	\$	<u><u>1,681,553</u></u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	Enterprise Funds		
	Water & Sewer	Recreation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,425,009	\$ 2,654,026	\$ 12,079,035
Accounts receivable	334,579	18,960	353,539
Notes receivable	50,055	-	50,055
Due from other governmental units	284,497	-	284,497
Inventories	240,129	39	240,168
Restricted current assets:			
Cash and cash equivalents	299,935	-	299,935
Total current assets	\$ 10,634,204	\$ 2,673,025	\$ 13,307,229
Other assets:			
Unamortized bond issue costs	\$ -	\$ 115,996	\$ 115,996
Capital assets:			
Land	\$ 665,660	\$ 3,519,816	\$ 4,185,476
Utility plant in service	29,535,934	-	29,535,934
Buildings and systems	-	24,779,865	24,779,865
Improvements other than buildings	-	394,106	394,106
Furniture, equipment, and vehicles	2,097,573	506,330	2,603,903
Construction in progress	7,955,247	-	7,955,247
Less accumulated depreciation	(18,165,062)	(159,229)	(18,324,291)
Total capital assets	\$ 22,089,352	\$ 29,040,888	\$ 51,130,240
Total noncurrent assets	\$ 22,089,352	\$ 29,156,884	\$ 51,246,236
Total assets	\$ 32,723,556	\$ 31,829,909	\$ 64,553,465
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 853,883	\$ 34,226	\$ 888,109
Accrued liabilities	-	42,144	42,144
Customers' deposits	34,825	-	34,825
Compensated absences - current portion	15,167	342	15,509
Interest payable	-	183,490	183,490
Unearned revenue	263,404	-	263,404
Bonds payable - current portion	-	261,670	261,670
Total current liabilities	\$ 1,167,279	\$ 521,872	\$ 1,689,151
Noncurrent liabilities:			
Prepaid connection fees			
Bonds payable - net of current portion, unamortized premium	\$ -	\$ 9,372,781	\$ 9,372,781
Compensated absences - net of current portion	136,500	3,079	139,579
Total noncurrent liabilities	\$ 136,500	\$ 9,375,860	\$ 9,512,360
Total liabilities	\$ 1,303,779	\$ 9,897,732	\$ 11,201,511
NET ASSETS			
Invested in capital assets, net of related debt	\$ 22,089,352	\$ 19,406,437	\$ 41,495,789
Restricted for capital projects	5,212,518	2,325,309	7,537,827
Unrestricted	4,117,907	200,431	4,318,338
Total net assets	\$ 31,419,777	\$ 21,932,177	\$ 53,351,954

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2009

	Enterprise Funds		
	Water & Sewer	Recreation	Total
OPERATING REVENUES			
Charges for services:			
Sale of water	\$ 1,233,441	\$ -	\$ 1,233,441
Aquatic facility revenues	-	877,937	877,937
Sewer service charges	2,375,637	-	2,375,637
Late payment charges	37,861	-	37,861
Transfer fees	8,133	-	8,133
Other fees	28,287	-	28,287
Total operating revenues	\$ 3,683,359	\$ 877,937	\$ 4,561,296
OPERATING EXPENSES			
Source of supply of water	\$ 857,263	\$ -	\$ 857,263
Maintenance of water and sewer lines	473,348	-	473,348
Meter reading, billing, and servicing	216,436	-	216,436
Operation of sewage treatment plant	1,396,874	-	1,396,874
Administration	677,495	-	677,495
Recreation	-	1,508,959	1,508,959
Capital Outlay	378,879	23,515	402,394
Depreciation	910,059	73,377	983,436
Total operating expenses	\$ 4,910,354	\$ 1,605,851	\$ 6,516,205
Operating income (loss)	\$ (1,226,995)	\$ (727,914)	\$ (1,954,909)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	\$ 76,032	\$ -	\$ 76,032
Rental revenue	125,187	-	125,187
Interest expense	-	(431,972)	(431,972)
Total nonoperating revenues (expenses)	\$ 201,219	\$ (431,972)	\$ (230,753)
Income before contributions and transfers	\$ (1,025,776)	\$ (1,159,886)	\$ (2,185,662)
Capital contributions	\$ 2,202,277	\$ -	\$ 2,202,277
Transfers in	-	1,159,887	1,159,887
Change in net assets	\$ 1,176,501	\$ 1	\$ 1,176,502
Total net assets - beginning	\$ 30,243,276	\$ 21,932,176	\$ 52,175,452
Total net assets - ending	\$ 31,419,777	\$ 21,932,177	\$ 53,351,954

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2009

	Enterprise Funds		
	Water & Sewer	Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,731,353	\$ 877,962	\$ 4,609,315
Payments to suppliers	(1,581,595)	(977,745)	(2,559,340)
Payments to employees	(2,164,863)	(818,902)	(2,983,765)
Net cash provided (used by) operating activities	\$ (15,105)	\$ (918,685)	\$ (933,790)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (4,111,867)	\$ (295,319)	\$ (4,407,186)
Principal payments on bonds	-	(252,129)	(252,129)
Interest payments	-	(430,544)	(430,544)
Capital contributions	2,447,076	-	2,447,076
Transfers from other funds	-	1,159,887	1,159,887
Net cash provided (used) by capital and related financing activities	\$ (1,664,791)	\$ 181,895	\$ (1,482,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 76,032	\$ -	\$ 76,032
Other - rental income	125,187	-	125,187
Net cash provided (used) by investing activities	\$ 201,219	\$ -	\$ 201,219
Net increase (decrease) in cash and cash equivalents	\$ (1,478,677)	\$ (736,790)	(2,215,467)
Cash and cash equivalents - beginning - (including restricted \$294,634)	11,203,621	3,390,816	14,594,437
Cash and cash equivalents - ending - (including restricted \$299,935)	\$ 9,724,944	\$ 2,654,026	\$ 12,378,970
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,226,995)	\$ (727,914)	\$ (1,954,909)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	\$ 910,059	\$ 73,377	\$ 983,436
(Increase) decrease in accounts receivable	45,084	25	45,109
(Increase) decrease in notes receivable	11,703	-	11,703
(Increase) decrease in inventories	4,620	(39)	4,581
(Increase) decrease in interest receivable	3,458	-	3,458
Increase (decrease) in customer deposits	3,310	-	3,310
Increase (decrease) in accounts payable and accrued expenses	254,598	(264,328)	(9,730)
Increase (decrease) in deferred revenue	(15,560)	-	(15,560)
Increase (decrease) in accrued leave	(5,382)	194	(5,188)
Total adjustments	\$ 1,211,890	\$ (190,771)	\$ 1,021,119
Net cash provided (used) by operating activities	\$ (15,105)	\$ (918,685)	\$ (933,790)

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 107,843
Receivables:	
Other receivables	84
Total assets	<u>\$ 107,927</u>
LIABILITIES	
Accounts payable	\$ 161
Amounts held for others	107,766
Total liabilities	<u>\$ 107,927</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, 2009

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, 2009.

Discretely Presented Component Units - There were no discretely presented component units for the Town for the year ended June 30, 2009.

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.

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*.

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

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

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.

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.

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

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

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.

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.

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

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

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.

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.

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

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

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 1st and July 1st for real estate and January 1st 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 1st and July 1st and are due on June 15th and December 15th of each year. Personal property taxes are levied as of January 1st and are due on December 15th of each year. Penalties accrue on the unpaid balances at this date. Interest is charged on unpaid balances beginning December 16th and June 16th. 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 \$66,735 at June 30, 2009 and is comprised 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.

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.

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

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

7. Capital assets: (Continued)

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:

<u>Assets</u>	<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.

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.

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

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

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

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 (\$284,120) difference for the primary government are as follows:

	<u>Primary Government</u>
Compensated absences	\$ <u>(284,120)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u><u>(284,120)</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

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 \$1,022,970 difference for the primary government are as follows:

	<u>Primary Government</u>
Capital outlay	\$ 2,435,025
Depreciation expense	<u>(1,412,055)</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>\$ 1,022,970</u>

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 (\$20,740) difference for the primary government are as follows:

	<u>Primary Government</u>
Compensated absences	\$ <u>(20,740)</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>\$ (20,740)</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).
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, 2009, there were no funds in which expenditures exceeded appropriations.

C. Deficit fund equity

At June 30, 2009, 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 Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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.

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.

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities: (Continued)

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, 2009 were rated by Moody’s and/or an equivalent national rating organization and the ratings are presented below using the Moody’s rating scale.

<u>Locality's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government Investment Pool	\$ <u>17,362,217</u>

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%

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

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.

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.

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>Recreation</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 83,437	\$ -	\$ -	\$ 83,437
Other local taxes	41,271	-	-	41,271
Accounts	245,007	364,822	18,960	628,789
Gross receivables	\$ 369,715	\$ 364,822	\$ 18,960	\$ 753,497
Less: allowance for uncollectibles	(36,492)	(30,243)	-	(66,735)
Net total receivables	<u>\$ 333,223</u>	<u>\$ 334,579</u>	<u>\$ 18,960</u>	<u>\$ 686,762</u>

NOTE 6—DUE FROM OTHER GOVERNMENTAL UNITS:

	<u>Primary Government</u>
Commonwealth of Virginia:	
DEQ	\$ 284,497
Sales tax	82,974
Communications tax	<u>81,518</u>
Total	<u>\$ 448,989</u>

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2009.

Governmental Activities

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 1,129,257	\$ -	\$ -	\$ 1,129,257
Other capital assets:				
Buildings and improvements	\$ 4,368,732	\$ 14,631	\$ -	\$ 4,383,363
Infrastructure	36,047,680	2,158,000	-	38,205,680
Furniture, equipment and vehicles	4,550,824	262,394	(21,444)	4,791,774
Total other capital assets	<u>\$ 44,967,236</u>	<u>\$ 2,435,025</u>	<u>\$ (21,444)</u>	<u>\$ 47,380,817</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ (1,298,623)	\$ (121,462)	\$ -	\$ (1,420,085)
Infrastructure	(13,838,201)	(1,082,263)	-	(14,920,464)
Furniture, equipment and vehicles	(2,252,842)	(208,330)	21,444	(2,439,728)
Total accumulated depreciation	<u>\$ (17,389,666)</u>	<u>\$ (1,412,055)</u>	<u>\$ 21,444</u>	<u>\$ (18,780,277)</u>
Other capital assets, net	<u>\$ 27,577,570</u>	<u>\$ 1,022,970</u>	<u>\$ -</u>	<u>\$ 28,600,540</u>
Net capital assets	<u>\$ 28,706,827</u>	<u>\$ 1,022,970</u>	<u>\$ -</u>	<u>\$ 29,729,797</u>
Depreciation expense was allocated as follows:				
General government administration	\$ 20,703			
Public safety	126,356			
Public works	1,233,888			
Parks, recreation and cultural	4,644			
Community development	26,464			
Total depreciation expense	<u>\$ 1,412,055</u>			

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Enterprise Activities

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 4,185,476	\$ -	\$ -	\$ 4,185,476
Construction in progress	4,221,110	3,734,137	-	7,955,247
Total capital assets not being depreciated	<u>\$ 8,406,586</u>	<u>\$ 3,734,137</u>	<u>\$ -</u>	<u>\$ 12,140,723</u>
Other capital assets:				
Buildings and improvements	\$ 24,526,945	\$ 252,920	\$ -	\$ 24,779,865
Utility plant in service	29,362,011	173,923	-	29,535,934
Improvements other than buildings	392,010	2,096	-	394,106
Furniture, equipment, and vehicles	2,359,794	244,109	-	2,603,903
Total other capital assets	<u>\$ 56,640,760</u>	<u>\$ 673,048</u>	<u>\$ -</u>	<u>\$ 57,313,808</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ (30,146)	\$ (21,396)	\$ -	\$ (51,542)
Utility plant in service	(15,933,629)	(772,216)	-	(16,705,845)
Improvements other than buildings	(20,104)	(8,315)	-	(28,419)
Furniture, equipment, and vehicles	(1,356,976)	(181,509)	-	(1,538,485)
Total accumulated depreciation	<u>\$ (17,340,855)</u>	<u>\$ (983,436)</u>	<u>\$ -</u>	<u>\$ (18,324,291)</u>
Other capital assets, net	<u>\$ 39,299,905</u>	<u>\$ (310,388)</u>	<u>\$ -</u>	<u>\$ 38,989,517</u>
Net capital assets	<u>\$ 47,706,491</u>	<u>\$ 3,423,749</u>	<u>\$ -</u>	<u>\$ 51,130,240</u>

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

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>
2010	\$ 240,000	\$ 443,812
2011	250,000	434,012
2012	260,000	423,812
2013	270,000	413,212
2014	280,000	402,212
2015-2019	1,590,000	1,826,344
2020-2023	2,000,000	1,406,000
2024-2028	2,555,000	836,912
2029-2031	<u>1,880,000</u>	<u>151,463</u>
Total	<u>\$ 9,325,000</u>	<u>\$ 6,337,779</u>

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%

\$ 9,325,000

Unamortized premium on general obligation bonds

309,451

Compensated absences payable

155,088

Total business-type activity long-term debt

\$ 9,789,539

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

NOTE 8—LONG-TERM DEBT: (CONTINUED)

	Amounts Payable July 1, 2008	Increases	Decreases	Amounts Payable June 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Primary Government:				
Governmental Activities				
Compensated Absences	\$ 263,380	\$ 202,472	\$ (181,732)	\$ 284,120
Total governmental activities	<u>\$ 263,380</u>	<u>\$ 202,472</u>	<u>\$ (181,732)</u>	<u>\$ 284,120</u>
Business-type Activities				
General obligation bonds	\$ 9,555,000	-	(230,000)	9,325,000
Premium on bond issue	331,580	-	(22,129)	309,451
Compensated Absences	160,276	110,211	(115,399)	155,088
Total business-type activities	<u>\$ 10,046,856</u>	<u>\$ 110,211</u>	<u>\$ (367,528)</u>	<u>\$ 9,789,539</u>
Total primary government	<u>\$ 10,310,236</u>	<u>\$ 312,683</u>	<u>\$ (549,260)</u>	<u>\$ 10,073,659</u>

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Details of Long-Term Indebtedness:		
Governmental Activities:		
Compensated absences	\$ 284,120	\$ 28,412
Total governmental activities debt	<u>\$ 284,120</u>	<u>\$ 28,412</u>
Business-type Activities:		
General obligation bonds	\$ 9,325,000	\$ 240,000
Premium on bond issue	309,451	21,670
Compensated absences	155,088	15,509
Total business-type activities debt	<u>\$ 9,789,539</u>	<u>\$ 277,179</u>

NOTE 9—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). 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 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2009 was 6.78% of annual covered payroll.

NOTE 9—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost

Primary Government

For the fiscal year ended June 30, 2009, the Town’s annual pension cost of \$315,051 (does not include employee share of \$232,339 which was assumed by the Town for VRS) was equal to the required and actual contributions.

Three-Year Trend Information for Town - Primary Government

<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, 2007	\$ 311,713	100%	-
June 30, 2008	334,917	100%	-
June 30, 2009	315,051	100%	-

(1) Employer Portion only

The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 98.97% funded. The actuarial accrued liability for benefits was \$17,220,027, and the actuarial value of assets was \$17,043,074, resulting in an unfunded actuarial accrued liability (UAAL) of \$176,953. The covered payroll (annual payroll of active employees covered by the plan) was \$4,521,513, and ratio of the UAAL to the covered payroll was 3.91%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Town of Warrenton, Virginia

Notes to Financial Statements
As of June 30, 2009 (Continued)

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 \$263,969 consists of the following:

- A. Prepaid property taxes—Property taxes due subsequent to June 30, 2009, but paid in advance by the taxpayers totaled \$565 at June 30, 2009.
- B. Prepaid utility payments— The Town received \$263,404 in deferred revenue to maintain the Warrenton Training Center.

NOTE 11—SURETY BONDS:

	<u>Amount</u>
Virginia Municipal Liability Pool - Surety	
Public Employees Blanket Bond	\$ 1,000,000

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.

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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.

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 646,900	\$ 646,900	\$ 628,812	\$ (18,088)
Other local taxes	6,314,400	6,314,400	5,469,815	(844,585)
Permits, privilege fees, and regulatory licenses	399,500	399,500	196,490	(203,010)
Fines and forfeitures	139,100	139,100	150,781	11,681
Revenue from the use of money and property	206,890	206,890	245,599	38,709
Miscellaneous	77,719	77,719	27,047	(50,672)
Intergovernmental revenues:				
Commonwealth	2,337,907	2,337,907	2,312,390	(25,517)
Federal	121,500	121,500	3,000	(118,500)
Total revenues	\$ 10,243,916	\$ 10,243,916	\$ 9,033,934	\$ (1,209,982)
EXPENDITURES				
Current:				
General government administration	\$ 938,617	\$ 1,054,723	\$ 943,962	\$ 110,761
Public safety	2,769,627	2,776,327	2,620,108	156,219
Public works	2,925,621	3,185,733	2,668,615	517,118
Health and welfare	101,933	101,933	95,851	6,082
Parks, recreation, and cultural	157,051	157,051	142,506	14,545
Community development	582,626	582,626	524,919	57,707
Capital projects	513,500	513,500	199,461	314,039
Total expenditures	\$ 7,988,975	\$ 8,371,893	\$ 7,195,422	\$ 1,176,471
Excess (deficiency) of revenues over (under) expenditures	\$ 2,254,941	\$ 1,872,023	\$ 1,838,512	\$ (33,511)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Transfers out	(2,264,941)	(2,264,941)	(1,159,887)	1,105,054
Total other financing sources and uses	\$ (2,254,941)	\$ (2,254,941)	\$ (1,159,887)	\$ 1,095,054
Net change in fund balances	\$ -	\$ (382,918)	\$ 678,625	\$ 1,061,543
Fund balances - beginning	-	382,918	6,082,559	5,699,641
Fund balances - ending	\$ -	\$ -	\$ 6,761,184	\$ 6,761,184

Schedule of Pension Funding Progress
Last Three Fiscal Years

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)
06/30/08	\$ 17,043,074	\$ 17,220,027	\$ 176,953	98.97%	\$ 4,521,513	3.91%
06/30/07	15,367,895	15,958,378	590,483	96.30%	4,226,977	13.97%
06/30/06	13,652,775	14,190,380	537,605	96.21%	4,068,115	13.22%

Other Supplementary Information

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Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Agency Fund:				
ASSETS				
Cash and cash equivalents	\$ 139,867	\$ 98,295	\$ 139,867	\$ 98,295
Other receivables	26	84	26	84
Total assets	<u>\$ 139,893</u>	<u>\$ 98,379</u>	<u>\$ 139,893</u>	<u>\$ 98,379</u>
LIABILITIES				
Accounts payable	\$ 4	\$ 161	\$ 4	\$ 161
Amounts held for others	139,889	98,218	139,889	98,218
Total liabilities	<u>\$ 139,893</u>	<u>\$ 98,379</u>	<u>\$ 139,893</u>	<u>\$ 98,379</u>
Retirement Fund:				
ASSETS				
Cash and cash equivalents	\$ 9,387	\$ 161	\$ -	\$ 9,548
Total assets	<u>\$ 9,387</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ 9,548</u>
LIABILITIES				
Amounts held for others	\$ 9,387	\$ 161	\$ -	\$ 9,548
Total liabilities	<u>\$ 9,387</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ 9,548</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 149,280	\$ 98,456	\$ 139,867	\$ 107,843
Other receivables	26	84	26	84
Total assets	<u>\$ 149,306</u>	<u>\$ 98,540</u>	<u>\$ 139,893</u>	<u>\$ 107,927</u>
LIABILITIES				
Accounts payable	\$ 4	\$ 161	\$ 4	\$ 161
Amounts held for others	149,276	98,379	139,889	107,766
Total liabilities	<u>\$ 149,280</u>	<u>\$ 98,540</u>	<u>\$ 139,893</u>	<u>\$ 107,927</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>		
	<u>Agency</u>	<u>Retirement Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 98,295	\$ 9,548	\$ 107,843
Receivables	84	-	84
Total assets	<u>\$ 98,379</u>	<u>\$ 9,548</u>	<u>\$ 107,927</u>
LIABILITIES			
Accounts payable	\$ 161	\$ -	\$ 161
Amounts held for others	98,218	9,548	107,766
Total liabilities	<u>\$ 98,379</u>	<u>\$ 9,548</u>	<u>\$ 107,927</u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 255,000	\$ 255,000	\$ 260,146	\$ 5,146
Real and personal public service corporation taxes	5,400	5,400	3,973	(1,427)
Personal property taxes	378,500	378,500	353,644	(24,856)
Penalties	6,000	6,000	8,080	2,080
Interest	2,000	2,000	2,969	969
Total general property taxes	<u>\$ 646,900</u>	<u>\$ 646,900</u>	<u>\$ 628,812</u>	<u>\$ (18,088)</u>
Other local taxes:				
Local sales and use taxes	\$ 576,800	\$ 576,800	\$ 461,030	\$ (115,770)
Consumers' utility tax	507,700	507,700	458,357	(49,343)
Utility license tax	-	-	61,875	61,875
Communications tax	605,300	605,300	561,660	(43,640)
Business license taxes	1,787,100	1,787,100	1,248,770	(538,330)
Consumption taxes	49,500	49,500	46,549	(2,951)
Motor vehicle licenses	116,700	116,700	96,245	(20,455)
Bank stock taxes	401,700	401,700	355,391	(46,309)
Hotel and motel room taxes	212,500	212,500	174,398	(38,102)
Restaurant food taxes	1,854,000	1,854,000	1,816,416	(37,584)
Cigarette tax	203,100	203,100	189,124	(13,976)
Total other local taxes	<u>\$ 6,314,400</u>	<u>\$ 6,314,400</u>	<u>\$ 5,469,815</u>	<u>\$ (844,585)</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 399,500	\$ 399,500	\$ 196,490	\$ (203,010)
Total permits, privilege fees, and regulatory licenses	<u>\$ 399,500</u>	<u>\$ 399,500</u>	<u>\$ 196,490</u>	<u>\$ (203,010)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 139,100	\$ 139,100	\$ 150,781	\$ 11,681
Total fines and forfeitures	<u>\$ 139,100</u>	<u>\$ 139,100</u>	<u>\$ 150,781</u>	<u>\$ 11,681</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 200,000	\$ 200,000	\$ 235,729	\$ 35,729
Revenue from use of property	6,890	6,890	9,870	2,980
Total revenue from use of money and property	<u>\$ 206,890</u>	<u>\$ 206,890</u>	<u>\$ 245,599</u>	<u>\$ 38,709</u>
Miscellaneous revenue:				
Proffers	\$ -	\$ -	\$ 404	\$ 404
Miscellaneous	77,719	77,719	26,643	(51,076)
Total miscellaneous revenue	<u>\$ 77,719</u>	<u>\$ 77,719</u>	<u>\$ 27,047</u>	<u>\$ (50,672)</u>
Total revenue from local sources	<u>\$ 7,784,509</u>	<u>\$ 7,784,509</u>	<u>\$ 6,718,544</u>	<u>\$ (1,065,965)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle rental tax	\$ 120,000	\$ 120,000	\$ 74,146	\$ (45,854)
Rolling stock tax	80	80	30	(50)
Personal property tax relief funds	718,492	718,492	718,492	-
Total noncategorical aid	<u>\$ 838,572</u>	<u>\$ 838,572</u>	<u>\$ 792,668</u>	<u>\$ (45,904)</u>
Other categorical aid:				
Litter control grant	\$ 4,000	\$ 4,000	\$ 3,588	\$ (412)
DJCP law enforcement grant	234,800	234,800	245,051	10,251
Performing arts grant	5,000	5,000	5,000	-
Street & highway maintenance	1,115,835	1,115,835	1,130,813	14,978
State Forfeiture Proceeds	-	-	887	887
Other	123,500	123,500	134,383	10,883
Fire program	16,200	16,200	-	(16,200)
Total other categorical aid	<u>\$ 1,499,335</u>	<u>\$ 1,499,335</u>	<u>\$ 1,519,722</u>	<u>\$ 20,387</u>
Total categorical aid	<u>\$ 1,499,335</u>	<u>\$ 1,499,335</u>	<u>\$ 1,519,722</u>	<u>\$ 20,387</u>
Total revenue from the Commonwealth	<u>\$ 2,337,907</u>	<u>\$ 2,337,907</u>	<u>\$ 2,312,390</u>	<u>\$ (25,517)</u>
Revenue from the federal government:				
Transportation safety grant	\$ 121,500	\$ 121,500	\$ 3,000	\$ (118,500)
Total categorical aid	<u>\$ 121,500</u>	<u>\$ 121,500</u>	<u>\$ 3,000</u>	<u>\$ (118,500)</u>
Total revenue from the federal government	<u>\$ 121,500</u>	<u>\$ 121,500</u>	<u>\$ 3,000</u>	<u>\$ (118,500)</u>
Total General Fund	<u><u>\$ 10,243,916</u></u>	<u><u>\$ 10,243,916</u></u>	<u><u>\$ 9,033,934</u></u>	<u><u>\$ (1,209,982)</u></u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative Department:				
Personal services	\$ 77,946	\$ 77,946	\$ 78,148	\$ (202)
Fringe benefits	52,332	52,332	50,984	1,348
Contractual services	30,750	30,750	10,029	20,721
Other charges	29,437	30,437	26,517	3,920
Capital outlay	4,310	3,310	1,004	2,306
Total legislative department	<u>\$ 194,775</u>	<u>\$ 194,775</u>	<u>\$ 166,682</u>	<u>\$ 28,093</u>
Executive Department:				
Personal services	\$ 125,476	\$ 125,476	\$ 126,028	\$ (552)
Fringe benefits	44,658	44,658	43,616	1,042
Contractual services	1,630	1,630	46	1,584
Other charges	16,718	16,718	15,016	1,702
Capital outlay	500	500	29	471
Total executive department	<u>\$ 188,982</u>	<u>\$ 188,982</u>	<u>\$ 184,735</u>	<u>\$ 4,247</u>
Legal Services:				
Personal services	\$ 2,400	\$ 2,400	\$ 2,400	\$ -
Fringe benefits	13,594	13,594	11,202	2,392
Contractual services	78,875	194,981	175,267	19,714
Other charges	7,896	7,896	5,558	2,338
Total legal services	<u>\$ 102,765</u>	<u>\$ 218,871</u>	<u>\$ 194,427</u>	<u>\$ 24,444</u>
Finance Department:				
Personal services	\$ 247,589	\$ 247,589	\$ 231,663	\$ 15,926
Fringe benefits	99,562	99,562	89,086	10,476
Contractual services	33,250	33,250	22,720	10,530
Other charges	62,951	62,951	46,767	16,184
Capital outlay	2,300	2,300	1,189	1,111
Total finance department	<u>\$ 445,652</u>	<u>\$ 445,652</u>	<u>\$ 391,425</u>	<u>\$ 54,227</u>
Memberships and Dues:				
Other charges	\$ 6,443	\$ 6,443	\$ 6,693	\$ (250)
Total memberships and dues	<u>\$ 6,443</u>	<u>\$ 6,443</u>	<u>\$ 6,693</u>	<u>\$ (250)</u>
Total general government administration	<u>\$ 938,617</u>	<u>\$ 1,054,723</u>	<u>\$ 943,962</u>	<u>\$ 110,761</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Department of Police				
Personal services	\$ 1,442,039	\$ 1,458,039	\$ 1,449,323	\$ 8,716
Fringe benefits	520,265	515,015	422,591	92,424
Contractual services	43,455	28,805	27,798	1,007
Other charges	383,771	378,210	343,174	35,036
Capital outlay	4,000	13,461	22,735	(9,274)
Total department of police	<u>\$ 2,393,530</u>	<u>\$ 2,393,530</u>	<u>\$ 2,265,621</u>	<u>\$ 127,909</u>
Fire and Rescue Services:				
Personal services	\$ 69,056	\$ 69,056	\$ 68,662	\$ 394
Fringe benefits	17,622	17,622	16,757	865
Other charges	70,110	76,810	59,332	17,478
Capital outlay	-	-	-	-
Total fire and rescue services	<u>\$ 156,788</u>	<u>\$ 163,488</u>	<u>\$ 144,751</u>	<u>\$ 18,737</u>
Bureau of Building Inspections:				
Personal services	\$ 135,185	\$ 135,185	\$ 130,841	\$ 4,344
Fringe benefits	41,773	41,773	43,736	(1,963)
Contractual services	5,200	5,200	3,640	1,560
Other charges	36,151	36,151	26,917	9,234
Capital outlay	1,000	1,000	4,602	(3,602)
Total bureau of building inspections	<u>\$ 219,309</u>	<u>\$ 219,309</u>	<u>\$ 209,736</u>	<u>\$ 9,573</u>
Total public safety	<u>\$ 2,769,627</u>	<u>\$ 2,776,327</u>	<u>\$ 2,620,108</u>	<u>\$ 156,219</u>
Public Works Administration:				
Personal services	\$ 296,798	\$ 296,798	\$ 251,500	\$ 45,298
Fringe benefits	109,536	109,536	85,583	23,953
Contractual services	22,944	22,944	17,142	5,802
Other charges	52,974	52,974	38,182	14,792
Capital outlay	500	500	172	328
Total public works administration	<u>\$ 482,752</u>	<u>\$ 482,752</u>	<u>\$ 392,579</u>	<u>\$ 90,173</u>
Bureau of Street Maintenance:				
Personal services	\$ 398,575	\$ 395,575	\$ 325,863	\$ 69,712
Fringe benefits	299,562	299,562	205,311	94,251
Contractual services	2,500	2,500	2,430	70
Other charges	234,937	234,937	286,450	(51,513)
Capital outlay	18,000	21,000	19,166	1,834
Total bureau of street maintenance	<u>\$ 953,574</u>	<u>\$ 953,574</u>	<u>\$ 839,220</u>	<u>\$ 114,354</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Arterial Street Maintenance:				
Personal services	\$ 69,000	\$ 66,000	\$ 76,831	\$ (10,831)
Fringe benefits	5,279	5,279	5,726	(447)
Contractual services	37,000	45,000	49,261	(4,261)
Other charges	88,800	88,800	83,644	5,156
Capital outlay	260,500	424,124	229,771	194,353
Total arterial street maintenance	<u>\$ 460,579</u>	<u>\$ 629,203</u>	<u>\$ 445,233</u>	<u>\$ 183,970</u>
Collector Street Maintenance:				
Personal services	\$ 60,000	\$ 57,000	\$ 42,201	\$ 14,799
Fringe benefits	4,055	4,055	3,116	939
Contractual services	10,000	17,000	6,503	10,497
Other charges	85,900	90,426	100,402	(9,976)
Capital outlay	161,250	238,460	142,441	96,019
Total collector street maintenance	<u>\$ 321,205</u>	<u>\$ 406,941</u>	<u>\$ 294,663</u>	<u>\$ 112,278</u>
Bureau of Refuse Collection:				
Personal services	\$ 172,091	\$ 172,091	\$ 188,153	\$ (16,062)
Fringe benefits	90,730	90,730	96,548	(5,818)
Contractual services	20,950	20,950	802	20,148
Other charges	74,934	74,934	61,912	13,022
Total bureau of refuse collection	<u>\$ 358,705</u>	<u>\$ 358,705</u>	<u>\$ 347,415</u>	<u>\$ 11,290</u>
Recycling Program:				
Personal services	\$ 61,099	\$ 61,099	\$ 58,005	\$ 3,094
Fringe benefits	25,652	25,652	25,342	310
Contractual services	400	400	200	200
Other charges	19,154	19,154	30,982	(11,828)
Total recycling program	<u>\$ 106,305</u>	<u>\$ 106,305</u>	<u>\$ 114,529</u>	<u>\$ (8,224)</u>
Maintenance, Buildings and Grounds:				
Personal services	\$ 46,424	\$ 46,424	\$ 34,190	\$ 12,234
Fringe benefits	9,227	9,227	11,218	(1,991)
Contractual services	72,712	75,964	74,005	1,959
Other charges	111,638	110,537	108,872	1,665
Capital outlay	2,500	6,101	6,691	(590)
Total maintenance, buildings and grounds	<u>\$ 242,501</u>	<u>\$ 248,253</u>	<u>\$ 234,976</u>	<u>\$ 13,277</u>
Total public works	<u>\$ 2,925,621</u>	<u>\$ 3,185,733</u>	<u>\$ 2,668,615</u>	<u>\$ 517,118</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare:				
Welfare/Social Services:				
Other charges	\$ 101,933	\$ 101,933	\$ 95,851	\$ 6,082
Total welfare/social service contributions	<u>101,933</u>	<u>101,933</u>	<u>95,851</u>	<u>6,082</u>
Total health and welfare	<u>\$ 101,933</u>	<u>\$ 101,933</u>	<u>\$ 95,851</u>	<u>\$ 6,082</u>
Parks, recreation, and culture:				
Maintenance, cemetery:				
Personal services	\$ 69,299	\$ 69,299	\$ 66,816	\$ 2,483
Fringe benefits	29,982	29,982	25,236	4,746
Contractual services	4,600	4,600	341	4,259
Other charges	16,770	16,770	14,817	1,953
Total maintenance, cemetery	<u>\$ 129,251</u>	<u>\$ 129,251</u>	<u>\$ 112,485</u>	<u>\$ 16,766</u>
Cultural enrichment:				
Other charges	\$ 27,800	\$ 27,800	\$ 30,021	\$ (2,221)
Total cultural enrichment	<u>\$ 27,800</u>	<u>\$ 27,800</u>	<u>\$ 30,021</u>	<u>\$ (2,221)</u>
Total parks, recreation, and cultural	<u>\$ 157,051</u>	<u>\$ 157,051</u>	<u>\$ 142,506</u>	<u>\$ 14,545</u>
Community development:				
Planning and Zoning Department				
Personal services	\$ 307,346	\$ 307,346	\$ 300,306	\$ 7,040
Fringe benefits	91,269	91,269	83,080	8,189
Contractual services	33,800	33,800	21,709	12,091
Other charges	130,104	130,104	115,388	14,716
Capital outlay	3,800	3,800	1,468	2,332
Total planning and zoning department	<u>\$ 566,319</u>	<u>\$ 566,319</u>	<u>\$ 521,951</u>	<u>\$ 44,368</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Zoning Appeals Board:				
Personal services	\$ 500	\$ 500	\$ -	\$ 500
Fringe benefits	38	38	-	38
Contractual services	1,250	1,250	-	1,250
Other charges	1,050	1,050	-	1,050
Total zoning appeals board	<u>\$ 2,838</u>	<u>\$ 2,838</u>	<u>\$ -</u>	<u>\$ 2,838</u>
Architectural Review Board:				
Personal services	\$ 900	\$ 900	\$ 570	\$ 330
Fringe benefits	69	69	44	25
Contractual services	11,100	11,100	607	10,493
Other charges	1,400	1,400	1,747	(347)
Total architectural review board	<u>\$ 13,469</u>	<u>\$ 13,469</u>	<u>\$ 2,968</u>	<u>\$ 10,501</u>
Total community development	<u>\$ 582,626</u>	<u>\$ 582,626</u>	<u>\$ 524,919</u>	<u>\$ 57,707</u>
Capital projects:				
Capital outlay	<u>\$ 513,500</u>	<u>\$ 513,500</u>	<u>\$ 199,461</u>	<u>\$ 314,039</u>
Total capital projects	<u>\$ 513,500</u>	<u>\$ 513,500</u>	<u>\$ 199,461</u>	<u>\$ 314,039</u>
Total General Fund	<u><u>\$ 7,988,975</u></u>	<u><u>\$ 8,371,893</u></u>	<u><u>\$ 7,195,422</u></u>	<u><u>\$ 1,176,471</u></u>

Schedule of Revenues, Expenses and Changes in Net Assets
 Water and Sewer Fund
 For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:				
Sale of services, commodities and properties:				
Sewer service charges	\$ 2,931,800	\$ 2,931,800	\$ 2,375,637	\$ (556,163)
Sale of water	1,578,600	1,578,600	1,233,441	(345,159)
Late payment charges	35,900	35,900	37,861	1,961
Installation fees	4,000	4,000	17,428	13,428
Transfer fees	11,000	11,000	8,133	(2,867)
Reconnection fees	5,400	5,400	7,831	2,431
Impact fees	-	-	3,028	3,028
Total sale of services, commodities and properties	<u>\$ 4,566,700</u>	<u>\$ 4,566,700</u>	<u>\$ 3,683,359</u>	<u>\$ (883,341)</u>
Miscellaneous revenue:				
Miscellaneous receipts	\$ 45,200	\$ 45,200	\$ -	\$ (45,200)
Total miscellaneous revenue	<u>\$ 45,200</u>	<u>\$ 45,200</u>	<u>\$ -</u>	<u>\$ (45,200)</u>
Total operating revenue	<u>\$ 4,611,900</u>	<u>\$ 4,611,900</u>	<u>\$ 3,683,359</u>	<u>\$ (928,541)</u>
Operating Expenses:				
Source of supply:				
Personal services	\$ 322,970	\$ 322,970	\$ 310,156	\$ 12,814
Fringe benefits	120,583	120,583	114,722	5,861
Contractual services	103,480	104,080	91,107	12,973
Other charges	300,970	300,970	341,278	(40,308)
Total source of supply	<u>\$ 848,003</u>	<u>\$ 848,603</u>	<u>\$ 857,263</u>	<u>\$ (8,660)</u>
Transmission and distribution:				
Personal services	\$ 304,703	\$ 304,703	\$ 315,207	\$ (10,504)
Fringe benefits	151,220	151,220	123,606	27,614
Contractual services	16,988	16,988	5,932	11,056
Other charges	110,133	110,133	28,603	81,530
Total transmission and distribution	<u>\$ 583,044</u>	<u>\$ 583,044</u>	<u>\$ 473,348</u>	<u>\$ 109,696</u>
Meter reading:				
Personal services	\$ 88,729	\$ 88,729	\$ 86,185	\$ 2,544
Fringe benefits	48,988	48,988	46,983	2,005
Contractual services	9,305	18,305	10,517	7,788
Other charges	93,258	84,258	72,751	11,507
Total meter reading	<u>\$ 240,280</u>	<u>\$ 240,280</u>	<u>\$ 216,436</u>	<u>\$ 23,844</u>
Wastewater Treatment Operation:				
Personal services	\$ 501,599	\$ 501,599	\$ 460,986	\$ 40,613
Fringe benefits	177,428	177,428	157,717	19,711
Contractual services	158,615	164,415	173,895	(9,480)
Other charges	483,619	483,619	604,276	(120,657)
Total wastewater treatment operation	<u>\$ 1,321,261</u>	<u>\$ 1,327,061</u>	<u>\$ 1,396,874</u>	<u>\$ (69,813)</u>

Schedule of Revenues, Expenses and Changes in Net Assets
 Water and Sewer Fund
 For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Operating Expenses: (Continued)				
Public Utilities Administration:				
Personal services	\$ 413,127	\$ 413,127	\$ 404,414	\$ 8,713
Fringe benefits	153,448	153,448	139,505	13,943
Contractual services	90,948	96,484	52,552	43,932
Other charges	88,951	88,951	81,024	7,927
Capital outlays	500	1,800	-	1,800
Total public utilities administration	<u>\$ 746,974</u>	<u>\$ 753,810</u>	<u>\$ 677,495</u>	<u>\$ 76,315</u>
Wastewater Treatment Operation: (continued)				
Capital Outlay:				
Machinery & equipment	\$ 202,500	\$ 202,500	\$ 106,000	\$ 96,500
Water plant improvements	945,000	1,049,747	-	1,049,747
Sewer plant improvements	-	4,496,424	184,774	4,311,650
Sewer line rehabilitation	895,108	895,108	88,105	807,003
Cedar Run pump station	-	5,194	-	5,194
Total capital outlay	<u>\$ 2,042,608</u>	<u>\$ 6,648,973</u>	<u>\$ 378,879</u>	<u>\$ 6,270,094</u>
Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,059</u>	<u>\$ (910,059)</u>
Total operating expenses	<u>\$ 5,782,170</u>	<u>\$ 10,401,771</u>	<u>\$ 4,910,354</u>	<u>\$ 5,491,417</u>
Net operating income (loss)	<u>\$ (1,170,270)</u>	<u>\$ (5,789,871)</u>	<u>\$ (1,226,995)</u>	<u>\$ (4,562,876)</u>
Non-operating revenues (expenses):				
Interest revenue	\$ 100,000	\$ 100,000	\$ 76,032	\$ 23,968
Rental revenue	140,786	140,786	125,187	15,599
Capital contributions	<u>3,299,571</u>	<u>3,299,571</u>	<u>2,202,277</u>	<u>1,097,294</u>
Net non-operating revenues (expenses)	<u>\$ 3,540,357</u>	<u>\$ 3,540,357</u>	<u>\$ 2,403,496</u>	<u>\$ 1,136,861</u>
Net income (loss) before operating transfers	<u>\$ 2,370,087</u>	<u>\$ (2,249,514)</u>	<u>\$ 1,176,501</u>	<u>\$ (3,426,015)</u>
Net income (loss)	<u>\$ 2,370,087</u>	<u>\$ (2,249,514)</u>	<u>\$ 1,176,501</u>	<u>\$ (3,426,015)</u>
Net income (loss)	\$ 2,370,087	\$ (2,249,514)	\$ 1,176,501	\$ (3,426,015)
Net assets, beginning of year	<u>(2,370,087)</u>	<u>2,249,514</u>	<u>30,243,276</u>	<u>(27,993,762)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,419,777</u>	<u>\$ (31,419,777)</u>

Schedule of Changes in Reserved for Construction Fund Balances
 General Fund
 For the Year Ended June 30, 2009

	Balances	Transfers		Balances
	July 1, 2008	In	Out	June 30, 2009
ARB Printing	\$ 1,800	\$ -	\$ -	\$ 1,800
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	39,570	2,500	-	42,070
Data processing equipment	29,087	-	-	29,087
Drainage projects	62,936	-	-	62,936
Driveway culvert Evans	5,400	-	-	5,400
Driveway culverts	8,642	-	-	8,642
Elections	5,550	-	-	5,550
Fire/Rescue	57,590	-	6,700	50,890
Finance special project help	-	13,705	-	13,705
Haiti St. sidewalk	23,400	-	-	23,400
Highland Proffers	93,344	1,608	-	94,952
Legal Fees	187,965	-	116,106	71,859
Light installation	21,701	-	-	21,701
Microfilm records	13,402	3,675	-	17,077
Old Town Signage	5,000	-	-	5,000
Park site improvements	9,000	-	-	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	9,738	-	-	9,738
Playground equipment	5,500	-	-	5,500
Printing handbooks	-	4,548	-	4,548
Professional services - data processing	49,672	-	-	49,672
Professional services - planning	28,152	12,000	-	40,152
Repairs municipal building	2,695	5,000	-	7,695
Repairs to other buildings	-	58,293	-	58,293
Shirley avenue drainage	53,431	-	-	53,431
Sidewalk construction	45,381	-	-	45,381
Sidewalk curb and gutter	54,634	-	-	54,634
Storm sewers	190,200	-	-	190,200
State asset forfeiture proceeds	-	1,005	-	1,005
Street improvements/painting	7,872	264,945	-	272,817
SWMM upgrade	15,000	-	-	15,000
Town 2010 Birthday	-	7,500	-	7,500
Traffic Signal	-	65,000	-	65,000
VDO Bike Pedestrian Safety program	-	135,000	-	135,000
VDOT Urban Project	8,234	-	-	8,234
Visitor Center	16,824	-	-	16,824
Warrenton Heritage Day Mosby	-	1,500	-	1,500
Warehouse improvements	2,882	-	-	2,882
Totals	\$ 1,513,551	\$ 576,279	\$ 122,806	\$ 1,967,024

Schedule of Changes in Restricted Net Assets
 Water and Sewer Fund
 For the Year Ended June 30, 2009

	Balances	Transfers		Balances
	July 1, 2008	In	Out	June 30, 2009
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	-	1,300	1,315
I & I	199,800	-	-	199,800
Lift station upgrade	60,720	-	-	60,720
Lines and services	813,931	66,136	158,000	722,067
Professional services - data processing	1,293	-	-	1,293
Professional services - adm	5,400	-	-	5,400
Sewer plant improvements	1,780,075	-	235,980	1,544,095
Sewer plant improvements-ammonia	601,179	-	450,000	151,179
Sewer rehabilitation	282,956	567,816	282,956	567,816
Rady Park Pump Station Upgrade	557,035	-	-	557,035
Warrenton Training Center	294,634	5,301	-	299,935
Water plant improvements	398,758	905,965	300,000	1,004,723
Totals	\$ 5,095,536	\$ 1,545,218	\$ 1,428,236	\$ 5,212,518

Schedule of Changes in Restricted Net Assets
 Recreation Fund
 For the Year Ended June 30, 2009

	Balances	Transfers		Balances
	July 1, 2008	In	Out	June 30, 2009
Academy Hill Park	\$ 65,000	\$ -	\$ -	\$ 65,000
Park site improvement	10,069	-	-	10,069
Gay Road Park	50,000	-	15,000	35,000
Recreation proffers	201,180	-	-	201,180
Academy recreation proffers	59,500	-	-	59,500
Steam mitigation	160,980	219,440	-	380,420
F&F aquatic center	380,173	-	-	380,173
Gold Cup park	25,000	-	25,000	-
Rt. 211 access/parking	235,093	-	26,000	209,093
Signage Waterloo & Rt. 211	-	45,000	-	45,000
Playground equipment	1,000	-	-	1,000
Warrenton Greenway depot park	-	25,795	-	25,795
Warf Construction	-	533,079	-	533,079
Recreation center concession/restroom	30,000	350,000	-	380,000
Totals	\$ 1,217,995	\$ 1,173,314	\$ 66,000	\$ 2,325,309

Statistical Section

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the the Town's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.	7-9
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.	10-13
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	14-15
Operating Information These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relate to the services the Town provides and the activities it performs.	16-18

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

TOWN OF WARRENTON, VIRGINIA

Net Assets by Component
 Last Seven 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		2008		2009
\$	27,888,659	\$	27,860,169	\$	28,706,827	\$	29,729,797
	2,046,436		1,917,160		2,091,437		1,979,763
	12,794,906		2,449,220		4,355,709		6,279,976
\$	<u>42,730,001</u>	\$	<u>32,226,549</u>	\$	<u>35,153,973</u>	\$	<u>37,989,536</u>
\$	17,155,045	\$	33,900,479	\$	37,819,911	\$	41,495,789
	11,713,744		4,646,949		6,313,531		4,824,596
	7,738,868		12,431,093		8,042,010		5,872,394
\$	<u>36,607,657</u>	\$	<u>50,978,521</u>	\$	<u>52,175,452</u>	\$	<u>52,192,779</u>
\$	45,043,704	\$	61,760,648	\$	66,526,738	\$	71,225,586
	13,760,180		6,564,109		8,404,968		6,804,359
	20,533,774		14,880,313		12,397,719		12,152,370
\$	<u>79,337,658</u>	\$	<u>83,205,070</u>	\$	<u>87,329,425</u>	\$	<u>90,182,315</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 801,322	\$ 865,020	\$ 841,326	\$ 937,279	\$ 1,060,596	\$ 853,933	\$ 926,615
Public safety	2,010,689	2,044,514	2,162,210	2,444,376	2,504,495	2,856,414	2,731,817
Public works	2,872,899	2,425,711	2,900,194	3,111,121	3,196,533	1,813,751	1,742,009
Health and welfare	58,350	60,986	72,096	96,765	94,945	101,427	95,851
Parks, recreation and cultural	251,035	165,968	52,562	149,936	135,169	380,447	147,141
Community development	429,669	407,819	445,378	508,498	455,345	561,837	552,783
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	\$ 6,567,809	\$ 6,196,216
Business-type activities:							
Water and sewer	\$ 3,832,591	\$ 3,842,061	\$ 3,757,536	\$ 4,058,266	\$ 4,364,123	\$ 4,570,230	\$ 4,912,376
Parks and recreation	-	-	-	4,623	589,436	1,772,884	2,034,786
Total business-type activities expenses	\$ 3,832,591	\$ 3,842,061	\$ 3,757,536	\$ 4,062,889	\$ 4,953,559	\$ 6,343,114	\$ 6,947,162
Total primary government expenses	\$ 10,259,047	\$ 9,812,173	\$ 10,231,302	\$ 11,310,864	\$ 12,400,642	\$ 12,910,923	\$ 13,143,378
Program Revenues							
Governmental activities:							
Charges for services:							
Public safety	\$ 155,070	\$ 206,823	\$ 134,871	\$ 128,732	\$ 139,433	\$ 119,517	\$ 196,490
Community development	-	253,742	375,753	390,132	321,791	153,220	150,781
Operating grants and contributions	1,014,166	2,405,588	1,119,543	1,291,284	1,361,666	1,476,243	1,516,783
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	\$ 1,748,980	\$ 1,864,054
Business-type activities:							
Charges for services:							
Water and sewer	\$ 3,518,907	\$ 3,643,950	\$ 3,695,420	\$ 3,916,771	\$ 4,091,748	\$ 3,928,840	\$ 3,683,359
Parks and recreation	-	-	-	-	-	623,608	877,634
Capital grants and contributions	5,320,575	1,791,625	2,127,048	1,735,377	792,065	1,250,165	2,202,277
Total business-type activities program revenues	\$ 8,839,482	\$ 5,435,575	\$ 5,822,468	\$ 5,652,148	\$ 4,883,813	\$ 5,802,613	\$ 6,763,270
Total primary government program revenues	\$ 10,008,718	\$ 10,523,003	\$ 13,184,480	\$ 14,689,644	\$ 8,372,760	\$ 7,551,593	\$ 8,627,324
Net (expense) / revenue							
Governmental activities	\$ (5,257,220)	\$ (882,684)	\$ 888,246	\$ 1,789,521	\$ (3,958,136)	\$ (4,818,829)	\$ (4,332,162)
Business-type activities	5,006,891	1,593,514	-	1,589,259	(69,746)	(540,501)	(183,892)
Total primary government net expense	\$ (250,329)	\$ 710,830	\$ 888,246	\$ 3,378,780	\$ (4,027,882)	\$ (5,359,330)	\$ (4,516,054)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 595,516	\$ 631,535	\$ 727,907	\$ 713,802	\$ 554,281	\$ 663,543	\$ 620,168
Other local taxes	4,884,107	-	-	-	-	-	-
Local sales and use tax	-	390,691	458,976	519,031	542,586	509,630	461,030
Consumer's utility tax	-	896,993	1,010,520	952,708	994,325	462,750	458,357
Business license tax	-	1,023,571	1,123,373	1,400,230	1,653,232	1,338,059	1,248,770
Restaurant food tax	-	1,494,046	1,561,380	1,632,434	1,775,493	1,749,075	1,816,416
Transient occupancy tax	-	132,663	185,405	-	-	-	-
Motor vehicle license tax	-	91,278	91,990	-	-	-	-
Communications tax	-	-	-	-	-	618,169	561,660
Bank stock tax	-	798,720	381,368	-	-	354,680	355,391
Tobacco tax	-	231,192	225,417	-	-	-	-
Other local taxes	-	123,546	45,556	1,088,358	1,013,222	536,333	568,191
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	259,302	105,694	314,013	625,169	778,520	432,507	255,025
Gain/loss on disposal of capital assets	112,894	142,685	253,183	265,957	22,532	109,047	27,049
Unrestricted grants and contributions	-	(2,977)	-	-	-	-	-
Transfers	-	-	-	(5,826,014)	-	-	-
Total governmental activities	\$ 6,748,961	\$ 6,808,456	\$ 7,184,637	\$ 2,207,341	\$ 8,149,113	\$ 7,560,445	\$ 7,167,725
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	497,567	76,032
Miscellaneous	33,635	10,723	193,803	132,633	228,613	128,891	125,187
Transfers	-	-	-	5,826,014	-	-	-
Total business-type activities	\$ 263,036	\$ 550,068	\$ 2,622,227	\$ 6,492,281	\$ 974,694	\$ 626,458	\$ 201,219
Total primary government	\$ 7,011,997	\$ 7,358,524	\$ 9,806,864	\$ 8,699,622	\$ 9,123,807	\$ 8,186,903	\$ 7,368,944
Change in Net Assets							
Governmental activities	\$ 1,491,741	\$ 5,925,772	\$ 8,072,883	\$ 3,996,862	\$ 4,190,977	\$ 2,741,616	\$ 2,835,563
Business-type activities	5,269,927	2,143,582	2,622,227	8,081,540	904,948	85,957	17,327
Total primary government	\$ 6,761,668	\$ 8,069,354	\$ 10,695,110	\$ 12,078,402	\$ 5,095,925	\$ 2,827,573	\$ 2,852,890

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				
	2000	2001	2002	2003	2004
General fund					
Reserved	\$ 1,920,460	\$ 3,016,433	\$ 2,560,828	\$ 1,442,840	\$ 6,259,158
Unreserved	4,098,743	5,678,717	5,898,956	8,213,270	6,558,977
Total general fund	<u>\$ 6,019,203</u>	<u>\$ 8,695,150</u>	<u>\$ 8,459,784</u>	<u>\$ 9,656,110</u>	<u>\$ 12,818,135</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Capital projects funds	\$ -	\$ -	\$ -	\$ -	\$ 125,470
Permanent funds	-	-	494,443	498,896	498,908
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,443</u>	<u>\$ 498,896</u>	<u>\$ 624,378</u>

Table 3

		Fiscal Year							
		2005	2006	2007	2008	2009			
\$	5,492,318	\$	596,659	\$	1,361,700	\$	1,361,700	\$	1,392,537
	<u>8,749,616</u>		<u>13,885,546</u>		<u>2,677,795</u>		<u>4,720,859</u>		<u>6,522,659</u>
\$	<u><u>14,241,934</u></u>	\$	<u><u>14,482,205</u></u>	\$	<u><u>4,039,495</u></u>	\$	<u><u>6,082,559</u></u>	\$	<u><u>7,915,196</u></u>
\$	-	\$	-	\$	-	\$	-	\$	-
	<u>508,743</u>		<u>528,712</u>		<u>555,460</u>		<u>577,886</u>		<u>587,226</u>
\$	<u><u>508,743</u></u>	\$	<u><u>528,712</u></u>	\$	<u><u>555,460</u></u>	\$	<u><u>577,886</u></u>	\$	<u><u>587,226</u></u>

TOWN OF WARRENTON, VIRGINIA

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

	Fiscal Year			
	2000	2001	2002	2003
Revenues				
General property taxes	\$ 1,462,133	\$ 1,211,312	\$ 605,363	\$ 570,204
Other local taxes	3,550,359	4,191,058	4,695,289	4,884,107
Permits, privilege fees and regulatory licenses	134,462	214,220	273,780	255,724
Fines and forfeitures	104,505	73,808	88,950	155,070
Revenue from use of money and property	292,579	458,405	229,157	259,302
Miscellaneous	174,071	942,784	379,256	40,596
Recovered costs	25,004	24,285	22,377	72,298
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	1,155,222	1,271,559	1,527,205	1,623,410
Federal	22,848	4,770	11,749	32,174
Total revenues	\$ 6,921,183	\$ 8,392,201	\$ 7,833,126	\$ 7,892,885
Expenditures				
General government administration	\$ 786,176	\$ 788,901	\$ 831,332	\$ 765,865
Public safety	1,822,997	1,938,025	1,839,211	1,973,466
Public works	2,010,157	1,968,878	2,151,562	2,005,221
Contributions	228,659	153,911	191,664	207,671
Parks, recreation and cultural	9,338	19,989	-	-
Community development	424,043	494,974	436,114	438,994
Non-departmental	-	-	-	19,900
Capital projects	1,390,842	476,872	2,127,027	1,322,262
Debt service:				
Principal	23,719	48,159	59,864	68,225
Interest and other fiscal charges	1,032	7,804	6,055	2,492
Total expenditures	\$ 6,696,963	\$ 5,897,513	\$ 7,642,829	\$ 6,804,096
Excess of revenues over (under) expenditures	\$ 224,220	\$ 2,494,688	\$ 190,297	\$ 1,088,789
Other financing sources (uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(30,862)	-	(425,663)	-
Proceeds from indebtedness	-	181,259	-	-
Total other financing sources (uses)	\$ (30,862)	\$ 181,259	\$ (425,663)	\$ -
Net change in fund balances	\$ 193,358	\$ 2,675,947	\$ (235,366)	\$ 1,088,789
Debt service as a percentage of noncapital expenditures	0.47%	1.04%	1.21%	1.31%

Table 4

Fiscal Year						
2004	2005	2006	2007	2008	2009	
\$ 649,312	\$ 744,748	\$ 722,808	\$ 627,637	\$ 624,841	\$ 628,812	
5,182,700	5,083,985	5,592,761	5,978,858	5,568,696	5,469,815	
323,960	375,753	390,132	321,791	153,220	196,490	
136,605	134,871	128,732	139,433	119,517	150,781	
105,694	314,013	625,169	778,520	432,507	255,025	
85,460	219,696	266,831	40,698	109,047	27,049	
57,225	33,489	23,151	13,487	108,530	-	
1,357,540	-	-	-	-	-	
1,785,002	1,924,592	2,110,717	2,162,466	2,220,020	2,309,451	
11,865	500	613,581	42,179	42,875	3,000	
<u>\$ 9,695,363</u>	<u>\$ 8,831,647</u>	<u>\$ 10,473,882</u>	<u>\$ 10,105,069</u>	<u>\$ 9,379,253</u>	<u>\$ 9,040,423</u>	
\$ 837,312	\$ 837,721	\$ 835,842	\$ 973,880	\$ 918,002	\$ 946,907	
1,956,619	2,063,730	2,365,107	2,398,000	2,722,646	2,620,108	
1,836,982	2,217,748	2,191,932	2,263,115	2,378,910	2,668,694	
204,369	72,096	96,765	94,945	101,427	95,851	
-	148,550	206,123	135,640	382,002	142,506	
403,547	433,713	504,741	508,735	539,165	524,919	
12,500	675	-	-	-	-	
1,151,423	1,749,250	986,852	680,800	457,419	199,461	
5,004	-	-	-	-	-	
100	-	-	-	-	-	
<u>\$ 6,407,856</u>	<u>\$ 7,523,483</u>	<u>\$ 7,187,362</u>	<u>\$ 7,055,115</u>	<u>\$ 7,499,571</u>	<u>\$ 7,198,446</u>	
<u>\$ 3,287,507</u>	<u>\$ 1,308,164</u>	<u>\$ 3,286,520</u>	<u>\$ 3,049,954</u>	<u>\$ 1,879,682</u>	<u>\$ 1,841,977</u>	
\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	
-	-	(8,826,014)	(13,465,916)	-	-	
-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,826,014)</u>	<u>\$ (13,465,916)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ 3,287,507</u>	<u>\$ 1,308,164</u>	<u>\$ (2,539,494)</u>	<u>\$ (10,415,962)</u>	<u>\$ 1,879,682</u>	<u>\$ 1,841,977</u>	
0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	\$ 1,767,638,600	\$ 93,472,804	\$ -	\$ 587,884	\$ 28,291,208	\$ 1,889,990,496	\$ 1,889,990,496	100.00%
2008	1,758,591,700	94,289,760	-	625,632	27,784,639	1,881,291,731	1,881,291,731	100.00%
2007	1,726,834,100	94,049,306	-	251,503	26,702,670	1,847,837,579	1,847,837,579	100.00%
2006	1,702,213,900	87,009,001	-	301,061	15,115,823	1,804,639,785	1,804,639,785	100.00%
2005	803,093,350	75,359,990	-	389,476	18,765,767	897,608,583	897,608,583	100.00%
2004	754,879,500	72,564,642	-	405,195	33,632,102	861,481,439	861,481,439	100.00%
2003	701,853,350	64,202,242	-	560,712	24,056,439	790,672,743	790,672,743	100.00%
2002	591,875,900	57,788,410	1,111	360,911	22,395,310	672,421,642	672,421,642	100.00%
2001	502,120,502	50,952,693	4,300	400,064	21,730,034	575,207,593	575,207,593	100.00%
2000	488,175,500	43,931,350	5,705	284,056	21,138,978	553,535,589	553,535,589	100.00%

Source: Commissioner of Revenue

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
2009	\$ 0.015	\$ 1.00	\$ N/A	\$ 1.00	\$ 0.765	\$ 4.65
2008	0.015	1.00	N/A	1.00	0.645	4.65
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

(1) Per \$100 of assessed value

TOWN OF WARRENTON, VIRGINIA

General Government Tax Revenues by Source (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Utility Tax</u>	<u>Franchise Tax</u>	<u>Communica- tions Tax (2)</u>	<u>Meals Tax</u>
2009	\$ 628,812	\$ 461,030	\$ 504,906	\$ 417,266	\$ 561,660	\$ 1,816,416
2008	624,841	509,630	519,509	369,113	618,169	1,749,075
2007	627,637	542,586	1,042,580	473,713	-	1,775,493
2006	722,808	519,031	998,881	522,854	-	1,632,434
2005	744,748	458,976	1,056,076	381,368	-	1,561,380
2004	649,312	390,691	938,384	880,875	-	1,494,046
2003	570,204	332,040	907,930	783,908	-	1,366,248
2002	605,363	293,596	964,261	669,381	-	1,289,265
2001	1,211,312	275,335	912,010	529,008	-	1,082,000
2000	1,597,539	244,592	680,214	424,963	-	977,125

(1) Includes General Fund and Special Revenue Funds

(2) 2008 was the first year the communications tax was collected

(3) The Town stopped collecting auto rental tax in 2005

Table 7

Transient Occupancy Tax	Business Licenses	Motor Vehicle Licenses	Motor Vehicle Rental Tax (3)	Cigarette Tax	Total
\$ 174,398	\$ 1,248,770	\$ 96,245	\$ -	\$ 189,124	\$ 6,098,627
151,272	1,338,059	91,454	-	222,415	6,193,537
197,870	1,653,232	96,189	-	197,195	6,606,495
206,274	1,400,230	100,905	-	212,152	6,315,569
185,405	1,123,373	91,990	113,742	225,417	5,942,475
132,663	1,023,571	91,278	87,384	231,192	5,919,396
105,536	1,017,011	139,315	76,742	232,119	5,531,053
112,318	987,283	132,298	73,334	246,887	5,373,986
121,620	923,169	129,051	66,588	218,865	5,468,958
125,937	750,026	118,153	68,103	229,349	5,216,001

TOWN OF WARRENTON, VIRGINIA

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2009	
		2008 Assessed Valuation	% of Total Assessed Valuation
Warrenton Center LLC	Shopping Center	\$ 27,714,500	1.53%
Warrenton Development Co	Developer	21,008,800	1.16%
Warrenton Village	Shopping Center	15,854,771	0.88%
Walmart	Retail Store	14,559,700	0.81%
Sears Roebuck anc Co	Retail Store	12,666,900	0.71%
Warrenton Professional Center	Health Care Provider	11,667,369	0.65%
Verizon	Utility	11,404,259	0.63%
Saul Holdings	Shopping Center	10,710,500	0.59%
Kalis Holdings	Shopping Center	10,372,800	0.57%
Virginia Electric	Utility	10,141,719	0.56%
		<u>\$ 146,101,318</u>	<u>8.09%</u>

Source: Commissioner of Revenue

Table 8

Taxpayer	Type Business	Fiscal Year 2000	
		1999 Assessed Valuation	% of Total Assessed Valuation
Jefferson Associates	Shopping Center	\$ 23,107,100	4.50%
Bell Atlantic-Virginia Inc	Utility	12,506,970	2.46%
Warrenton Development Co	Developer	9,558,500	1.88%
Troy CMBS Property LLC	Shopping Center	6,590,700	1.29%
Warrenton Town Centre Assoc.	Shopping Center	5,539,900	1.09%
Virginia Power	Utility	5,320,370	1.04%
Warrenton Professional Center	Health Care Provider	4,726,600	0.93%
The Fauquier Bank	Financial Institution	4,503,200	0.88%
Mildred M. Fletcher	Rental Properties	4,494,200	0.90%
Oak Springs Assoc. Ltd	Developer	3,570,800	0.70%
		<u>\$ 79,918,340</u>	<u>15.67%</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
2009	\$ 1,153,275	\$ 1,142,550	99.07%	\$ -	\$ 1,142,550	99.07%
2008	1,142,453	1,131,930	99.08%	132,272	1,264,202	110.66%
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%

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				
2009	\$ -	\$ 9,325,000	\$ -		\$ 9,325,000	2.07%	1,050
2008	-	9,555,000	-		9,555,000	2.27%	1,110
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

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 14

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)
2008	\$ 9,325,000	\$ -	\$ 9,325,000	0.49%	1,050
2008	9,555,000	-	9,555,000	0.51%	1,110
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%	455
2002	3,990,000	-	3,990,000	0.59%	531
2001	4,600,000	-	4,600,000	0.80%	690
2000	5,155,000	-	5,155,000	0.93%	777

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

(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, 2009

<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	110,170,000	14%	\$ 15,423,800
Subtotal, overlapping debt			<u>15,423,800</u>
Town of Warrenton, direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 15,423,800</u>

Source: County of Fauquier June 30, 2009 Comprehensive Annual Financial Report

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the Town of Warrenton. This process recognizes that, when considering the Town'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

	Fiscal Year				
	2000	2001	2002	2003	2004
Debt limit	\$ 50,929,713	\$ 52,385,054	\$ 59,187,590	\$ 70,185,335	\$ 75,487,950
Total net debt applicable to limit	5,155,000	4,600,000	3,990,000	3,375,000	-
Legal debt margin	\$ <u>45,774,713</u>	\$ <u>47,785,054</u>	\$ <u>55,197,590</u>	\$ <u>66,810,335</u>	\$ <u>75,487,950</u>
Total net debt applicable to the limit as a percentage of debt limit	10.12%	8.78%	6.74%	4.81%	0.00%

Table 13

Fiscal Year				
2005	2006	2007	2008	2009
\$ 89,760,858	\$ 180,463,979	\$ 184,783,758	\$ 188,129,173	\$ 188,999,050
9,775,000	9,775,000	9,775,000	9,555,000	9,325,000
<u>\$ 79,985,858</u>	<u>\$ 170,688,979</u>	<u>\$ 175,008,758</u>	<u>\$ 178,574,173</u>	<u>\$ 179,674,050</u>
10.89%	5.42%	5.29%	5.08%	4.93%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 1,889,990,496
Add back: exempt real property	-
Total assessed value	<u>\$ 1,889,990,496</u>
Debt limit (10% of total assessed value)	\$ 188,999,050
Net debt applicable to limit	<u>9,325,000</u>
Legal debt margin	<u><u>\$ 179,674,050</u></u>

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2009	8,877	\$ 451,430,958	\$ 50,854	38	1,535	5.40%
2008	8,606	421,169,034	48,939	38	1,501	3.50%
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%

Source: Weldon Cooper Center, www.fedstats.gov

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Fauquier County School Board	1,834	1	8.57%	-		0.00%
Fauquier Hospital	1,058	2	4.95%	-		0.00%
County of Fauquier	630	3	2.94%	-		0.00%
Wal Mart	238	4	1.11%	-		0.00%
Warrenton Overlook Health	152	5	0.71%	-		0.00%
Fauquier Bank	148	6	0.69%	-		0.00%
Safeway	130	7	0.61%	-		0.00%
Giant	125	8	0.58%	-		0.00%
Town of Warrenton	101	9	0.47%	-		0.00%
Home Depot	94	10	0.44%	-		0.00%
Totals	4,510		21.08%	-		0.00%

Source: Bureau of Labor Standards, Quarterly Census of Employment and Wages

Note: The information for 2000 was not available.

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General and Financial Administration	6	6	6	6	6	5	6	6	6	6
Legislative	1	1	1	1	1	1	1	1	1	1
Public safety										
Police Department	24	24	24	24	25	24	25	25	27	25
Fire & rescue	1	1	1	1	1	1	1	1	1	1
Building inspections	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance	21	21	21	21	21	22	22	22	22	21
Administration	4	4	4	4	4	5	5	5	5	5
Culture and recreation										
Parks - cemetery maintenance	2	2	2	2	1	1	1	1	1	2
Planning & Community development	5	5	5	5	5	5	5	5	5	5
Water and Sewer										
Water	15	15	15	15	15	15	16	16	16	16
Wastewater	12	9	9	9	9	9	9	9	9	8
Administration	6	6	6	6	6	6	7	7	7	4
Motor Pool	3	3	3	3	3	2	2	2	2	2
Parks & Recreation	0	0	0	0	0	0	0	3	3	3
Totals	<u>100</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>101</u>	<u>104</u>	<u>106</u>	<u>101</u>

Source: Department of Finance & Human Resources

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Police department: (Calendar Year)										
Physical arrests	-	471	475	503	513	539	703	397	172	358
Traffic violations	-	1,172	1,786	1,154	906	1,078	1,567	1,615	1,848	2,696
Fire and rescue:										
Number of calls answered	-	-	-	-	-	-	-	1,628	1,840	3,972
Building inspections:										
Permits issued	-	-	-	552	578	611	521	573	607	676
Public works										
Refuse collected (tons/year)	2,958	3,303	3,453	3,598	3,879	4,187	4,085	4,289	4,138	3,930
Recycling (tons/year)	1,871	2,386	2,293	1,456	2,990	1,632	1,664	1,747	728	880
Community development										
Planning:										
Zoning permits issued	-	-	-	-	156	183	186	189	267	168

Source: Individual town departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	14	16	16	16	16	16	16	18	18	18
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	2	2	2	2	2	2	2	2	2	2
Highway and Streets										
Streets (miles)	74.91	80	82.8	85.16	85.16	85.16	85.5	87.16	86.76	86.37
Streetlights	622	634	645	645	645	695	758	770	770	770
Traffic Signals	4	4	4	4	4	6	7	8	8	8
Culture and Recreation										
Parks acreage	18.44	18.44	18.44	18.44	23.69	23.69	88.69	88.69	88.69	88.69
Parks	3	3	3	3	4	4	5	5	5	5
Water										
Water mains (miles)	69.28	73	74	76.24	69.7	69.7	72.5	73.24	82.4	82.4
Fire Hydrants	694	549	560	578	578	578	623	635	681	681
Sewer										
Sanitary sewers	51	55	56	58.56	58.56	58.56	58.56	58.56	63.2	63.2
Storm sewers (miles)	11.62	11.62	14.62	15.31	15.44	15.44	15.44	15.44	15.44	15.44

Source: Individual town departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 1, 2009. 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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 1, 2009