

**TOWN OF
PURCELLVILLE, VIRGINIA**



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2003

TOWN OF PURCELLVILLE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2003

TOWN OF PURCELLVILLE, VIRGINIA

COUNCIL

William T. Druhan, Jr., Mayor

Karl R. Phillips
C. Susie Windham

Gregory W. Wagner
Nick W. Pelchar
Beverly B. MacDonald

Stephen Varnecky

OFFICIALS

Robert W. Lohr, Jr.

Town Manager

Elizabeth B. Krens

Treasurer/Commissioner of Revenue

Michael T. Ruddy

Planning and Zoning Director

Karin Franklin

Director of Public Works

David Simpson

Chief of Police

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements and the combining financial statements of the Town of Purcellville, Virginia, as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audit 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Purcellville, Virginia, as of June 30, 2003, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion the combining financial statements referred to above present fairly, in all material respects the financial position of each of the individual funds and account groups of the Town of Purcellville, Virginia, as of June 30, 2003 and the results of its operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2003 on our consideration of the Town of Purcellville, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining financial statements. The accompanying financial information listed as supporting schedules in the table of contents and the schedule of expenditures of federal awards required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the financial statements of the Town of Purcellville, Virginia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Rofman, Fann, Cox Associates
Charlottesville, Virginia
August 27, 2003

General Purpose Financial Statements

TOWN OF PURCELLVILLE, VIRGINIA

Combined Balance Sheet - All Funds and Account Groups

At June 30, 2003

	Proprietary Fund Types	
	General	Enterprise
ASSETS		
Cash and investments (Note 2)	\$ 2,117,546	\$ 7,963,310
Receivables (net of allowances for uncollectibles):		
Taxes including penalties (Note 1)	29,622	-
Accounts	79,739	291,307
Accrued interest	5,435	1,648
Due from other governmental units (Note 3)	168,189	
Fixed assets, net of accumulated depreciation (Note 4)		18,863,447
Amount to be provided for the retirement of general long-term debt and accrued leave	-	
Total assets	<u>\$ 2,400,532</u>	<u>\$ 27,119,712</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 24,780	\$ 168,167
Deferred revenues (Note 8)	160,366	-
Compensated absences (Note 6)	-	41,844
Customer deposits	292,099	16,210
Long-Term debt (Note 5)	-	10,386,483
Total liabilities	<u>\$ 477,245</u>	<u>\$ 10,612,704</u>
FUND EQUITY		
Investment in general fixed assets	\$ -	\$ -
Contributed capital	-	2,564,446
Retained Earnings:		
Unreserved	-	13,942,562
Fund balances:		
Unreserved/Undesignated	<u>1,923,287</u>	<u>-</u>
Total fund balances/retained earnings	<u>\$ 1,923,287</u>	<u>\$ 16,507,008</u>
Total fund equity	<u>\$ 1,923,287</u>	<u>\$ 16,507,008</u>
Total liabilities and fund equity	<u>\$ 2,400,532</u>	<u>\$ 27,119,712</u>

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

Exhibit 1

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-term Debt</u>	<u>Totals "Memorandum Only"</u>
\$ -	\$ -	\$ 10,080,856
-	-	29,622
-	-	371,046
-	-	7,083
-	-	168,189
4,305,479	-	23,168,927
-	1,105,824	1,105,824
<u>\$ 4,305,479</u>	<u>\$ 1,105,824</u>	<u>\$ 34,931,547</u>
\$ -	\$ -	\$ 192,947
-	-	160,366
-	148,122	189,966
-	-	308,309
-	957,702	11,344,185
<u>\$ -</u>	<u>\$ 1,105,824</u>	<u>\$ 12,195,773</u>
\$ 4,305,479	\$ -	\$ 4,305,479
\$ -	\$ -	\$ 2,564,446
-	-	13,942,562
-	-	1,923,287
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,865,849</u>
<u>\$ 4,305,479</u>	<u>\$ -</u>	<u>\$ 20,171,328</u>
<u>\$ 4,305,479</u>	<u>\$ 1,105,824</u>	<u>\$ 34,931,547</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Fund Types
 Year Ended June 30, 2003

	General Fund
Revenues:	
General property taxes	\$ 1,168,307
Other local taxes	1,613,577
Zoning and permits	276,743
Fines and forfeitures	36,791
Revenue from use of money and property	24,221
Miscellaneous	70,547
Pass-through grant	505,666
Revenue from the Commonwealth	415,947
Revenue from the federal government	176,275
	<hr/>
Total revenues	\$ 4,288,076
	<hr/>
Expenditures:	
General government administration	\$ 1,657,140
Public safety	650,147
Public works	1,066,145
Capital outlay	419,826
Debt service:	
Principal	53,844
Interest	60,845
Pass-through grant	505,666
	<hr/>
Total expenditures	\$ 4,413,613
	<hr/>
Excess (deficiency) of revenues over expenditures	\$ (125,537)
	<hr/>
Other financing sources (uses):	
Operating transfers in	\$ 17,590
Refunding bonds issued	835,133
Payment to refunded bond escrow agent	(835,133)
	<hr/>
Total other financing sources (uses)	\$ 17,590
	<hr/>
Excess of revenues and other sources over expenditures	\$ (107,947)
	<hr/>
Fund balance at beginning of year	\$ 2,031,234
	<hr/>
Fund balance at end of year	\$ 1,923,287
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual--Governmental Fund Types
 Year Ended June 30, 2003

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
General property taxes	\$ 1,087,165	\$ 1,168,307	\$ 81,142
Other local taxes	1,568,000	1,613,577	45,577
Zoning and permits	210,000	276,743	66,743
Fines and forfeitures	50,000	36,791	(13,209)
Revenue from use of money and property	59,500	24,221	(35,279)
Miscellaneous	495,700	70,547	(425,153)
Pass-through grant	-	505,666	505,666
Revenue from the Commonwealth	388,900	415,947	27,047
Revenue from the federal government	-	176,275	176,275
Total revenues	\$ 3,859,265	\$ 4,288,076	\$ 428,811
Expenditures:			
Current:			
General government administration	\$ 1,783,682	\$ 1,657,140	\$ 126,542
Public safety	538,741	650,147	(111,406)
Public works	1,084,332	1,066,145	18,187
Capital outlay	1,309,736	419,826	889,910
Debt service:			
Principal	57,564	53,844	3,720
Interest	-	60,845	(60,845)
Pass-through grant	-	505,666	(505,666)
Total expenditures	\$ 4,774,055	\$ 4,413,613	\$ 360,442
Excess (deficiency) of revenues over expenditures	\$ (914,790)	\$ (125,537)	\$ 789,253
Other financing sources (uses):			
Operating transfers in	-	17,590	17,590
Refunding bonds issued	-	835,133	835,133
Payment to refunded bond escrow agent	-	(835,133)	(835,133)
Total other financing sources (uses)	\$ -	\$ 17,590	\$ 17,590
Excess of revenues and other sources over expenditures	\$ (914,790)	\$ (107,947)	\$ 806,843
Fund balance at beginning of year	\$ 914,790	\$ 2,031,234	\$ 1,116,444
Fund balance at end of year	\$ -	\$ 1,923,287	\$ 1,923,287

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

Combined Statement of Revenues, Expenses and Changes in Retained Earnings
 All Proprietary Funds
 Year Ended June 30, 2003

	<u>Proprietary Funds</u>	<u>Totals "Memorandum Only"</u>
	<u>Enterprise</u>	<u>Reporting Entity</u>
Operating revenues:		
Charges for services and connection fees	\$ 1,400,900	\$ 1,400,900
Other	43,858	43,858
Total operating revenues	<u>\$ 1,444,758</u>	<u>\$ 1,444,758</u>
Operating expenses:		
Personnel services	\$ 549,088	\$ 549,088
Employee benefits	185,679	185,679
Plant operations	398,637	398,637
Well operations	99,304	99,304
Pump station operations	14,585	14,585
Equipment and vehicles	29,759	29,759
Depreciation	454,102	454,102
Other	111,241	111,241
Total operating expenses	<u>\$ 1,842,394</u>	<u>\$ 1,842,394</u>
Total operating income (loss)	<u>\$ (397,636)</u>	<u>\$ (397,636)</u>
Nonoperating revenues (expenses):		
Interest earned	\$ 54,715	\$ 54,715
Cellular lease	57,946	57,946
Interest expense	(573,562)	(573,562)
Net non-operating revenues (expenses)	<u>\$ (460,901)</u>	<u>\$ (460,901)</u>
Income before contributions and transfers	<u>\$ (858,537)</u>	<u>\$ (858,537)</u>
Other financing sources (uses):		
Contributed capital - grant income	\$ 245,546	\$ 245,546
Contributed capital - availability fees	3,244,235	3,244,235
Operating transfers in (out)	(17,590)	(17,590)
Net other financing sources (uses):	<u>\$ 3,472,192</u>	<u>\$ 3,472,192</u>
Net income (loss)	<u>\$ 2,613,655</u>	<u>\$ 2,613,655</u>
Add: Depreciation on fixed assets acquired by grants, entitlements, and contributions	<u>\$ 117,000</u>	<u>\$ 117,000</u>
Increase in retained earnings	<u>\$ 2,730,655</u>	<u>\$ 2,730,655</u>
Retained earnings at beginning of year	<u>\$ 11,211,907</u>	<u>\$ 11,211,907</u>
Retained earnings at end of year	<u><u>\$ 13,942,562</u></u>	<u><u>\$ 13,942,562</u></u>

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

Combined Statement of Cash Flows
 All Proprietary Funds
 Year Ended June 30, 2003

	<u>Proprietary Funds</u>
	<u>Enterprise</u>
Cash flows operating activities:	
Net income (loss) from operating activities	\$ (397,636)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	454,102
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	7,902
Increase (decrease) in accounts payable	(444,750)
Increase (decrease) in customer deposits	2,330
Increase (decrease) in payroll liabilities	7,816
Net cash provided by operating activities	<u>\$ (370,236)</u>
Cash flows from capital and related financing activities:	
Retirement of long-term indebtedness	\$ (226,769)
Interest paid on debt	(527,787)
Proceeds from long-term indebtedness	347,121
Water Quality Improvement Fund Grant	245,546
Availability fees	3,244,235
Purchase of property, plant and equipment	<u>(1,181,599)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ 1,900,747</u>
Cash flows from non-capital and related financing activities:	
Cellular lease	\$ 57,946
Operating transfers out	<u>(17,590)</u>
Net cash provided by (used in) non-capital and related financing activities	<u>\$ 40,356</u>
Cash flows from investing activities:	
Interest and investment income	<u>\$ 54,715</u>
Net cash provided by investing activities	<u>\$ 54,715</u>
Increase (decrease) in cash and cash equivalents	\$ 1,625,582
Cash and cash equivalents at beginning of year	<u>6,337,728</u>
Cash and cash equivalents at end of year	<u><u>\$ 7,963,310</u></u>

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

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TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003

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 the more significant policies:

A. The Financial Reporting Entity:

As required by generally accepted accounting principles, these financial statements present the Town (primary government). The Town has no component units.

B. Individual Component Unit Disclosures - The Town has no component units.

C. Related Organizations - The Town has no related organizations.

D. Joint Ventures - The Town does not participate in any joint ventures.

E. Jointly Governed Organizations - The Town has no jointly governed organizations.

F. Financial Statement Presentation:

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

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Similar Trust Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The individual Governmental Funds are:

General Fund

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

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

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Currently the Town's Water and Sewer Funds are accounted for as enterprise funds.

3. Account Groups are used to establish accounting control over general fixed assets and long term liabilities. A general long-term obligation account group is included herein. Long-term obligations and fixed assets related to Proprietary Funds are accounted for in these Proprietary Funds.

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2003 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

F. Financial Statement Presentation: (Continued)

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

5. Transfers:

Payments between funds which are not expected to be repaid are accounted for as transfers.

G. Basis of Accounting:

1. Governmental Funds

Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 60 days after year end are reflected as deferred revenues. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines 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.

2. Proprietary Funds

The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized when earned and expenses recognized when incurred. The Town follows all applicable GASB pronouncements and FASB pronouncements issued before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

H. Budgets and Budgetary Accounting:

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

1. Prior to March 30, 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.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Town Council.

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that enterprise fund budgets are adopted on the modified accrual basis of accounting.
7. Appropriations lapse on June 30 for all Town units.
8. All budget data presented in the accompanying financial statements is as amended and approved by Town Council.

I. Cash and Cash Equivalents:

For the purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short term highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

J. Investments:

Investments are stated at cost which approximates market. Certificates of deposits, money market mutual funds and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

K. Property, Plant and Equipment:

Fixed assets used in governmental fund types of the government are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group or capitalized in the proprietary funds.

Donated fixed assets are valued at their estimated fair market value at the date of donation. Depreciation for property, plant and equipment in the proprietary fund types is computed over the following useful lives using the straight line method. Property, plant, and equipment purchased by the Proprietary Fund after June 30, 1974 is stated at historical cost. Property, plant, and equipment acquired prior to July 1, 1974 is stated at new replacement cost less a depreciation factor based on the age and estimated useful life of assets on June 30, 1974.

Water Treatment, Pumping and Storage Facilities	30 Years
Water Mains and Lines	50 Years
Sewer Treatment and Pumping Facilities	30 Years
Sewer Lines	30 Years
Automobiles	5 Years
Equipment and Pumps	5 Years

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

L. 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 \$2,034 at June 30, 2003 for uncollectible local taxes.

M. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the Town's accounting system.

N. Property Taxes

Real property is assessed by Loudon County, Virginia at its value on January 1 and is payable semi-annually on December 5th and June 5th. Personal property taxes are assessed by Loudon County, Virginia as of January 1 and are payable on December 5th. Taxes attach as an enforceable lien as of the date assessed. The Town bills and collects its own property taxes based on the assessed values provided by the County.

O. 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.

P. New Governmental Accounting Standards Board Standards (GASB)

GASB has issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, which establishes specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. This statement will become effective for the Town in fiscal year 2004. Management has not yet determined the impact of this statement on the financial statements.

Note 2—Deposits and Investments:

Deposits:

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

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 2—Deposits and Investments: (Continued)

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, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The fair value of the positions in the LGIP are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasurer.

The Town's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its safekeeping agent in the Town's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counter party's trust department or safekeeping agent in the Town's name. Category 3, includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or safekeeping agent, but not in the Town's name.

	<u>Category</u>			<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Repurchase Agreement	\$ 5,632,000	\$ -	\$ -	\$ 5,632,000
Investments not subject to categorization:				
Virginia Non-Arbitrage Funds				\$ 249,063
Local Government Investment Pool				<u>2,588,691</u>
Total Investments				\$ 8,469,754
Total Deposits				<u>1,610,552</u>
Total Deposits and Investments				\$ 10,080,306
Adjustments:				
Cash on Hand				<u>550</u>
Per Exhibit 1				<u>\$ 10,080,856</u>

Note 3—Due from Other Governmental Units:

County of Loudoun:		
Local Sales Tax	\$	78,048
SLEP Grant		3,869
Commonwealth of Virginia:		
Highway Maintenance		78,272
Federal Government:		
Cops Fast Grant		<u>8,000</u>
Total	\$	<u>168,189</u>

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 4—General Fixed Assets:

A summary of changes in general fixed assets at June 30, 2003 follows:

	<u>Balance</u> <u>June 30, 2002</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2003</u>
Land and improvements \$	1,514,519	\$ 267,043	\$ -	\$ 1,781,562
Buildings and structures	1,182,530	3,593	-	1,186,123
Vehicles and equipment	870,292	119,252	-	989,544
Office equipment	326,006	4,815	-	330,821
Other	14,996	2,433	-	17,429
	<u>3,908,343</u>	<u>397,136</u>	<u>-</u>	<u>4,305,479</u>
Total	\$ <u>3,908,343</u>	\$ <u>397,136</u>	\$ <u>-</u>	\$ <u>4,305,479</u>

Note 5—Proprietary Fixed Assets:

A summary of proprietary fund property, plant and equipment at June 30, 2003 follows:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u>
Land	\$ 838,953	\$ 300,748	\$ 1,139,701
Land Improvements	21,011	880	21,891
Facilities	2,159,334	8,417,562	10,576,896
Equipment	459,787	253,578	713,365
Lines	7,295,877	4,026,613	11,322,490
	<u>10,774,962</u>	<u>12,999,381</u>	<u>23,774,343</u>
Sub-Total	10,774,962	12,999,381	23,774,343
Less: accumulated depreciation	\$ <u>2,611,234</u>	\$ <u>2,299,662</u>	\$ <u>4,910,896</u>
Net property, plant, and equipment	\$ <u>8,163,728</u>	\$ <u>10,699,719</u>	\$ <u>18,863,447</u>

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 6—Long-Term Obligations:

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

Year Ending June 30,	General Long-Term Debt			
	Capital Leases		Bonds	
	Principal	Interest	Principal	Interest
2004	\$ 37,688	\$ 6,645	\$ 58,960	\$ 22,476
2005	39,768	4,565	44,602	24,652
2006	41,966	2,367	46,060	23,169
2007	3,147	73	47,566	21,639
2008	-	-	49,122	20,058
2009-2013	-	-	270,780	74,705
2014-2018	\$ -	\$ -	\$ 318,043	\$ 26,669
Total	\$ <u>122,569</u>	\$ <u>13,650</u>	\$ <u>835,133</u>	\$ <u>213,368</u>

Changes in Long-term Obligations:

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2003:

	Capital Leases	Bonds Payable	Compensated Absences	Total
Long term debt payable at July 1, 2002	\$ 158,264	\$ 825,506	\$ 120,114	\$ 1,103,884
Increases:				
Issuances	-	835,133	28,008	863,141
Decreases:				
Retirements	<u>35,695</u>	<u>825,506</u>	<u>-</u>	<u>861,201</u>
Long Term Debt payable at June 30, 2003	\$ <u>122,569</u>	\$ <u>835,133</u>	\$ <u>148,122</u>	\$ <u>1,105,824</u>

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 6—Long-Term Obligations: (Continued)

Details of Long-term Indebtedness:

Capital Leases:

\$174,680 Capital Lease through Ford Motor Credit for Vac truck payable annually in installments of \$38,524 (including interest at 5.15%) through September 1, 2005 \$ 104,633

\$24,400 Capital Lease through Xerox for copier payable in monthly installments of \$484 (including interest at 8.5%) through November 15, 2006 17,936

Sub-Total \$ 122,569

Bonds Payable:

\$835,133 General Obligation Refunding Bond Series 2003 dated May 22, 2003 with principal payable annually and interest payable semi-annually, bonds bearing interest at 3.27% maturing October 1, 2017 \$ 835,133

Compensated Absence (Note 7) \$ 148,122

Total general long term obligation debt \$ 1,105,824

Annual requirements to amortize the Town’s enterprise indebtedness and related interest are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2004	\$ 228,493	\$ 535,896
2005	239,873	524,371
2006	251,583	512,161
2007	263,821	498,665
2008	276,060	484,524
2009-2013	1,625,763	2,182,917
2014-2018	2,108,100	1,697,620
2019-2023	1,927,789	1,111,692
2024-2028	1,875,593	654,127
2029-2033	<u>1,589,408</u>	<u>150,751</u>
Total	\$ <u><u>10,386,483</u></u>	\$ <u><u>8,352,724</u></u>

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 6—Long-Term Obligations: (Continued)

Changes in Long-term Obligations:

The following is a summary of long-term debt transactions of the Town's enterprise indebtedness for the year ended June 30, 2003:

	<u>General Obligation</u>
Long-Term Debt payable at July 1, 2002	\$ 10,300,157
Increases:	
Revenue Bonds	347,121
Compensated absences	7,818
Retirements:	
Revenue Bonds	<u>226,769</u>
Long-Term Debt Payable at June 30, 2003	<u>\$ 10,428,327</u>

Details of Long-term Obligations:

\$1,230,080 Water and Sewer Bond, Series 1996 (Rural Development) maturing monthly in payments of \$6,299 through October 18, 2036 including 5.375% interest	\$ 1,122,006
\$7,304,000 Water and Sewer Bond, Series 1999 (Rural Development) maturing monthly in payments of \$35,863 through June 24, 2039 including 5% interest, amount drawn to date	6,499,477
\$2,865,000 Water and Sewer Bond, Series 2000 (VRA) maturing annually with principal payable at 100,000 initially, with increases in 5,000-10,000 intervals until the final principal payment of 240,000, interest rates ranging from 4.80%-5.60%	<u>2,765,000</u>
Total	\$ 10,386,483
Compensated Absence (Note 7)	<u>\$ 41,844</u>
Total proprietary debt	<u>\$ 10,428,327</u>

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2003 (Continued)

Note 7—Claims, Judgments and Compensated Absences:

In accordance with GASB Statement 16 "Accounting for and Compensated Absences," the Town has accrued liabilities arising from compensated absences.

Town employees earn annual leave at various rates. No benefits or pay is received for unused sick leave upon termination, except for employees who retire under VRS from the Town in good standing are paid for 25% of their sick leave balance. Accumulated vacation is paid upon termination. The Town's general long-term debt account group has outstanding accrued leave pay totaling \$148,122 and the Enterprise Funds have outstanding accrued leave pay of \$41,844.

Note 8—Defined Benefit Pension Plan:

A. Plan Description:

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2003 was 6.5% of the annual covered payroll.

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 8—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost and Net Pension Obligation:

The Town’s annual pension cost and net pension obligation to VRS for the current year were as follows:

Contribution rates:	
Employer	6.50%
Plan members	5.00%
Annual pension cost	\$217,743
Contributions made	\$217,743
Actuarial valuation date	06/30/02
Actuarial cost method	Entry age, normal
Amortization method	Level percentage of pay, open
Payroll growth rate	3.00%
Remaining amortization period	18 Years
Asset valuation method	Modified market
Actuarial assumptions:	
Investment rate of return ¹	8.00%
Projected salary increase: ¹	4.25% to 6.10%
Cost-of-living adjustments	3.00%
¹ Includes inflation at	3.00%

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/03	\$ 217,743	100%	\$ 0
06/30/02	194,752	100%	0
06/30/01	158,803	100%	0

Annual pension costs include employer contributions and employee contributions assumed by the employer.

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 8—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost and Net Pension Obligation: (Continued)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA) (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll ((b-a)/c)</u>
06/30/99	\$ 1,535,825	\$ 1,719,633	\$ 183,808	89.3%	\$ 776,333	23.7%
06/30/00	1,809,527	1,843,428	33,901	98.2%	1,143,874	3.0%
06/30/01	2,040,856	2,078,691	37,835	98.2%	1,514,821	2.5%
06/30/02	2,329,879	2,480,825	150,946	93.9%	1,670,623	9.0%

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$160,366 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$18,980 at June 30, 2003.

B. Prepaid Taxes

Prepaid taxes totaled \$577 at June 30, 2003.

C. Deferred Highway Maintenance Revenue

Deferred revenue representing unexpended highway maintenance funds totaled \$140,809 at June 30, 2003.

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 10—Contingent Liabilities:

Federal Grants:

Federal programs in which the Town participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations and the Single Audit Act of 1984. Pursuant to these provisions all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 11—Segment Information—Enterprise Funds:

The Town maintains two enterprise funds. The Water Fund and Sewer Fund account for the provision of basic utility services to all citizens. Selected segment information for the year ended June 30, 2003, is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 630,338	\$ 770,562	\$ 1,400,900
Depreciation	228,895	225,207	454,102
Operating income (loss)	(295,577)	(102,059)	(397,636)
Net income	1,229,639	1,384,016	2,613,655
Fixed asset additions	1,054,481	127,120	1,181,601
Net working capital	3,015,066	4,575,894	7,590,960
Total assets	11,369,124	15,750,588	27,119,712
Bonds payable	3,887,006	6,499,477	10,386,483
Total equity	7,374,809	9,132,199	16,507,008
Transfers out	8,795	8,795	17,590
Current capital contribution	1,713,235	1,776,546	3,489,781

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; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the association for its workers compensation insurance coverage. 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.

The Town continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF PURCELLVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2003 (Continued)

Note 13—Pass-Through Grant:

The Town administers a mass transit grant for Virginia Regional Transportation Association. The funds from the grant pass through the Town to the Association for its expenditure. The Town records this grant in accordance with GASB No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This statement requires governments to report all cash pass-through grants received as revenue and expenditures in its governmental funds.

Note 14—Adjustment to Beginning Fund Balances:

The Town's General Fund balance at the beginning of the year has been adjusted as follows:

Fund Balance, June 30, 2002, as previously reported	\$ 1,853,758
Merge Debt Service Fund with General Fund	57,362
Remove liability for compensated absences from General Fund and record in General Long-Term Debt Account Group in accordance with GASB statement number 16	<u>120,114</u>
Fund Balance June 30, 2002 as adjusted	<u><u>\$ 2,031,234</u></u>

Combining Financial Statements

Combining Balance Sheet
Enterprise Funds
At June 30, 2003

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,846,051	\$ 3,853,544	\$ 5,699,595
Investments	1,007,325	1,007,327	2,014,652
Virginia non-arbitrage funds	249,063	-	249,063
Receivables(net of allowances for uncollectibles):			
Accounts	102,340	188,968	291,307
Accrued interest	618	1,030	1,648
Fixed assets, net of accumulated depreciation (Note 5)	<u>8,163,728</u>	<u>10,699,719</u>	<u>-</u>
Total assets	<u>\$ 11,369,124</u>	<u>\$ 15,750,588</u>	<u>\$ 27,119,712</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 72,660	\$ 95,507	\$ 168,167
Compensated absences	18,439	23,405	41,844
Customer deposits	16,210	-	16,210
Long-term debt, general obligation payable	<u>3,887,006</u>	<u>6,499,477</u>	<u>10,386,483</u>
Total liabilities	<u>\$ 3,994,315</u>	<u>\$ 6,618,389</u>	<u>\$ 10,612,704</u>
EQUITY			
Fund balances:			
Contributed capital	\$ 1,284,840	\$ 1,279,606	\$ 2,564,446
Unreserved retained earnings	<u>6,089,969</u>	<u>7,852,593</u>	<u>13,942,562</u>
Total equity	<u>\$ 7,374,809</u>	<u>\$ 9,132,199</u>	<u>\$ 16,507,008</u>
Total Liabilities and Equity	<u>\$ 11,369,124</u>	<u>\$ 15,750,588</u>	<u>\$ 27,119,712</u>

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

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 Enterprise Funds
 Year Ended June 30, 2003

	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services and connection fees	\$ 630,338	\$ 770,562	\$ 1,400,900
Other	13,475	30,383	43,858
Total operating revenues	<u>\$ 643,813</u>	<u>\$ 800,945</u>	<u>\$ 1,444,758</u>
Operating expenses:			
Personnel services	\$ 274,522	\$ 274,566	\$ 549,088
Employee benefits	88,638	97,041	185,679
Plant operations	153,807	244,830	398,637
Well operations	99,304	-	99,304
Pump station operations	-	14,585	14,585
Equipment and vehicles	21,214	8,545	29,759
Depreciation	228,895	225,207	454,102
Other	73,010	38,231	111,241
Total operating expenses	<u>\$ 939,390</u>	<u>\$ 903,004</u>	<u>\$ 1,842,394</u>
Total operating income (loss)	<u>\$ (295,577)</u>	<u>\$ (102,059)</u>	<u>\$ (397,636)</u>
Nonoperating revenues (expenses):			
Interest earned	\$ 26,366	\$ 28,349	\$ 54,715
Cellular lease	57,946	-	57,946
Interest expense	(263,536)	(310,026)	(573,562)
Net non-operating revenues (expenses)	<u>\$ (179,224)</u>	<u>\$ (281,677)</u>	<u>\$ (460,901)</u>
Income before contributions and transfers	<u>\$ (474,801)</u>	<u>\$ (383,736)</u>	<u>\$ (858,537)</u>
Other financing sources (uses):			
Contributed capital - grant income	\$ -	\$ 245,546	\$ 245,546
Contributed capital - availability fees	1,713,235	1,531,000	3,244,235
Operating transfers out	\$ (8,795)	\$ (8,795)	\$ (17,590)
Net other financing sources (uses):	<u>\$ 1,704,440</u>	<u>\$ 1,767,752</u>	<u>\$ 3,472,192</u>
Net income (loss)	<u>\$ 1,229,639</u>	<u>\$ 1,384,016</u>	<u>\$ 2,613,655</u>
Add: Depreciation on fixed assets acquired by grants, entitlements, and contributions	<u>\$ 50,800</u>	<u>\$ 66,200</u>	<u>\$ 117,000</u>
Increase in retained earnings	<u>\$ 1,280,439</u>	<u>\$ 1,450,216</u>	<u>\$ 2,730,655</u>
Retained earnings at beginning of year	<u>\$ 4,809,530</u>	<u>\$ 6,402,377</u>	<u>\$ 11,211,907</u>
Retained earnings at end of year	<u><u>\$ 6,089,969</u></u>	<u><u>\$ 7,852,593</u></u>	<u><u>\$ 13,942,562</u></u>

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

Combined Statement of Cash Flows
 Enterprise Funds
 Year Ended June 30, 2003

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>
Cash flows operating activities:			
Operating income (loss)	\$ (295,577)	\$ (102,059)	\$ (397,636)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	228,895	225,207	454,102
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	5,581	2,321	7,902
Increase (decrease) in accounts payable	(100,327)	(344,423)	(444,750)
Increase (decrease) in customer deposits	2,330	-	2,330
Increase (decrease) in payroll liabilities	5,582	2,234	7,816
Net cash provided by operating activities	<u>\$ (153,516)</u>	<u>\$ (216,720)</u>	<u>\$ (370,236)</u>
Cash flows from capital and related financing activities:			
Retirements of long-term indebtedness	\$ (114,841)	\$ (111,927)	\$ (226,769)
Interest paid on debt	(217,761)	(310,026)	(527,787)
Proceeds from long-term indebtedness	-	347,121	347,121
Water Quality Improvement Fund Grant	-	245,546	245,546
Availability fees	1,713,235	1,531,000	3,244,235
Purchase of property, plant and equipment	<u>(1,054,479)</u>	<u>(127,120)</u>	<u>(1,181,599)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ 326,154</u>	<u>\$ 1,574,594</u>	<u>\$ 1,900,747</u>
Cash flows from non-capital and related financing activities:			
Cellular lease	57,946	-	57,946
Operating transfers out	<u>(8,795)</u>	<u>(8,795)</u>	<u>(17,590)</u>
Net cash provided by (used in) non-capital and related financing activities	<u>\$ 49,151</u>	<u>\$ (8,795)</u>	<u>\$ 40,356</u>
Cash flows from investing activities:			
Interest and investment income	<u>\$ 26,366</u>	<u>\$ 28,349</u>	<u>\$ 54,715</u>
Net cash provided by investing activities	<u>\$ 26,366</u>	<u>\$ 28,349</u>	<u>\$ 54,715</u>
Increase (decrease) in cash and cash equivalents	\$ 248,155	\$ 1,377,427	\$ 1,625,582
Cash and cash equivalents at beginning of year	<u>2,854,284</u>	<u>3,483,444</u>	<u>6,337,728</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,102,439</u></u>	<u><u>\$ 4,860,871</u></u>	<u><u>\$ 7,963,310</u></u>

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

Supporting Schedules

GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual
Year ended June 30, 2003

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 972,865	\$ 1,041,168	\$ 68,303
Personal property taxes	94,300	114,148	19,848
Penalties and interest	20,000	12,991	(7,009)
Total general property taxes	<u>\$ 1,087,165</u>	<u>\$ 1,168,307</u>	<u>\$ 81,142</u>
Other local taxes:			
Local sales and use taxes	\$ 415,000	\$ 328,193	\$ (86,807)
Meals taxes	325,000	339,569	14,569
Utility taxes	215,000	230,107	15,107
Cigarette taxes	125,000	120,500	(4,500)
Business licenses	295,000	379,268	84,268
Auto decals	100,000	90,768	(9,233)
Bank franchise taxes	60,000	93,471	33,471
Cable franchise taxes	33,000	31,702	(1,298)
Total other local taxes	<u>\$ 1,568,000</u>	<u>\$ 1,613,577</u>	<u>\$ 45,577</u>
Revenue from zoning and permits:			
Zoning fees	\$ 200,000	\$ 270,421	\$ 70,421
Proffers	10,000	6,322	(3,678)
Total revenue from permits and zoning	<u>\$ 210,000</u>	<u>\$ 276,743</u>	<u>\$ 66,743</u>
Revenue from fines and forfeitures:			
Parking tickets	\$ 5,000	\$ 4,380	\$ (620)
Police fines	45,000	32,411	(12,589)
Total revenue from fines and forfeitures	<u>\$ 50,000</u>	<u>\$ 36,791</u>	<u>\$ (13,209)</u>
Revenue from use of money and property:			
Rent	\$ 4,500	\$ 4,500	\$ -
Interest	55,000	19,721	(35,279)
Total revenue from the use of money and property	<u>\$ 59,500</u>	<u>\$ 24,221</u>	<u>\$ (35,279)</u>
Miscellaneous revenue:			
Miscellaneous	\$ 10,700	\$ 17,008	\$ 6,308
SCR funding	400,000	-	(400,000)
Proceeds from sales of property	10,000	14,769	4,769

GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual
Year ended June 30, 2003 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
Miscellaneous revenue: (continued)			
Charette donations	\$ -	\$ 10,330	\$ 10,330
James Building grant	35,000	-	(35,000)
Insurance dividend	40,000	19,744	(20,256)
Other law enforcement funds	-	8,097	8,097
Other street funds	-	600	600
	\$ 495,700	\$ 70,547	\$ (425,153)
Pass-through grant:			
Total pass - through grant	\$ -	\$ 505,666	\$ 505,666
Total revenue from local sources	\$ 3,470,365	\$ 3,695,853	\$ 225,488
Revenue from the Commonwealth:			
Non-categorical aid:			
ABC profits	\$ 9,200	\$ 8,352	\$ (848)
Personal property tax relief funds	135,700	135,435	(265)
	\$ 144,900	\$ 143,787	\$ (1,113)
Categorical aid:			
Shared expenses:			
Aid to Police	\$ 90,000	\$ 86,407	\$ (3,593)
Other categorical aid:			
Disaster operations funds	-	1,475	1,475
Highway maintenance funds	150,000	172,279	22,279
Fire programs funds	4,000	12,000	8,000
	\$ 244,000	\$ 272,161	\$ 28,161
Total revenue from the Commonwealth	\$ 388,900	\$ 415,947	\$ 27,047
Revenue from the federal government:			
Categorical aid:			
Disaster operations funds	\$ -	\$ 11,502	\$ 11,502
SLEP grant	-	140,773	140,773
COPS fast grant	-	24,000	24,000
	\$ -	\$ 176,275	\$ 176,275
Total revenue from the federal government	\$ -	\$ 176,275	\$ 176,275
Total General Fund revenues	\$ 3,859,265	\$ 4,288,076	\$ 428,811

GOVERNMENTAL FUNDS

Schedule of Expenditures - Budget and Actual

Year ended June 30, 2003

Fund, Function, Activity	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government			
General Fund:			
General government administration:			
Mayor and Council:			
Mayor salary	\$ 6,500	\$ 6,500	\$ -
Council salary	30,000	29,584	416
Travel and general expenses	4,000	4,482	(482)
Special meetings	700	22	678
Total Mayor and Council	<u>\$ 41,200</u>	<u>\$ 40,587</u>	<u>\$ 613</u>
Planning Commission:			
Commission salaries	\$ 14,250	\$ 12,900	\$ 1,350
Travel and training	1,500	294	1,206
General expense	700	19	681
Certification programs	1,000	350	650
Total Planning Commission	<u>\$ 17,450</u>	<u>\$ 13,563</u>	<u>\$ 3,887</u>
Planning Department:			
Planning staff	\$ 160,719	\$ 163,082	\$ (2,363)
Overtime-planning	4,000	3,962	38
Dues & subscriptions	1,500	1,243	257
Travel/training	5,000	4,684	316
General expense	3,000	2,929	71
Plan review/field inspect	35,000	21,681	13,319
Consulting/engineering	20,000	2,877	17,123
Annexation/Comp Plan	\$ 2,000	\$ 160	\$ 1,840
Legal ads/planning	11,000	3,992	7,008
Vehicle maint/gas	3,000	682	2,318
Charrette expenses	-	5,067	(5,067)
Total Planning Department	<u>\$ 245,219</u>	<u>\$ 210,359</u>	<u>\$ 34,860</u>
Economic Development Commission:			
Travel	\$ 500	\$ -	\$ 500
General expense	3,000	720	2,280
Special projects	17,000	7,457	9,543
Total Economic Development Commission	<u>\$ 20,500</u>	<u>\$ 8,178</u>	<u>\$ 12,322</u>

GOVERNMENTAL FUNDS

Schedule of Expenditures - Budget and Actual
Year ended June 30, 2003 (Continued)

Fund, Function, Activity	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
General Fund: (continued)			
General government administration:			
Board of Zoning Appeals:			
Salaries	\$ 3,000	\$ -	\$ 3,000
Travel	500	-	500
General expense	1,500	-	1,500
Total Board of Zoning Appeals	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>
Park Commission:			
General expense	\$ 6,750	\$ 2,243	\$ 4,507
Master plan consulting	5,000	-	5,000
Total Park Commission	<u>\$ 11,750</u>	<u>\$ 2,243</u>	<u>\$ 9,507</u>
Administration Personnel:			
Administrative staff	\$ 246,690	\$ 256,892	\$ (10,202)
Overtime - administration	3,000	2,009	991
Total Administration Personnel	<u>\$ 249,690</u>	<u>\$ 258,901</u>	<u>\$ (9,211)</u>
Building Maintenance:			
Cleaning	\$ 12,000	\$ 11,454	\$ 546
Electricity	10,000	9,367	633
Telephone	18,000	18,059	(59)
Building supplies	2,000	22	1,978
Repairs	6,000	10,120	(4,120)
Pest control	400	318	82
Total Building Maintenance	<u>\$ 48,400</u>	<u>\$ 49,341</u>	<u>\$ (941)</u>
Miscellaneous:			
Travel/training	\$ 7,000	\$ 3,284	\$ 3,716
Equipment/supplies	35,000	32,174	2,826
Postage	9,000	7,968	1,032
Special programs	5,000	2,783	2,217
Election expense	-	1,611	(1,611)
Equipment contracts	20,000	13,325	6,675
Dues and subscriptions	3,000	1,668	1,332
Town Manager - travel and expenses	7,000	5,471	1,529
Legal ads	16,000	13,795	2,205
Computer operations	12,000	10,197	1,803
Vehicle maint/gas	-	210	(210)
Total Miscellaneous	<u>\$ 114,000</u>	<u>\$ 92,486</u>	<u>\$ 21,514</u>

GOVERNMENTAL FUNDS

Schedule of Expenditures - Budget and Actual
Year ended June 30, 2003 (Continued)

Fund, Function, Activity	Budget	Actual	Variance Favorable (Unfavor.)
<u>Primary Government: (continued)</u>			
<u>General Fund: (continued)</u>			
General government administration: (continued)			
Finance Personnel:			
Finance staff	\$ 159,909	\$ 169,356	\$ (9,447)
Overtime - finance	3,000	2,905	95
Credit collection	2,000	287	1,713
Total Finance Personnel	<u>\$ 164,909</u>	<u>\$ 172,548</u>	<u>\$ (7,639)</u>
Employee Benefits:			
Health insurance	\$ 228,984	\$ 208,679	\$ 20,305
Life insurance	14,449	-	14,449
Retirement	168,309	163,441	4,868
Workers' compensation	25,000	21,882	3,118
Payroll taxes	125,772	133,054	(7,282)
Unemployment compensation	1,500	-	1,500
Performance bonuses	17,300	16,320	980
Drug testing	750	200	550
Deferred comp match	19,500	18,380	1,120
Total Employee benefits	<u>\$ 601,564</u>	<u>\$ 561,955</u>	<u>\$ 39,609</u>
Other:			
Insurance - municipal	\$ 65,000	\$ 58,280	\$ 6,720
Contributions:			
Purcellville Business and Professional Association	2,000	-	2,000
Community Center	2,000	2,000	-
Fire Department	20,000	20,000	-
Rescue Squad	20,000	20,000	-
Miscellaneous	1,000	17,246	(16,246)
Community Events Sign	-	660	(660)
Firemen's fund	4,000	12,000	(8,000)
James Building project	35,000	1,165	33,835
Legal services	75,000	64,009	10,991
Auditing services	20,000	19,092	908
Environmental audit and compliance	20,000	32,527	(12,527)
Total other	<u>\$ 264,000</u>	<u>\$ 246,979</u>	<u>\$ 17,021</u>
Total general government administration	<u>\$ 1,783,682</u>	<u>\$ 1,657,140</u>	<u>\$ 126,542</u>

GOVERNMENTAL FUNDS
 Schedule of Expenditures - Budget and Actual
 Year ended June 30, 2003 (Continued)

Fund, Function, Activity	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
General Fund: (continued)			
Public safety:			
Police Personnel:			
Police staff	\$ 428,326	\$ 417,587	\$ 10,739
Overtime - police	30,000	32,918	(2,918)
Total Police Personnel	\$ 458,326	\$ 450,505	\$ 7,821
Administration:			
Technical support	\$ 4,500	\$ 747	\$ 3,753
Telephone	5,000	5,060	(60)
Supplies	10,500	5,745	4,755
Equipment	10,520	10,862	(342)
Equipment repairs	5,500	1,983	3,517
Dues and subscriptions	1,195	331	864
Travel and training	7,100	4,967	2,133
Public education	1,000	3,144	(2,144)
Uniforms	6,000	7,333	(1,333)
Grant expenditures	5,000	220	4,780
SLEP grant expenditures	-	140,404	(140,404)
Citizen support group	5,000	3,540	1,460
Total Administration	\$ 61,315	\$ 184,334	\$ (123,019)
Vehicle expenses:			
Repairs	\$ 6,000	\$ 4,942	\$ 1,058
Tires	3,100	1,917	1,183
Gas and oil	10,000	8,449	1,551
Total Vehicle Expenses	\$ 19,100	\$ 15,308	\$ 3,792
Total public safety	\$ 538,741	\$ 650,147	\$ (111,406)
Public works:			
Public works/engineering:			
Public works/engineering staff	\$ 283,564	\$ 280,337	\$ 3,227
Overtime - public works/engineering	8,000	7,244	756
Dues and subscriptions	1,200	363	837
Travel and training	5,500	4,194	1,306
General expense	3,500	2,910	590
Field inspections	15,000	2,850	12,150
Engineering/consulting	22,500	19,398	3,102
Equipment/field supplies	6,000	1,920	4,080
Vehicle maintenance/gas	6,000	9,211	(3,211)
Total public works/engineering	\$ 351,264	\$ 328,427	\$ 22,837

GOVERNMENTAL FUNDS
 Schedule of Expenditures - Budget and Actual
 Year ended June 30, 2003 (Continued)

Fund, Function, Activity	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
General Fund: (continued)			
Public works: (continued)			
Maintenance personnel:			
Maintenance staff	\$ 295,393	\$ 306,512	\$ (11,119)
Overtime - maintenance	<u>12,000</u>	<u>15,962</u>	<u>(3,962)</u>
Total maintenance personnel	<u>\$ 307,393</u>	<u>\$ 322,475</u>	<u>\$ (15,082)</u>
Administration:			
Safety	\$ 6,000	\$ 6,179	\$ (179)
Electricity/heating	2,775	7,021	(4,246)
Waste disposal	5,000	1,764	3,236
Telephone	2,600	2,809	(209)
Supplies	13,000	6,985	6,015
Building expenses	2,000	166	1,834
New equipment & tools	4,000	3,902	98
Dues and subscriptions	400	-	400
Travel & training	3,750	2,054	1,696
Uniforms	<u>8,750</u>	<u>9,164</u>	<u>(414)</u>
Total administration	<u>\$ 48,275</u>	<u>\$ 40,043</u>	<u>\$ 8,232</u>
Vehicle expenses:			
Repairs	\$ 6,000	\$ 10,195	\$ (4,195)
Tires	2,000	1,749	251
Gas and oil	10,000	10,382	(382)
Equipment repairs	<u>12,500</u>	<u>8,847</u>	<u>3,653</u>
Total Vehicle expenses	<u>\$ 30,500</u>	<u>\$ 31,172</u>	<u>\$ (672)</u>
Streets:			
Street repair (town)	\$ 10,000	\$ 2,063	\$ 7,937
Street repair (state)	10,000	15,492	(5,492)
Sidewalk repair (town)	5,000	223	4,777
Sidewalk repair (state)	5,000	-	5,000
Snow removal (town)	5,000	3,857	1,143
Dues and subscriptions	5,000	13,433	(8,433)
Storm drain/rside (town)	4,000	3,828	173
Storm drain/rside (state)	4,000	18,319	(14,319)
Street inspections (town)	2,500	-	2,500
Street inspections (state)	2,500	27	2,473
Landscaping/mowing (town)	2,500	4,103	(1,603)
Landscaping/mowing (state)	<u>2,500</u>	<u>182</u>	<u>2,318</u>

GOVERNMENTAL FUNDS
 Schedule of Expenditures - Budget and Actual
 Year ended June 30, 2003 (Continued)

Fund, Function, Activity	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
General Fund: (continued)			
Public works: (continued)			
Streets: (continued)			
Street lights	\$ 35,000	\$ 42,360	\$ (7,360)
Signs	10,000	13,136	(3,136)
Land use permits	400	40	360
Parking lot maintenance	3,500	-	3,500
Miss utility	4,000	2,718	1,282
Tree removal contract	6,000	3,235	2,765
Secondary road projects	15,000	-	15,000
Total streets	<u>\$ 131,900</u>	<u>\$ 123,015</u>	<u>\$ 8,885</u>
Waste collection:			
Refuse contract	<u>\$ 215,000</u>	<u>\$ 221,013</u>	<u>\$ (6,013)</u>
Total waste collection	<u>\$ 215,000</u>	<u>\$ 221,013</u>	<u>\$ (6,013)</u>
Total public works	<u>\$ 1,084,332</u>	<u>\$ 1,066,145</u>	<u>\$ 18,187</u>
Capital Outlay:			
Total capital outlay	<u>\$ 1,309,736</u>	<u>\$ 419,826</u>	<u>\$ 889,910</u>
Debt service:			
Debt retirement - principal	\$ 57,564	\$ 53,844	\$ 3,720
Debt retirement - interest	-	60,845	(60,845)
Total debt service	<u>\$ 57,564</u>	<u>\$ 114,689</u>	<u>\$ (57,125)</u>
Pass - through grant (Note 14):			
Total pass - through grant	<u>\$ -</u>	<u>\$ 505,666</u>	<u>\$ (505,666)</u>
Total General Fund	<u><u>\$ 4,774,055</u></u>	<u><u>\$ 4,413,613</u></u>	<u><u>\$ 360,442</u></u>

Water Fund

Schedule of Revenues and Expenses - Budget and Actual
Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Operating revenues:			
Water meter fees	\$ 25,000	\$ 55,043	\$ 30,043
Water fees	550,000	551,731	1,731
Miscellaneous income	5,000	4,092	(908)
Service charge	15,000	17,154	2,154
Penalties and interest	6,000	9,383	3,383
Water flushing	8,000	6,410	(1,590)
Lawn establishment fee	40,000	-	(40,000)
Proffers	5,000	-	(5,000)
Total operating revenues	<u>\$ 654,000</u>	<u>\$ 643,813</u>	<u>\$ (10,187)</u>
Operating expenses:			
Personnel:			
Water Staff	\$ 252,476	\$ 214,805	\$ 37,671
Overtime-Water	30,000	59,717	(29,717)
Plant operations:			
Electricity	24,000	18,499	5,501
Telephone	3,000	2,851	149
Supplies	12,000	6,790	5,210
Lab Equipment	12,000	3,546	8,454
Contracts	8,000	2,562	5,439
Uniforms	6,400	3,346	3,054
Safety	2,000	1,225	775
Spare parts	6,000	5,045	955
Cross connections	500	1,199	(699)
Plant repairs	32,000	22,410	9,590
Water line repairs	20,000	30,209	(10,209)
Leak detection	4,000	255	3,745
Meter repairs & testing	3,500	4,797	(1,297)
New water meters	18,000	27,626	(9,626)
Lab certification	5,000	-	5,000
Computer upgrades	3,000	1,908	1,092
Chemicals - plant	34,000	21,540	12,460
Well operations:			
Electricity	15,000	32,850	(17,850)
Telephone	1,000	976	24
Supplies	5,000	1,626	3,374
Contracts	3,000	2,064	936
Spare parts	4,000	3,226	774
Repairs	30,000	37,755	(7,755)
Chemicals	14,000	7,208	6,792
Carbon change-out	34,000	13,600	20,400
Equipment and vehicles expenses:			
New equipment & tools	8,500	3,576	4,924
Vehicle repairs	1,900	1,850	50
Gas and oil	4,600	3,119	1,481
Propane	10,000	12,669	(2,669)

Water Fund

Schedule of Revenues and Expenses - Budget and Actual
Year ended June 30, 2003 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Operating expenses: (continued)			
Other:			
Advertisements	4,300	500	3,800
Water samples	38,000	44,543	(6,543)
Training	7,500	4,991	2,509
Consumer report	2,000	567	1,433
Postage/mailings	3,000	2,585	415
Miscellaneous	4,500	3,107	1,393
Engineering	15,000	11,011	3,989
Watershed management	5,000	5,705	(705)
Envir Audit & Comp	5,000	-	5,000
Employee benefits:			
Health insurance	47,300	31,950	15,350
Life insurance	2,477	-	2,477
Retirement	29,325	25,825	3,500
Workers' compensation	9,000	6,846	2,154
Payroll taxes	22,392	20,494	1,898
Performance bonuses	3,000	2,100	900
Drug testing	500	100	400
Deferred compensation match	2,600	1,323	1,277
Depreciation	-	228,895	(228,895)
Total operating expenses	\$ 807,770	\$ 939,390	\$ (131,620)
Operating income	\$ (153,770)	\$ (295,577)	\$ (141,807)
Nonoperating revenues (expenses):			
Interest earned	\$ 28,000	\$ 26,366	\$ (1,634)
Cellular lease	35,000	57,946	22,946
Interest expense	-	(263,536)	(263,536)
Total nonoperating revenues (expenses)	\$ 63,000	\$ (179,224)	\$ (242,224)
Net income before operating transfers	\$ (90,770)	\$ (474,801)	\$ (384,031)
Other financing sources (uses):			
Contributed capital - availability fees	\$ 800,000	\$ 1,713,235	\$ 913,235
Transfers in	837,609	-	(837,609)
Transfers out	(9,594)	(8,795)	799
Total operating transfers	\$ 1,628,015	\$ 1,704,440	\$ 76,425
Net income	\$ 1,537,245	\$ 1,229,639	\$ (307,606)

Sewer Fund

Schedule of Revenues and Expenses - Budget and Actual
Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Operating revenues:			
Sewer fees	\$ 710,000	\$ 753,407	\$ 43,407
Penalties and interest	6,000	9,383	3,383
Service charge	15,000	17,154	2,154
Miscellaneous income	5,000	-	(5,000)
Proffers	5,000	21,000	16,000
Total operating revenues	<u>\$ 741,000</u>	<u>\$ 800,945</u>	<u>\$ 59,945</u>
Operating expenses:			
Personnel:			
Sewer Staff	\$ 243,307	\$ 256,065	\$ (12,758)
Overtime-sewer	30,000	18,501	11,499
Plant operations:			
Electricity	42,000	79,162	(37,162)
Telephone	3,500	5,033	(1,533)
Supplies	12,000	32,226	(20,226)
Contracts	15,320	18,650	(3,330)
Uniforms	5,500	5,362	138
Plant repairs	5,000	4,999	1
Sewer line repairs	15,000	44,562	(29,562)
Safety	2,000	1,407	593
I and I detection	2,000	275	1,725
New equipment & tools	500	133	367
Sludge removal	52,000	32,091	19,909
Chemicals	20,000	20,930	(930)
Pump station operations:			
Electricity	10,250	12,148	(1,898)
Telephone	700	1,169	(469)
Repairs	10,000	1,267	8,733
Contracts	2,400	-	2,400
Equipment	9,750	-	9,750
Equipment and vehicles expenses:			
Equipment - plant	14,500	4,984	9,516
Gas and oil	2,000	2,107	(107)
Vehicle repairs	1,500	1,455	45
Other expenses:			
Advertisements	1,500	-	1,500
Training	5,000	2,754	2,246
Postage/mailings	2,800	3,538	(738)
Special programs	-	45	(45)
Miscellaneous expenses	2,000	27,677	(25,677)
Engineering	2,000	4,217	(2,217)
Envir Audit & Comp	5,000	-	5,000

Sewer Fund

Schedule of Revenues and Expenses - Budget and Actual
Year ended June 30, 2003 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Operating expenses: (continued)			
Employee benefits:			
Health insurance	38,000	38,322	(322)
Life insurance	2,144	-	2,144
Retirement	28,159	28,477	(318)
Workers' compensation	6,000	3,174	2,826
Payroll taxes	18,666	21,340	(2,674)
Performance bonuses	3,000	2,820	180
Drug testing	500	50	450
Deferred compensation match	2,600	2,857	(257)
Depreciation	-	225,207	(225,207)
Total operating expenses	<u>\$ 616,596</u>	<u>\$ 903,004</u>	<u>\$ (286,408)</u>
Operating income	<u>\$ 124,404</u>	<u>\$ (102,059)</u>	<u>\$ (226,463)</u>
Nonoperating revenues (expenses):			
Interest earned	\$ 45,000	\$ 28,349	\$ (16,651)
Interest expense	<u>-</u>	<u>(310,026)</u>	<u>(310,026)</u>
Total nonoperating revenues (expenses)	<u>\$ 45,000</u>	<u>\$ (281,677)</u>	<u>\$ (326,677)</u>
Net income before operating transfers	<u>\$ 169,404</u>	<u>\$ (383,736)</u>	<u>\$ (553,140)</u>
Other financing sources (uses):			
Contributed capital - availability fees	\$ 700,000	\$ 1,531,000	\$ 831,000
Contributed capital - grant income	100,000	245,546	145,546
Transfers in	271,190	-	(271,190)
Transfers Out	<u>(9,594)</u>	<u>(8,795)</u>	<u>800</u>
Total operating transfers	<u>\$ 1,061,596</u>	<u>\$ 1,767,752</u>	<u>\$ 706,156</u>
Net income	<u><u>\$ 1,231,000</u></u>	<u><u>\$ 1,384,016</u></u>	<u><u>\$ 153,016</u></u>

All Funds
 Schedule of Capital Outlays
 Year ended June 30, 2003

General Fund:

Public Safety:

Electric for air conditioning unit	\$ 441
Doors	3,593
File cabinet	256
Steelcase workstation	2,800
Vehicle radios and antennae units	<u>1,258</u>
Total public safety	<u>\$ 8,348</u>

Public Works:

Bed Liners	\$ 855
Emergency lights/radios	1,194
Vehicle radios	1,768
Root cutter	2,950
F-550 Plow/dump body	27,567
Snow plow	3,350
2003 GMC pickup	19,367
Storage bins	8,975
2003 Ford F-550XL Cab and Chassis	33,171
Scag turf lawn mower	7,750
Vehicle radios and antennae units	<u>1,258</u>
Total public works	<u>\$ 108,205</u>

Stormwater management:

Culverts under WO&D railroad	\$ 9,790
Legal advertisement	<u>180</u>
Total planning department	<u>\$ 9,970</u>

Transportation/Beautification:

U.S. flags and accessories	\$ 632
Environmental surveys	1,000
Paving consulting	529
Litter receptacle	801
Milling of Main Street	6,550
Nursery Avenue sidewalk engineering	3,315
Southern Collector Road design	113,441
Nursery Avenue sidewalk trees	1,196
Nursery Avenue sidewalk consulting	1,913
Nursery Avenue sidewalk construction	22,143
Southern Collector Road engineering	111,480
Main Street paving	2,616
Invisible fence service	65
Paving procurement development	3,435
Maple Avenue sidewalk improvements	<u>1,196</u>
Total transportation/beautification	<u>\$ 270,312</u>

All Funds
 Schedule of Capital Outlays
 Year ended June 30, 2003

General Fund: (continued)

Administration:	
Springstead financial profile	\$ 17,500
Town code supplements	4,173
Computer	<u>1,318</u>
Total administration	\$ <u>22,991</u>
Total General Fund	\$ <u><u>419,826</u></u>

Water Fund:

Water Department Projects:	
Orchard water line construction	\$ 231,667
Nature Park well engineering	24,289
Elevated water tank altitude valve installation	311
Reservoir/Nature Park/Hirst/altitude valve engineering	67,602
Reservoir/Water Lane/School Street engineering	6,293
Water lateral installation	1,855
South 9th Street water installation	966
Patrick Henry College well survey	920
Water line revision consulting	1,250
Hirst well construction	381,763
Hydrogeological consulting services	23,000
Orchard water line consulting	5,635
Well drilling permits	1,118
Village case well construction	67,168
Ad/RFP water line replacement	296
Water resources/Nature Park engineering	15,000
Orchard water line engineering	1,560
North Springs project	103
Main Street water line consulting	2,388
Main Street water line construction	22,924
Hirst Farm power connection	467
Hirst well engineering/Reservoir monitoring	23,176
Monitor spring for water resources	2,375
Cornwell water improvements	1,234
Nature Park well drilling	15,200
Resource monitoring engineering	<u>4,323</u>
Total water department projects	\$ <u>902,884</u>
VRA Water Improvements	
Hirst well engineering	\$ 14,295
Hirst well construction	130,503
Resource monitoring engineering	<u>6,797</u>
Total VRA water improvements	\$ <u>151,595</u>
Total Water Fund	\$ <u><u>1,054,479</u></u>

All Funds
Schedule of Capital Outlays
Year ended June 30, 2003

Sewer Fund:

Sewer Department Projects:	
20th Street sewer project engineering	\$ 23,232
BSWF bypass for grinder	959
BSWF concreter	3,620
East end pump station engineering	<u>269</u>
 Total sewer department projects	 \$ <u>28,080</u>
 BSWF Construction:	
BSWF engineering	\$ 13,498
BSWF construction	56,449
Other BSWF costs	<u>29,093</u>
 Total BSWF construction	 \$ <u>99,040</u>
 Total Sewer Fund	 \$ <u><u>127,120</u></u>

Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Taxes (1)	Other Local Taxes (2)	Permits and Zoning	Fines and Forfeitures	Revenue from use Money and Property	Miscellaneous (3)	Inter-governmental	Pass-Through Grants	Total
1993-94 \$	670,254 \$	597,699 \$	42,543 \$	9,706 \$	15,900 \$	106,278 \$	29,159 \$	-	\$ 1,471,539
1994-95	507,582	654,494	17,465	13,389	31,003	177,171	29,015	-	1,430,119
1995-96	543,494	682,620	11,610	8,636	40,360	42,994	53,665	-	1,383,379
1996-97	572,758	751,239	55,628	11,191	51,910	73,957	58,364	16,425	1,591,472
1997-98	577,481	823,906	145,210	13,134	59,284	42,348	45,469	-	1,706,832
1998-99	631,462	893,473	163,826	5,734	76,284	74,090	51,165	151,544	2,047,578
1999-00	745,648	1,149,794	260,698	13,660	97,002	72,859	104,784	27,522	2,471,967
2000-01	894,057	1,382,201	416,384	25,511	130,871	292,944	100,065	230,688	3,472,721
2001-02	1,123,957	1,513,606	478,134	48,791	60,029	170,758	95,562	438,028	3,928,865
2002-03	1,168,307	1,613,577	276,743	36,791	24,221	70,547	592,224	505,666	4,288,076

Note: (1) In fiscal year 1993-94 the Town converted real estate bills from single to multiple annual payments.

(2) In fiscal years 1993-94 and 1999-00 the Town commenced meals and cigarette taxes, respectively.

(3) Fiscal year 1994-95 included the sale of the old town hall. Fiscal year 2000-01 included federal funds received for TEA-21 grant and a called developer performance bond.

GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Other	Pass-Through Grants	(1) Total
1993-94	\$ 551,170	\$ 162,208	\$ 274,571	\$ 13,889	\$ -	\$ 1,001,838
1994-95	568,404	189,079	270,124	844	-	1,028,451
1995-96	650,856	217,778	302,412	-	-	1,171,046
1996-97	639,498	246,285	341,548	-	16,425	1,243,756
1997-98	655,630	262,564	358,585	-	-	1,276,779
1998-99	813,829	304,764	389,624	-	151,544	1,659,761
1999-00	1,094,976	399,176	466,320	-	27,522	1,987,994
2000-01	1,470,413	475,223	545,883	-	230,688	2,722,207
2001-02	1,564,194	485,791	885,605	-	438,028	3,373,618
2002-03	1,657,140	650,147	1,066,145	-	505,666	3,879,098

Note: (1) Excludes capital outlays

ASSESSED VALUATION OF ALL TAXABLE PROPERTY
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property (1)</u>	<u>Public Utility</u>	<u>Total</u>
1993-94	\$ 172,564,800	\$ 7,854,083	\$ 5,031,117	\$ 185,450,000
1994-95	177,538,300	9,125,734	5,181,043	191,845,077
1995-96	182,556,400	10,013,254	5,206,177	197,775,831
1996-97	184,164,720	12,149,080	5,219,047	201,532,847
1997-98	203,342,106	12,243,331	5,231,916	220,817,353
1998-99	215,680,750	13,225,209	5,448,750	234,354,709
1999-00	251,437,692	17,044,884	6,975,208	275,457,784
2000-01	313,513,634	20,803,922	7,885,696	342,203,252
2001-02	411,026,000	23,590,902	10,419,804	445,036,706
2002-03	452,511,560	26,962,736	8,750,945	488,225,241

Note: (1) Includes personal property tax relief from the Commonwealth of Virginia.

PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	Real Estate	Public Utility	Personal Property			
			Motor Vehicles (1)	Volunteers (2)	Merchant's Capital	Machinery and Tools
1993-94	\$ 0.24	\$ 0.24	\$ 1.05	\$ 0.01	\$ 1.05	1.05
1994-95	0.24	0.24	1.05	0.01	1.05	1.05
1995-96	0.24	0.24	1.05	0.01	1.05	1.05
1996-97	0.24	0.24	1.05	0.01	1.05	1.05
1997-98	0.24	0.24	1.05	0.01	1.05	1.05
1998-99	0.24	0.24	1.05	0.01	1.05	1.05
1999-00	0.24	0.24	1.05	0.01	1.05	1.05
2000-01	0.24	0.24	1.05	0.01	0.55	0.55
2001-02	0.24	0.24	1.05	0.01	0.55	0.55
2002-03	0.24/0.22	0.24	1.05	0.01	0.55	0.55

Note: (1) Includes personal property tax relief from the Commonwealth of Virginia.
(2) Fire department and rescue squad members.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (1)</u>	<u>Less Debt Payable from Enterprise Revenues (2)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Values</u>	<u>Net Bonded Debt per Capita</u>
1993-94	\$ 2,291	\$ 185,450,000	\$ 1,644,427	\$ 689,467	\$ 954,960	0.0051	\$ 417
1994-95	2,392	191,845,077	1,581,700	638,352	943,348	0.0049	394
1995-96	2,408	197,775,831	1,509,498	582,200	927,298	0.0047	385
1996-97	2,883	201,532,847	1,900,042	995,357	904,685	0.0045	314
1997-98	3,143	220,817,353	2,011,859	1,113,048	898,811	0.0041	286
1998-99	3,476	234,354,709	2,856,810	1,974,346	882,464	0.0038	254
1999-00	3,584	275,457,784	2,989,534	2,124,793	864,741	0.0031	241
2000-01	3,842	342,203,252	8,425,690	7,579,907	845,783	0.0025	220
2001-02	4,231	445,036,706	11,091,637	10,266,131	825,506	0.0019	195
2002-03	4,686	488,225,241	11,344,185	10,386,483	957,702	0.0020	204

Note: (1) Included all long-term general obligation debt except claims and compensated absences.

(2) These amounts include the general obligation that is being repaid from the water and sewer revenues.

Computation of Legal Debt Margin
 At June 30, 2003

Total assessed value of taxed real property (1)		\$	<u>461,262,505</u>
Debt limit - 10 percent of total assessed value		\$	46,126,251
Amount of debt applicable to debt limit:			
Gross debt (2)	\$	957,702	
Less:			
Amount available in Debt Service Fund		<u>-</u>	
Total amount of debt applicable to debt limit			<u>957,702</u>
Legal debt margin		\$	<u>45,168,549</u>

(1) Includes public utility real property.

(2) Includes bonded debt and long-term notes payable except for enterprise indebtedness.

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the Town of Purcellville, Virginia, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 27, 2003. 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 Audit of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Purcellville, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Purcellville, Virginia in a separate letter dated August 27, 2003.

This report is intended solely for the information of the Town Council, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

August 27, 2003

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the Town of Purcellville, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The Town of Purcellville, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Purcellville, Virginia's management. Our responsibility is to express an opinion on the Town of Purcellville, Virginia's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Purcellville, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Purcellville, Virginia's compliance with those requirements.

In our opinion, the Town of Purcellville, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Town of Purcellville, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Purcellville, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Town Council, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Fann, Cox Associates

Charlottesville, Virginia
August 27, 2003

TOWN OF PURCELLVILLE, VIRGINIA

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2003

<u>Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expend- itures</u>
Federal Emergency Management Agency: Pass Through Payments: Department of Emergency Planning: Disaster Planning and Operations	83.562	\$ <u>11,502</u>
Department of Justice: Direct Awards: COPS FAST Grant	16.710	<u>24,000</u>
Pass Through Payments: County of Loudoun, Virginia: SLEP Grant	16.XXX	<u>140,773</u>
Total Department of Justice		\$ <u>164,773</u>
Department of Agriculture: Rural Development Loan Guarantee: Water and Waste Disposal Systems for Rural Communities (\$7,304,000 General Obligation Water and Sewer Bond, Series of 1999)	10.760	\$ <u>347,121</u>
Total Federal Assistance		\$ <u>523,396</u>

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TOWN OF PURCELLVILLE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

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