

**TOWN OF HAYMARKET, VIRGINIA**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2010**

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**TOWN OF HAYMARKET, VIRGINIA**

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**TOWN COUNCIL**

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Pamela E. Stutz, Mayor

John Cole, Vice-Mayor

Susan Edwards

Milton Kenworthy

Mary Lou Scarbrough

Robert Weir

David Leake

**OFFICIAL**

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Gene Swearingen, Town Manager

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**TOWN OF HAYMARKET, VIRGINIA**

Financial Report  
Year Ended June 30, 2010

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TOWN OF HAYMARKET, VIRGINIA

Financial Report  
Year Ended June 30, 2010

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## INDEPENDENT AUDITORS' REPORT

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**TO THE HONORABLE MEMBERS OF THE TOWN COUNCIL  
TOWN OF HAYMARKET, VIRGINIA  
HAYMARKET, 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 Haymarket, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Haymarket, 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 the 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 Haymarket, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year 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 17, 2010, on our consideration of the Town of Haymarket, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The Town of Haymarket, Virginia has not presented the Management's Discussion and Analysis.

The budgetary comparison information as listed in the table of contents, is not a required part of the basic financial statements but is 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 Haymarket, Virginia's basic financial statements. The accompanying financial information, listed as Supporting Schedules in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Haymarket, Virginia. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statement taken as a whole.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
November 17, 2010



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## **Basic Financial Statements**

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**Government-wide Financial Statements**

Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,503,287	\$ -	\$ 1,503,287
Receivables, net of allowance for uncollectibles	86,873	22	86,895
Prepaid items	2,986	-	2,986
Bond issuance costs	8,546	6,394	14,940
<b>Capital assets:</b>			
Land	1,000,000	600,000	1,600,000
Other capital assets, net of accumulated depreciation	1,448,440	662,417	2,110,857
Capital assets, net	\$ 2,448,440	\$ 1,262,417	\$ 3,710,857
Total assets	\$ 4,050,132	\$ 1,268,833	\$ 5,318,965
<b>Liabilities:</b>			
Accounts payable	\$ 18,501	\$ 3,560	\$ 22,061
Accrued payroll	20,181	-	20,181
Deposits	33,950	17,997	51,947
Unearned revenue	5,925	-	5,925
<b>Long-term liabilities:</b>			
Due within one year	107,017	50,429	157,446
Due in more than one year	1,167,893	938,653	2,106,546
Total liabilities	\$ 1,353,467	\$ 1,010,639	\$ 2,364,106
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$ 1,188,720	\$ 273,335	\$ 1,462,055
Unrestricted	1,507,945	(15,141)	1,492,804
Total net assets	\$ 2,696,665	\$ 258,194	\$ 2,954,859

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

**TOWN OF HAYMARKET, VIRGINIA**

Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 466,744	\$ -	\$ -	\$ -
Public safety	518,751	101,056	46,698	-
Public works	188,591	33,004	33,285	-
Culture	72,307	36,250	-	-
Interest on long-term debt	48,953	-	-	-
<b>Total governmental activities</b>	<b>\$ 1,295,346</b>	<b>\$ 170,310</b>	<b>\$ 79,983</b>	<b>\$ -</b>
<b>Business-type activities:</b>				
Town Hall Properties	\$ 113,853	\$ 138,587	\$ -	\$ -
<b>Total business-type activities</b>	<b>\$ 113,853</b>	<b>\$ 138,587</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 1,409,199</b>	<b>\$ 308,897</b>	<b>\$ 79,983</b>	<b>\$ -</b>

**General Revenues and transfers:**

- General property taxes
- Meals taxes
- Cigarette taxes
- Business license taxes
- Consumer utility taxes
- Other local taxes
- Unrestricted revenues from the use of money and property
- Grants and contributions not restricted to specific programs
- Miscellaneous
- Transfers
- Total general revenues and transfers

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

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

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (466,744)	\$ -	\$ (466,744)
(370,997)	-	(370,997)
(122,302)	-	(122,302)
(36,057)	-	(36,057)
(48,953)	-	(48,953)
<u>\$ (1,045,053)</u>	<u>\$ -</u>	<u>\$ (1,045,053)</u>
<u>\$ -</u>	<u>\$ 24,734</u>	<u>\$ 24,734</u>
<u>\$ -</u>	<u>\$ 24,734</u>	<u>\$ 24,734</u>
<u>\$ (1,045,053)</u>	<u>\$ 24,734</u>	<u>\$ (1,020,319)</u>
\$ 333,688	\$ -	\$ 333,688
408,981	-	408,981
156,637	-	156,637
131,594	-	131,594
90,320	-	90,320
93,750	-	93,750
10,961	-	10,961
140,638	-	140,638
1,551	-	1,551
(15,322)	15,322	-
<u>\$ 1,352,798</u>	<u>\$ 15,322</u>	<u>\$ 1,368,120</u>
\$ 307,745	\$ 40,056	\$ 347,801
<u>2,388,920</u>	<u>218,138</u>	<u>2,607,058</u>
<u>\$ 2,696,665</u>	<u>\$ 258,194</u>	<u>\$ 2,954,859</u>

## **Fund Financial Statements**



Balance Sheet  
 Governmental Funds  
 At June 30, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 672,192	\$ 831,095	\$ 1,503,287
Receivables (net of allowance for uncollectibles):			
Taxes including penalties	9,744	-	9,744
Accounts	76,129	1,000	77,129
Prepaid items	2,986	-	2,986
Total assets	<u>\$ 761,051</u>	<u>\$ 832,095</u>	<u>\$ 1,593,146</u>
<b>Liabilities:</b>			
Accounts payable	\$ 18,501	\$ -	\$ 18,501
Accrued payroll	20,181	-	20,181
Escrow deposits	33,950	-	33,950
Deferred revenues	5,925	-	5,925
Total liabilities	<u>\$ 78,557</u>	<u>\$ -</u>	<u>\$ 78,557</u>
<b>Fund Balance:</b>			
Undesignated	<u>\$ 682,494</u>	<u>\$ 832,095</u>	<u>\$ 1,514,589</u>
Total fund balance	<u>\$ 682,494</u>	<u>\$ 832,095</u>	<u>\$ 1,514,589</u>
Total liabilities and fund balance	<u>\$ 761,051</u>	<u>\$ 832,095</u>	<u>\$ 1,593,146</u>

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
At June 30, 2010

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Total fund balances for governmental funds (Exhibit 3)		\$	1,514,589
Total net assets reported for governmental activities in the statement of net assets is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:			
Land	\$	1,000,000	
Depreciable capital assets, net of accumulated depreciation		<u>1,448,440</u>	2,448,440
Issuance costs related to long-term liabilities			8,546
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(1,200,000)	
Capital leases		(59,720)	
Accrued leave		<u>(15,190)</u>	<u>(1,274,910)</u>
Total net assets of governmental activities	\$		<u><u>2,696,665</u></u>

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

Statement of Revenues, Expenditures and Changes In Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
General property taxes	\$ 333,688	\$ -	\$ 333,688
Other local taxes	472,301	408,981	881,282
Permits, privilege fees and regulatory licenses	33,004	-	33,004
Revenue from use of money and property	5,034	5,927	10,961
Charges for services	137,306	-	137,306
Miscellaneous	1,551	-	1,551
Intergovernmental revenues:			
Commonwealth	188,336	-	188,336
Federal	32,285	-	32,285
<b>Total revenues</b>	<b>\$ 1,203,505</b>	<b>\$ 414,908</b>	<b>\$ 1,618,413</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government administration	\$ 456,716	\$ -	\$ 456,716
Public safety	547,755	-	547,755
Public works	153,663	-	153,663
Cultural	63,559	-	63,559
Capital outlay	-	43,493	43,493
Debt service:			
Principal retirement	83,120	-	83,120
Interest and fiscal charges	48,392	-	48,392
<b>Total expenditures</b>	<b>\$ 1,353,205</b>	<b>\$ 43,493</b>	<b>\$ 1,396,698</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (149,700)</b>	<b>\$ 371,415</b>	<b>\$ 221,715</b>
<b>Other financing sources (uses):</b>			
Issuance of capital leases	\$ 67,840	\$ -	\$ 67,840
Transfers in	311,444	-	311,444
Transfers (out)	-	(326,766)	(326,766)
<b>Total other financing sources (uses)</b>	<b>\$ 379,284</b>	<b>\$ (326,766)</b>	<b>\$ 52,518</b>
<b>Changes in fund balances</b>	<b>\$ 229,584</b>	<b>\$ 44,649</b>	<b>\$ 274,233</b>
Fund balances at beginning of year, as restated	452,910	787,446	1,240,356
<b>Fund balances at end of year</b>	<b>\$ 682,494</b>	<b>\$ 832,095</b>	<b>\$ 1,514,589</b>

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2010

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Net change in fund balances - total governmental funds (Exhibit 5) \$ 274,233

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 15,556

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets.

Details supporting this adjustment are as follows:

Principal retired on general obligation bonds	\$ 75,000	
Principal retired on capital leases	8,120	
Issuance of capital leases	<u>(67,840)</u>	15,280

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.

Bond issuance costs	\$ (561)	
Change in accrued leave	<u>3,237</u>	<u>2,676</u>
Change in net assets of governmental activities		<u>\$ 307,745</u>

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

Statement of Net Assets  
 Proprietary Fund - Business-Type Activities  
 At June 30, 2010

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	<u>Town Hall Properties</u>
<b>Assets:</b>	
<b>Current assets:</b>	
Accounts Receivable	\$ <u>22</u>
<b>Noncurrent assets:</b>	
Capital assets, net of accumulated depreciation	\$ 1,262,417
Bond issuance costs	<u>6,394</u>
Total noncurrent assets	\$ <u>1,268,811</u>
Total assets	\$ <u><u>1,268,833</u></u>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 3,560
Security deposits	17,997
Current portion of long-term obligations	<u>50,429</u>
Total current liabilities	\$ 71,986
Noncurrent portion of long-term obligations	<u>938,653</u>
Total liabilities	\$ <u>1,010,639</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	\$ 273,335
Unrestricted	<u>(15,141)</u>
Total net assets	\$ <u><u>258,194</u></u>

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

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Fund - Business-Type Activities  
 Year Ended June 30, 2010

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	<u>Town Hall Properties</u>
<b>Operating revenues:</b>	
Rental fees	\$ <u>138,587</u>
<b>Operating expenses:</b>	
Contractual services	\$ 26,061
Other charges	5,462
Depreciation	<u>34,922</u>
Total operating expenses	\$ <u>66,445</u>
Operating income/(loss)	\$ <u>72,142</u>
<b>Nonoperating revenues (expenses):</b>	
Interest expense	\$ <u>(47,408)</u>
Income before transfers	24,734
<b>Transfers:</b>	
Transfers in	\$ <u>15,322</u>
Change in net assets	\$ 40,056
Net assets, beginning of year	<u>218,138</u>
Net assets, end of year	<u>\$ 258,194</u>

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

Statement of Cash Flows  
 Proprietary Fund - Business-Type Activities  
 Year Ended June 30, 2010

	<u>Town Hall Properties</u>
<b>Cash flows provided (used) by operating activities:</b>	
Rental fee receipts	\$ 147,984
Payments to suppliers	<u>(30,743)</u>
Net cash provided by (used in) operating activities	<u>\$ 117,241</u>
<b>Cash flows provided (used) by capital and related financing activities:</b>	
Purchase of capital assets	\$ (34,745)
Retirements of general obligation bonds	(50,410)
Interest expense	<u>(47,408)</u>
Net cash used in capital and related financing activities	<u>\$ (132,563)</u>
<b>Cash flows provided (used) by noncapital and related financing activities:</b>	
Net transfers from (to) other funds	<u>\$ 15,322</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents at beginning of year	<u>\$ -</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>	
Operating income	\$ 72,142
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	35,387
Changes in operating accounts:	
Accounts receivable	2,102
Accounts payable and accrued liabilities	315
Security deposits	<u>7,295</u>
Net cash provided by (used in) operating activities	<u><u>\$ 117,241</u></u>

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

## TOWN OF HAYMARKET, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010

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

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#### Narrative Profile:

The Town of Haymarket, located in Prince William, Virginia, approximately 35 miles west of Washington, D.C. was initially chartered in 1799 and later incorporated in 1882. The town has a population of approximately 1,200 and a land area of approximately 372 acres.

The Town is governed under the Council-Manager form of government. The Town government engages in wide ranges of municipal services including general government administration, public safety, public works, and cultural events. Judicial administration, education, fire, library, health and welfare services are provided by Prince William County.

The financial statements of the Town of Haymarket, Virginia have been prepared in conformity with specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

#### A. Financial Reporting Entity

Management's Discussion and Analysis: Accounting principles require that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports. The Town has elected not to present MD&A.

Government-Wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets: The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.



## TOWN OF HAYMARKET, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

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#### A. Financial Reporting Entity: (Continued)

Statement of Activities: The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements: Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the government's original budget as well as a current comparison of final budget and actual results for its major funds.

Accounting principles generally accepted in the United States require financial statements to present the primary 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 and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

#### B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units, if applicable. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

## TOWN OF HAYMARKET, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, community development, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, community development, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 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 as general revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The following is a brief description of the specific funds used by the Town in FY 2010.

1. **Governmental Funds** - Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

## TOWN OF HAYMARKET, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

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

*General Fund* - The General Fund accounts for all revenues and expenditures of the Town which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units. The General Fund is considered a major fund for financial reporting purposes.

*Capital Improvements* - The Capital Improvements Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

2. *Proprietary Funds* - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and cash flows. Proprietary Funds consist of the Town Hall Properties enterprise fund.

#### C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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 45 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.

## TOWN OF HAYMARKET, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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### NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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#### C. Basis of Accounting: (Continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when measurable and available or at the time of the specific expenditure.

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

2. *Proprietary Funds* - The accrual basis of accounting is used for the Enterprise Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

#### D. 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 May 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.
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 department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Administrator 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.
8. All budgetary data presented in the accompanying financial statements reflect budget revisions as of June 30.

#### E. Cash and Cash Equivalents

For purposes of cash flows, cash and cash equivalents include all cash on hand and in banks, certificates of deposit, and highly liquid investments with maturities of three months or less.

#### F. 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 "advance 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

**TOWN OF HAYMARKET, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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

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**F. Receivables and Payables: (Continued)**

outstanding between the governmental activities and business-type 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.

**G. Capital Assets**

Capital outlays are recorded as expenditures of the governmental funds of the Town and as assets in the government-wide financial statements.

Property, plant and equipment purchased are stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation is recorded on capital assets on a government-wide basis or in the Proprietary Fund using the straight-line method and the following estimated useful lives:

Buildings	40 years
Building improvements	15 years
Infrastructure	30 years
Equipment	3-7 years
Vehicles	5 years

**H. Use of Estimates**

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

**I. Accrued Leave**

The Town accrues leave (annual and sick leave benefits) when vested. The amounts include all balances earned by employees that would be paid upon employee terminations, resignations or retirements.

**NOTE 2—PROPERTY TAXES RECEIVABLE:**

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Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The Town bills and collects its own property taxes. The Town does not record an allowance for uncollectible receivables as all receivables are deemed collectible.

**TOWN OF HAYMARKET, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**NOTE 3—DEPOSITS:**

Deposits:

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

**NOTE 4—CAPITAL ASSETS:**

The following is summary of changes in capital assets during the fiscal year:

**Governmental Activities:**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Other capital assets:				
Buildings and improvements	\$ 541,967	\$ 3,720	\$ -	\$ 545,687
Infrastructure assets	869,786	25,245	-	895,031
Historic museum	292,852	-	-	292,852
Police vehicles	103,741	67,840	3,300	168,281
Equipment	170,002	5,625	32,451	143,176
Total other capital assets	<u>\$ 1,978,348</u>	<u>\$ 102,430</u>	<u>\$ 35,751</u>	<u>\$ 2,045,027</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 53,291	\$ 15,276	\$ -	\$ 68,567
Infrastructure assets	206,987	28,993	-	235,980
Historic museum	52,634	8,748	-	61,382
Police vehicles	88,248	23,118	3,300	108,066
Equipment	144,304	13,707	35,419	122,592
Total accumulated depreciation	<u>\$ 545,464</u>	<u>\$ 89,842</u>	<u>\$ 38,719</u>	<u>\$ 596,587</u>
Other capital assets, net	<u>\$ 1,432,884</u>	<u>\$ 12,588</u>	<u>\$ (2,968)</u>	<u>\$ 1,448,440</u>
Net capital assets	<u>\$ 2,432,884</u>	<u>\$ 12,588</u>	<u>\$ (2,968)</u>	<u>\$ 2,448,440</u>

Depreciation expense has been allocated as follows:

General government administration	\$ 10,315
Public safety	41,786
Public works	28,993
Cultural	<u>8,748</u>
Total depreciation expense	<u>\$ 89,842</u>

**TOWN OF HAYMARKET, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**NOTE 4—CAPITAL ASSETS: (Continued)**

**Business-Type Activities:**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Other capital assets:				
Buildings	\$ 650,000	\$ -	\$ -	\$ 650,000
Building improvements	266,736	34,745	-	301,481
Total other capital assets	<u>\$ 916,736</u>	<u>\$ 34,745</u>	<u>\$ -</u>	<u>\$ 951,481</u>
Less: Accumulated depreciation for:				
Buildings	\$ 148,958	\$ 16,250	\$ -	\$ 165,208
Building improvements	105,184	18,672	-	123,856
Total accumulated depreciation	<u>\$ 254,142</u>	<u>\$ 34,922</u>	<u>\$ -</u>	<u>\$ 289,064</u>
Other capital assets, net	<u>\$ 662,594</u>	<u>\$ (177)</u>	<u>\$ -</u>	<u>\$ 662,417</u>
Net capital assets	<u>\$ 1,262,594</u>	<u>\$ (177)</u>	<u>\$ -</u>	<u>\$ 1,262,417</u>

Depreciation expense has been allocated  
as follows:

Town Hall Properties	<u>\$ 34,922</u>
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**NOTE 5—LONG-TERM OBLIGATIONS:**

The following is a summary of long-term obligations for the fiscal year ended June 30, 2010:

	<u>Amounts</u> <u>Payable</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts</u> <u>Payable</u> <u>June 30, 2010</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Obligations:					
General obligation bonds	\$ 1,275,000	\$ -	\$ 75,000	\$ 1,200,000	\$ 75,000
Accrued leave	18,427	15,190	18,427	15,190	15,190
Capital lease obligations	-	67,840	8,120	59,720	16,827
Total Governmental Obligations	<u>\$ 1,293,427</u>	<u>\$ 83,030</u>	<u>\$ 101,547</u>	<u>\$ 1,274,910</u>	<u>\$ 107,017</u>
Enterprise Obligations:					
General obligation bonds	\$ 1,039,492	\$ -	\$ 50,410	\$ 989,082	\$ 50,429
Total Long-Term Obligations	<u>\$ 2,332,919</u>	<u>\$ 83,030</u>	<u>\$ 151,957</u>	<u>\$ 2,263,992</u>	<u>\$ 157,446</u>

TOWN OF HAYMARKET, VIRGINIA

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**NOTE 5—LONG-TERM OBLIGATIONS: (Continued)**

Annual requirements to amortize the Town's long-term obligations are as follows:

Year Ending June 30,	Town Obligations				Enterprise Obligations	
	General Obligation Bonds		Capital Leases		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 75,000	\$ 44,263	\$ 16,827	\$ 2,414	\$ 52,772	44,581
2012	75,000	41,361	17,671	1,569	55,229	42,124
2013	75,000	38,458	13,514	805	57,805	39,547
2014	75,000	35,556	7,086	378	60,507	36,845
2015	75,000	32,653	4,622	54	63,342	34,011
2016	75,000	29,751	-	-	66,315	31,038
2017	75,000	26,848	-	-	69,434	27,919
2018	75,000	23,946	-	-	72,707	24,646
2019	75,000	21,043	-	-	76,141	21,211
2020	75,000	18,141	-	-	79,746	17,607
2021	75,000	15,238	-	-	83,528	13,824
2022	75,000	12,336	-	-	87,499	9,853
2023	75,000	9,433	-	-	91,668	5,685
2024	75,000	6,531	-	-	72,389	1,403
2025	75,000	3,628	-	-	-	-
2026	75,000	726	-	-	-	-
<b>Total</b>	<b>\$ 1,200,000</b>	<b>\$ 359,912</b>	<b>\$ 59,720</b>	<b>\$ 5,220</b>	<b>\$ 989,082</b>	<b>\$ 350,294</b>



**TOWN OF HAYMARKET, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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**NOTE 5--LONG-TERM OBLIGATIONS: (Continued)**

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Details of the Town's long-term obligations are as follows:

**Incurred by Town:**

**General Obligation Bonds:**

\$4,145,000 payable in monthly interest installments ranging from \$4,838 to \$242 beginning October 14, 2005 through September 14, 2025 and annual principal installments of \$75,000 beginning September 14, 2006 through September 14, 2025; interest payable at 4.00%

\$ 1,200,000

**Capital Lease Obligations:**

The Town has entered into a lease agreement as lessee for financing the acquisition of two police cruisers. The police cruisers cost \$127,000 and were acquired with lease financing. Details of these leases are as follows:

\$33,915 obligation for the purchase of a police cruiser, payable in monthly installments of \$981 through January 9, 2013, interest at 4.5802%

\$ 28,732

\$33,926 obligation for the purchase of a police cruiser, payable in monthly installments of \$622 through February 9, 2015, interest at 5.0101%

30,988

Total capital lease obligations

\$ 59,720

Accrued Leave

\$ 15,190

Total governmental obligations

\$ 1,274,910

**Enterprise Obligations:**

**General Obligation Bonds:**

\$262,568 capital-related general obligation series 2004A bonds maturing in monthly installments of \$1,564 through March 18, 2024, interest payable monthly at 3.80%

\$ 200,703

\$372,426 capital-related general obligation series 2004B bonds maturing in monthly installments of \$2,670 through March 18, 2024, interest payable monthly at 6.10%

299,925

\$634,131 capital-related general obligation series 2004C bonds maturing in monthly installments of \$3,859 through March 18, 2024, interest payable monthly at 4.05%

488,454

Total general obligation bonds

\$ 989,082

Total enterprise obligations

\$ 989,082

**TOWN OF HAYMARKET, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

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**NOTE 6—CLAIMS, JUDGEMENTS AND COMPENSATED ABSENCES:**

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The Town has accrued the liability arising from outstanding claims and judgments and compensated absences. Town employees earn vacation and sick leave based upon length of service. The Town has outstanding accrued vacation pay totaling \$15,190 in the General Fund.

**NOTE 7—RETIREMENT PLAN:**

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The Town maintains a SIMPLE-IRA retirement plan covering substantially all employees meeting certain minimum requirements. The Town makes matching contributions equaling employee contributions up to 3% of eligible compensation. The Town's matching contributions and plan expenses totaled approximately \$6,117 for the fiscal year ended June 30, 2010.

**NOTE 8—CONTINGENT LIABILITIES:**

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At June 30, 2010 there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

**NOTE 9—OPERATING LEASES:**

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Lease Revenue: The Town leases certain commercial buildings and office suites in its Town Hall Properties, which is considered a business-type activity. The non-cancelable operating lease agreements expire at various times through the fiscal years ending June 30, 2012. Most of the leases are for one year with annual renewals of two to five years from inception. Rental income from these non-cancelable operating leases was approximately \$138,587 for the fiscal year ended June 30, 2010. The approximate future minimum lease rentals to be received by the Town's business-type activities are as follows for the fiscal years ending June 30:

<b>Business-Type Activities</b>	
Years ending June 30:	
2011	\$ 101,500
2012	<u>8,000</u>
	<u>\$ 109,500</u>

**TOWN OF HAYMARKET, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2010 (Continued)

**NOTE 10—FUND BALANCE/NET ASSET ADJUSTMENTS:**

Fund balances and net assets were restated as of July 1, 2009 as follows:

	<u>Fund Balances</u>	<u>Net Assets</u>
	<u>General Fund</u>	<u>Governmental Funds</u>
Net assets/fund balances as previously reported	\$ 462,136	\$ 2,382,475
Reclassify public safety fund balance into the general fund	(24,991)	-
Include Haymarket Historic Commission activity in the general funds	6,445	6,445
Exclude bond issuance costs from fund statements	(9,107)	-
Exclude accrued leave from fund statements	<u>18,427</u>	<u>-</u>
Totals as restated	<u>\$ 452,910</u>	<u>\$ 2,388,920</u>

## **Required Supplementary Information**

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

Presented Budgets were prepared in accordance with Accounting Principles Generally Accepted in the United States of America.

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
General property taxes	\$ 323,134	\$ 316,617	\$ 333,688	\$ 17,071
Other local taxes	442,119	426,926	472,301	45,375
Permits, privilege fees and regulatory licenses	17,197	46,182	33,004	(13,178)
Revenue from use of money and property	6,480	7,991	5,034	(2,957)
Charges for services	148,970	135,829	137,306	1,477
Miscellaneous	-	10,869	1,551	(9,318)
Intergovernmental revenues:				
Commonwealth	185,249	205,709	188,336	(17,373)
Federal	-	55,190	32,285	(22,905)
Total revenues	<u>\$ 1,123,149</u>	<u>\$ 1,205,313</u>	<u>\$ 1,203,505</u>	<u>\$ (1,808)</u>
<b>Expenditures</b>				
Current:				
General government administration	\$ 461,041	\$ 493,370	\$ 456,716	\$ 36,654
Public safety	432,552	503,308	547,755	(44,447)
Public works	139,871	168,819	153,663	15,156
Cultural	51,290	70,419	63,559	6,860
Debt service:				
Principal retirement	83,120	83,120	83,120	-
Interest and fiscal charges	46,221	40,068	48,392	(8,324)
Total expenditures	<u>\$ 1,214,095</u>	<u>\$ 1,359,104</u>	<u>\$ 1,353,205</u>	<u>\$ 5,899</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (90,946)</u>	<u>\$ (153,791)</u>	<u>\$ (149,700)</u>	<u>\$ 4,091</u>
<b>Other financing sources (uses):</b>				
Issuance of capital leases	\$ -	\$ -	\$ 67,840	\$ 67,840
Transfers in	-	-	311,444	311,444
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,284</u>	<u>\$ 379,284</u>
Changes in fund balances	<u>\$ (90,946)</u>	<u>\$ (153,791)</u>	<u>\$ 229,584</u>	<u>\$ 383,375</u>
Fund balances at beginning of year, as restated	<u>90,946</u>	<u>153,791</u>	<u>452,910</u>	<u>299,119</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 682,494</u></u>	<u><u>\$ 682,494</u></u>

## Supporting Schedules

## GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Budget as Amended	Actual	Variance from Final Budget Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 286,461	\$ 282,181	\$ 292,483	\$ 10,302
Public service corporation taxes:				
Real property	8,881	12,817	12,994	177
Business personal property taxes	27,792	20,112	26,225	6,113
Penalties and interest		1,507	1,986	479
<b>Total general property taxes</b>	<b>\$ 323,134</b>	<b>\$ 316,617</b>	<b>\$ 333,688</b>	<b>\$ 17,071</b>
Other local taxes:				
Local sales and use taxes	\$ 68,320	\$ 64,929	\$ 79,270	\$ 14,341
Cigarette tax	144,416	151,218	156,637	5,419
Business license tax	142,965	121,211	131,594	10,383
Bank franchise taxes	9,369	-	13,010	13,010
Consumer utility tax - electric	75,196	88,248	90,320	2,072
Motor vehicle licenses	1,853	1,320	1,470	150
<b>Total other local taxes</b>	<b>\$ 442,119</b>	<b>\$ 426,926</b>	<b>\$ 472,301</b>	<b>\$ 45,375</b>
Permits, privilege fees and regulatory licenses:				
Application fees	\$ -	\$ 3,700	\$ 11,700	\$ 8,000
Inspections	8,930	17,890	14,240	(3,650)
Occupancy permits	-	180	280	100
Other planning and permits	8,267	24,412	6,784	(17,628)
<b>Total permits, privilege fees and regulatory licenses</b>	<b>\$ 17,197</b>	<b>\$ 46,182</b>	<b>\$ 33,004</b>	<b>\$ (13,178)</b>
Revenue from use of money and property:				
Interest on bank deposits	\$ 6,480	\$ 7,991	\$ 5,034	\$ (2,957)
Charges for services:				
Haymarket Day Booth and Sponsor Fees	\$ 28,175	\$ 34,250	\$ 36,250	\$ 2,000
Public safety fees	120,795	101,579	101,056	(523)
<b>Total charges for services</b>	<b>\$ 148,970</b>	<b>\$ 135,829</b>	<b>\$ 137,306</b>	<b>\$ 1,477</b>
Miscellaneous revenue:				
Miscellaneous income	\$ -	\$ 10,869	\$ 1,551	\$ (9,318)
<b>Total revenue from local sources</b>	<b>\$ 937,900</b>	<b>\$ 944,414</b>	<b>\$ 982,884</b>	<b>\$ 38,470</b>

## GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget as Amended	Actual	Variance from Final Budget Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth:				
Non-categorical aid:				
PPTRA	\$ 18,600	\$ 18,627	\$ 18,627	\$ -
Telecommunications tax	120,684	120,684	120,684	-
Rolling stock tax	-	1,327	1,327	-
Total non-categorical aid	<u>\$ 139,284</u>	<u>\$ 140,638</u>	<u>\$ 140,638</u>	<u>\$ -</u>
Categorical aid:				
Law enforcement assistance	\$ 37,965	\$ 28,648	\$ 38,698	\$ 10,050
DEQ grants	-	1,000	1,000	-
Fire funds	8,000	35,423	8,000	(27,423)
Total Categorical aid	<u>\$ 45,965</u>	<u>\$ 65,071</u>	<u>\$ 47,698</u>	<u>\$ (17,373)</u>
Total revenue from the Commonwealth	<u>\$ 185,249</u>	<u>\$ 205,709</u>	<u>\$ 188,336</u>	<u>\$ (17,373)</u>
Revenue from the federal government:				
Categorical aid:				
Transportation grants	\$ -	\$ 55,190	\$ 32,285	\$ (22,905)
Total General Fund	<u>\$ 1,123,149</u>	<u>\$ 1,205,313</u>	<u>\$ 1,203,505</u>	<u>\$ (1,808)</u>
<b>Capital Improvements Fund:</b>				
Other local taxes:				
Meals Tax	\$ 323,000	\$ 393,805	\$ 408,981	\$ 15,176
Revenue from use of money and property:				
Interest on bank deposits	\$ -	\$ -	\$ 5,927	\$ 5,927
Total Capital Improvements Funds	<u>\$ 323,000</u>	<u>\$ 393,805</u>	<u>\$ 414,908</u>	<u>\$ 21,103</u>
Grand Total All Governmental Funds	<u>\$ 1,446,149</u>	<u>\$ 1,599,118</u>	<u>\$ 1,618,413</u>	<u>\$ 19,295</u>



## GOVERNMENTAL FUNDS

Schedule of Expenditures--Budget and Actual  
Year Ended June 30, 2010

Fund, Function, Activity and Elements	Original Budget	Budget as Amended	Actual	Variance from Final Budget Positive (Negative)
<b>General Fund:</b>				
General Government:				
Mayor and Town Council	\$ 26,900	\$ 26,218	\$ 25,039	\$ 1,179
Salary - general	166,728	175,623	167,084	8,539
Payroll taxes	13,343	16,116	15,229	887
Advertising	16,800	14,782	8,836	5,946
Utilities	11,088	25,590	24,052	1,538
Retirement	4,599	4,298	3,879	419
Insurance	47,973	43,378	36,041	7,337
Audit and legal	66,000	48,800	46,490	2,310
Professional services	21,800	44,514	46,202	(1,688)
Cigarette tax administration	3,448	5,962	7,023	(1,061)
Miscellaneous	7,825	7,143	7,005	138
Training	-	997	997	-
Travel	2,045	2,949	2,782	167
Employee health insurance & life insurance	33,299	35,635	34,609	1,026
Office expenses	39,193	41,365	31,448	9,917
Total general government	<u>\$ 461,041</u>	<u>\$ 493,370</u>	<u>\$ 456,716</u>	<u>\$ 36,654</u>
Public safety:				
Salary - law enforcement	\$ 269,983	\$ 288,259	\$ 281,510	\$ 6,749
Employee health insurance & life insurance	55,778	59,690	57,972	1,718
Payroll taxes	22,350	26,884	25,399	1,485
Retirement	2,701	2,524	2,238	286
Utilities	13,300	18,600	14,219	4,381
Other law enforcement	68,440	107,351	166,417	(59,066)
Total public safety	<u>\$ 432,552</u>	<u>\$ 503,308</u>	<u>\$ 547,755</u>	<u>\$ (44,447)</u>
Public works:				
Professional services	\$ 24,150	\$ 48,419	\$ 37,426	\$ 10,993
Maintenance contracts	20,584	36,566	33,885	2,681
Street lights	2,587	3,527	3,276	251
Town decorations	1,700	1,700	616	1,084
Trash removal	90,850	78,607	78,460	147
Total public works	<u>\$ 139,871</u>	<u>\$ 168,819</u>	<u>\$ 153,663</u>	<u>\$ 15,156</u>

## GOVERNMENTAL FUNDS

Schedule of Expenditures--Budget and Actual  
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget as Amended	Actual	Variance from Final Budget Positive (Negative)
<b>General Fund: (Continued)</b>				
Cultural:				
Museum	\$ 17,345	\$ 27,706	\$ 20,726	\$ 6,980
Special events	33,945	42,713	42,833	(120)
Total cultural	<u>\$ 51,290</u>	<u>\$ 70,419</u>	<u>\$ 63,559</u>	<u>\$ 6,860</u>
Debt service				
Principal retirement	\$ 83,120	\$ 83,120	\$ 83,120	-
Interest and other debt costs	46,221	40,068	48,392	(8,324)
Total capital outlay	<u>\$ 129,341</u>	<u>\$ 123,188</u>	<u>\$ 131,512</u>	<u>\$ (8,324)</u>
Total General Fund	<u>\$ 1,214,095</u>	<u>\$ 1,359,104</u>	<u>\$ 1,353,205</u>	<u>\$ 5,899</u>
<b>Capital Improvements Fund:</b>				
Supplies and services	\$ 104,258	\$ 173,474	\$ 43,493	\$ 129,981
Total Capital Improvements Fund	<u>\$ 104,258</u>	<u>\$ 173,474</u>	<u>\$ 43,493</u>	<u>\$ 129,981</u>
Grand Total Expenditures--All Governmental Funds	<u>\$ 1,318,353</u>	<u>\$ 1,532,578</u>	<u>\$ 1,396,698</u>	<u>\$ 135,880</u>

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## **Compliance**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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 Haymarket  
Haymarket, 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 Haymarket, Virginia, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Haymarket, 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 the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Haymarket, Virginia's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Haymarket, 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*.

We noted certain other matters that we reported to management of the Town of Haymarket, Virginia in a separate letter dated November 17, 2010.

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

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
November 17, 2010