

TOWN OF ROCKY MOUNT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

Prepared by the Finance Director/Treasurer

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Directory of Principal Officials	1
GFOA Certificate of Achievement	2
Organizational Chart	3
Letter of Transmittal.....	4-7

FINANCIAL SECTION

Independent Auditors' Report	8-9
Management's Discussion and Analysis.....	10-17

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	18
Statement of Activities	2	19
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	23
Statement of Net Assets - Proprietary Funds	7	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	8	25
Statement of Cash Flows - Proprietary Funds.....	9	26
Notes to Financial Statements.....		27-52

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: General Fund	10	53
Schedule of Pension and OPEB Funding Progress.....	11	54

Other Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: Capital Projects Fund	12	55
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TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

Supporting Schedules:

	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues - Budget and Actual - Governmental Funds	1	56-58
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	59-69

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	70
Changes in Net Assets	2	71-72
Fund Balances of Governmental Funds	3	73
Changes in Fund Balances of Governmental Funds	4	74
Assessed Value of Taxable Property	5	75
Principal Property Taxpayers	6	76
Property Tax Levies and Collections	7	77
Principal Utility Customers	8	78
Computation of Legal Debt Margin	9	79
Ratios of Outstanding Debt by Type	10	80
Demographic and Economic Statistics	11	81
Principal Employers	12	82
Full-Time Equivalent City Government Employees by Function/Program	13	83
Operating Indicators by Function/Program	14	84
Capital Assets and Infrastructure Statistics by Function/Program	15	85

COMPLIANCE SECTION

	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86-87
Schedule of Findings and Responses	88

INTRODUCTORY SECTION

TOWN OF ROCKY MOUNT, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

Steven C. Angle, Mayor
Gregory B. Walker, Vice Mayor
Bobby M. Cundiff
Jerry W. Greer, Sr.
P. Ann Love
Bobby M. Moyer
Robert W. Strickler

APPOINTED OFFICIALS

C. James ErvinTown Manager
John T. Boitnott Town Attorney
Linda P. WoodyFinance Director/Treasurer
Patricia H. KeattsTown Clerk

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Rocky Mount
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



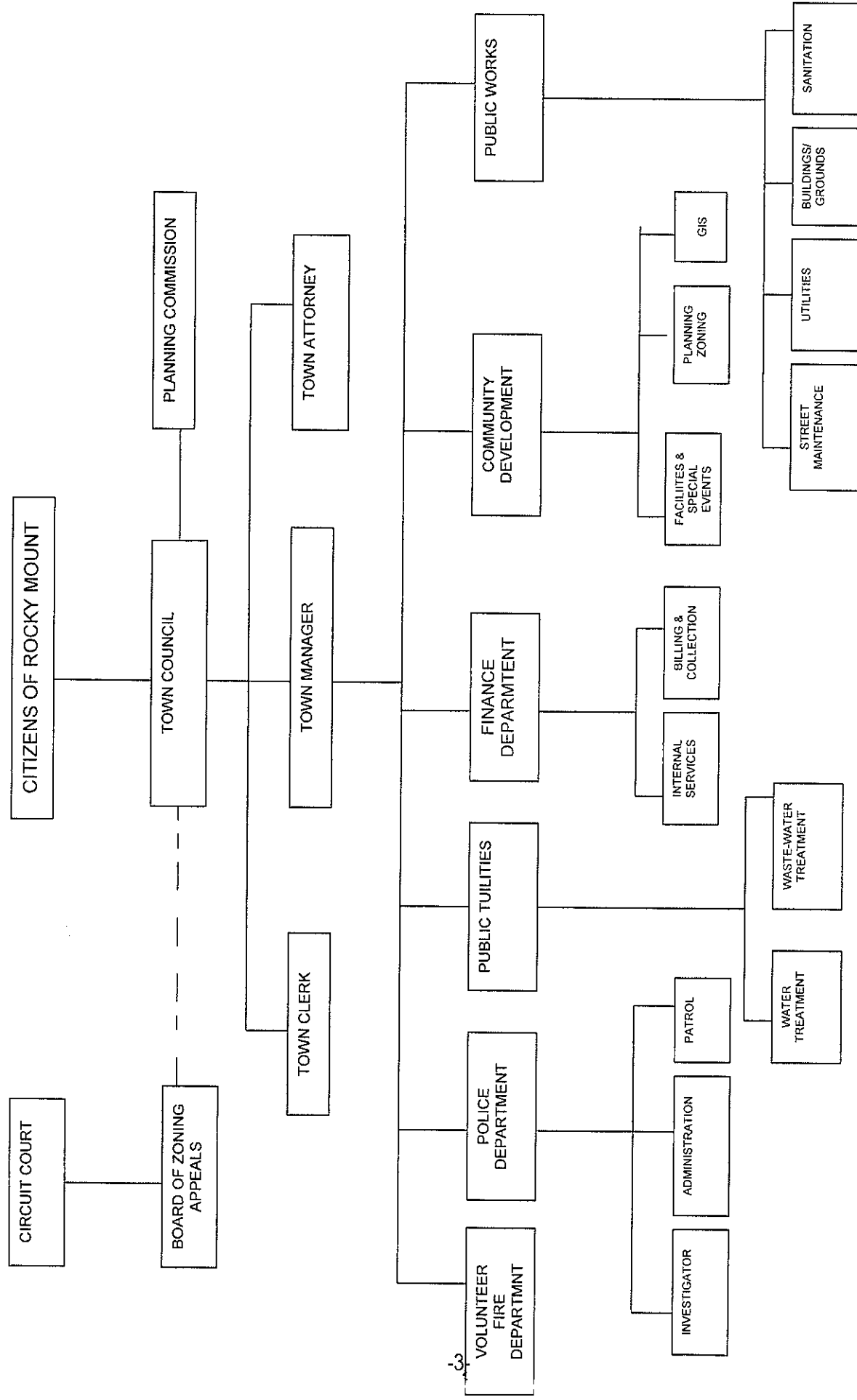
Christopher P. Moine

President

Jeffrey R. Emer

Executive Director

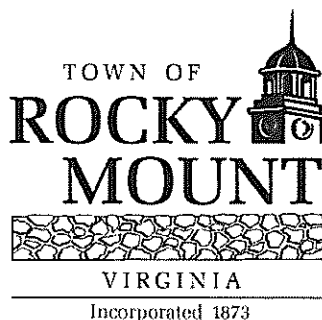
TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART



345 Donald Ave.
Rocky Mount, Virginia 24151

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FAX 540.483.8830

E-mail: towngov@rockymountva.org



TOWN COUNCIL
Steven C. Angle, *Mayor*
Gregory B. Walker, *Vice Mayor*

Bobby M. Cundiff Jerry Greer, Sr.
P. Ann Love Bobby M. Moyer
Billie W. Stockton
C. James Ervin, *Town Manager*

December 19, 2012

To the Honorable Mayor, Council Members, and Citizens of the Town of Rocky Mount:

State Law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Rocky Mount for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the Town of Rocky Mount. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Rocky Mount has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Town of Rocky Mount's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Rocky Mount's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Rocky Mount's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Rocky Mount for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Rocky Mount's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Rocky Mount, incorporated in 1873, is located in the rolling hills of the western Blue Ridge Mountains and serves as the seat of Franklin County's government, service, and business center. The Town of Rocky Mount currently occupies a land area of 6.4 square miles and boasts a population of approximately 4,800. The Town of Rocky Mount is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The Town of Rocky Mount has operated under the council-manager form of government since 1989. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing the Planning Commission, and hiring the government's manager, attorney, and clerk. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected at large. The Town of Rocky Mount holds municipal elections in May of even-numbered years. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term.

The Town of Rocky Mount provides a full range of services, including police and volunteer fire protection; the construction and maintenance of streets, sidewalks, water and sewer lines, and other infrastructure; zoning and land use management; recreational parks; and community and cultural events. The Town of Rocky Mount also provides water and wastewater services to both town and county residents and businesses.

The annual budget serves as the foundation for the Town of Rocky Mount's financial planning and control. All departments of the Town of Rocky Mount are required to submit requests for appropriation to the government's manager during the annual budget process. The government's manager uses these requests as the starting point for developing a proposed budget. The Town Manager then presents this proposed budget to the Council for review by May 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the Town of Rocky Mount's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Rocky Mount operates.

Local economy. After experiencing a period of economic downturn due to the loss of jobs in its traditional textile and furniture manufacturing industries, other long-term manufacturers within the Town have experienced some degree of stability during these declining economic times. The Town continues to enjoy growth in the retail and service businesses that serve and are supported by town residents and county residents. Residential growth continues with new single-family housing developments.

The Town is also mindful of how the slow-down in the local economy has affected its citizens. Accordingly, Town Council decreased the Town's budget by 1% for fiscal year 2012 and presented no increases in taxes or fees to its citizens. No fee increases for water production or sewer collection has taken effect since July 1, 2007.

Long-term financial planning and economic improvement projects. The Town of Rocky Mount continues to methodically plan for future growth by investing resources in infrastructure improvements and expansion. The Town is vigorously pursuing the development of the Cox property for industrial clients. The Town has completed the access road and utility line extensions and is now working on extending rail lines within the property. The Uptown Revitalization project is complete and has improved the streetscape and redeveloped the uptown business district.

The governing Council of the Town of Rocky Mount, in planning for future residential and commercial needs, continues to fund water and sewer line improvements and expansions within the Town's utility system. Due to the slow-down in the local economy, funding for fiscal year 2012 and fiscal year 2013 have been scaled back. Lilly's Leisure, a 44-unit residential facility located just outside the Town limits on Diamond Avenue Extended, has connected to the Town's water and sewer lines during the fiscal year 2013 construction.

The Virginia Department of Transportation has begun the replacement of the Pigg River bridge on South Main Street. This project is expected to take up to three years to complete. The Town is working with state and federal agencies, in conjunction with this project, to improve safety around the Pigg River dam at Veteran's Memorial Park.

The Town of Rocky Mount is very excited to be an anchor on the Crooked Road - Virginia's Heritage Music Trail. It provides an opportunity to showcase the area's cultural assets. During fiscal year 2012 Town Council purchased the old Lynch Hardware Building in downtown Rocky Mount to house a community cultural venue to better showcase the talents of local citizens and activities associated with the Crooked Road's musical heritage and the 'Round the Mountain's artesian heritage. Conceptual architectural plans are complete and funding is being sought from state and federal agencies and foundations as well as using historic tax credits to fund the renovation of the building. Bid documents are almost complete and ready to be released in early calendar year 2013.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and the State Treasurer's investment pool. The maturities of the investments range from 1 year to 5 years. The average yield on investments was 1.4% for the government amid national declining rates. Investment income is affected by prevailing interest rates and the appreciation or depreciation in the fair value of investments. The decreases in interest rates during fiscal year 2011 and 2012, however, do not necessarily represent trends that will continue on investments the government intends to hold to maturity. The Town used \$2 million in investments during fiscal year 2011 to pay off a utility line bond with a 4.1% interest rate with 20 years life remaining. In fiscal year 2011, the Town also refinanced a 4.5% bond that built the Emergency Services Building after 10 years. The new bond has a 10 year life with a 3.7% interest rate.

Risk management. The government is a member of the Virginia Municipal Liability Pool which is open to Virginia local political subdivisions. Additional information on the Town of Rocky Mount's risk management activity can be found in Note 13 of the notes to the financial statements.

Pension and other postemployment benefits. The Town of Rocky Mount provides pension benefits for its employees through a state-wide plan managed by the Virginia Retirement System. The Town of Rocky Mount has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the Virginia Retirement System.

Every two years, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Town of Rocky Mount must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of Rocky Mount fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the Town of Rocky Mount's conservative funding policy, the Town of Rocky Mount has succeeded as of June 30, 2011, in funding 72.77% of the present value of the projected benefits earned by employees. Any remaining unfunded amount would be systematically funded over 20 years or less, as part of the annual required contribution calculated by the actuary.

The Town of Rocky Mount also provides post-retirement health and dental care benefits for certain retirees and their spouses. Participants must pay 100% of the premium.

Additional information on the Town of Rocky Mount's pension arrangements and post-employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

Awards and Acknowledgements

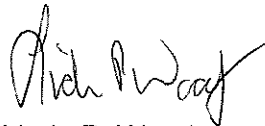
The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a locality's comprehensive annual financial report (CAFR). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must also satisfy GAAP and applicable legal requirements. We believe that our current CAFR will meet the Certificate of Achievement Program's requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and manager's offices as well as the Town's department heads. We would like to express our appreciation to all members of the Town staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standard of professionalism in the management of the Town of Rocky Mount's finances.

Respectively submitted,



C. James Ervin
Town Manager



Linda P. Woody
Town Finance Director

FINANCIAL SECTION

Independent Auditors' Report

THE HONORABLE MEMBERS OF TOWN COUNCIL TOWN OF ROCKY MOUNT, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2012, 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 Rocky Mount, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Town of Rocky Mount, Virginia's 2011 financial statements and in our report dated November 11, 2011, we expressed an unqualified opinion on the financial statements.

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 basic 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, and each major fund of the Town of Rocky Mount, Virginia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012 on our consideration of the Town of Rocky Mount, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Rocky Mount's financial statements as a whole. The supporting schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 2, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Rocky Mount, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vi of this report.

Financial Highlights

- The total assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$31,487,473 (net assets). Of this amount, \$8,726,554 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$250,064. This decrease is due to the purchase of a building to house the Town's performance venue as part of The Crooked Road Heritage Trail for \$249,000, and the net \$173,200 invested in the Uptown Revitalization Project during the fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$10,547,431, a decrease of \$677,522 in comparison with the prior year. 100% of the Town's fund balance,, constitutes an unassigned fund balance, which is available for spending at the government's discretion. (GASB 54)

Overview of the Financial Statements

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

Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result only in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, community development, parks, recreation and cultural, and non-departmental. The business-type activities of the Town are the water and wastewater departments.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town adopts annual appropriated budgets for its general and capital project funds. Budgetary comparison statements have been provided for the general fund and capital project funds to demonstrate compliance with these budgets.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater departments.

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This information further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$31,487,473 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$22,480,901 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 10,791,495	\$ 12,741,978	\$ 279,991	\$ 1,484,864	\$ 11,071,486	\$ 14,226,842
Capital assets	15,466,135	15,164,254	13,938,929	14,404,455	29,405,064	29,568,709
Total assets	26,257,630	27,906,232	14,218,920	15,889,319	40,476,550	43,795,551
Long-term liabilities						
Outstanding	2,710,086	3,115,658	2,155,537	4,712,413	4,865,623	7,828,071
Other liabilities	537,737	1,548,009	3,585,717	2,535,325	4,123,454	4,083,334
Total liabilities	3,247,823	4,663,667	5,741,254	7,247,738	8,989,077	11,911,405
Net assets						
Invested in capital assets, net of related debt	12,768,337	12,211,626	9,712,564	9,791,905	22,480,901	22,003,531
Unrestricted	10,241,470	11,030,939	(1,234,898)	1,150,324	9,006,572	9,880,615
Total net assets	\$ 23,009,807	\$ 23,242,565	\$ 8,477,666	\$ 8,641,581	\$ 31,487,473	\$ 31,884,146

Government-wide Financial Analysis (Continued)

Unrestricted net assets of \$8,726,554 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net assets.

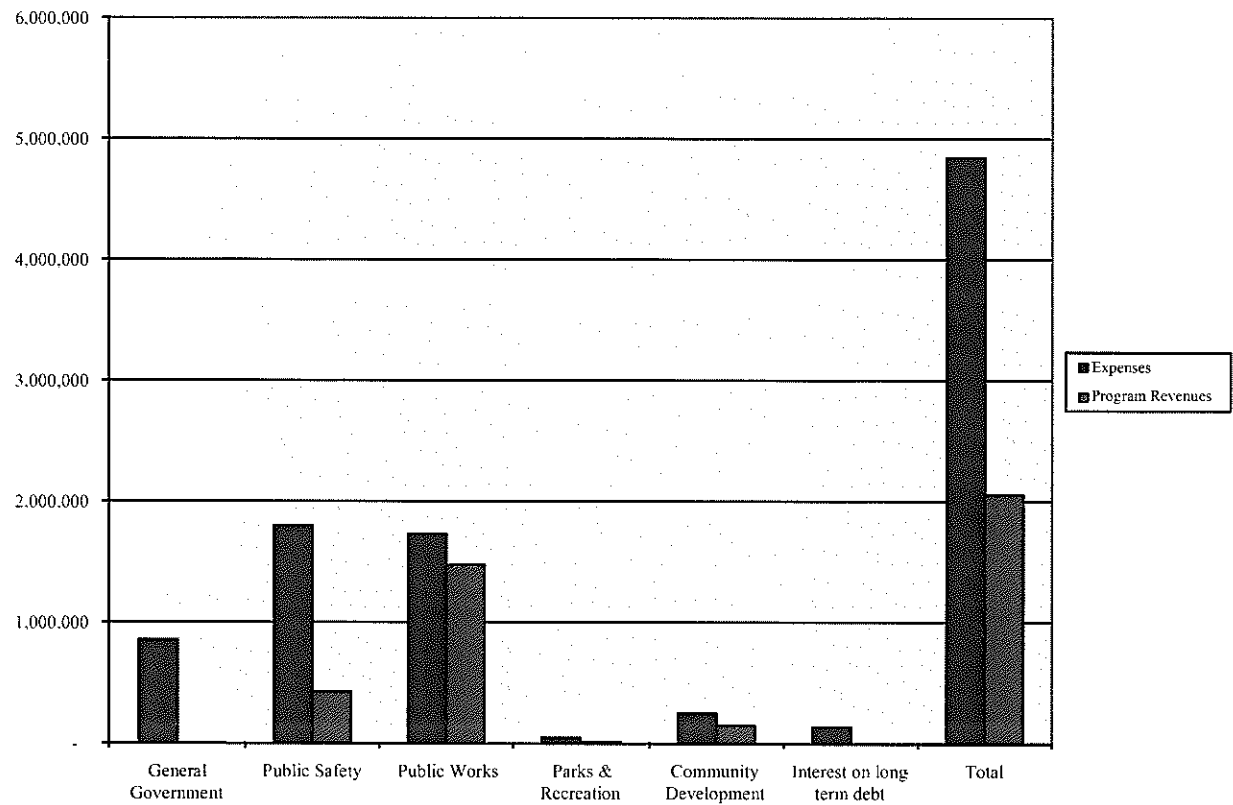
Governmental activities – Governmental activities decreased the Town's net assets by \$240,271.

Business-type activities – Business-type activities decreased the Town's net assets by \$9,793.

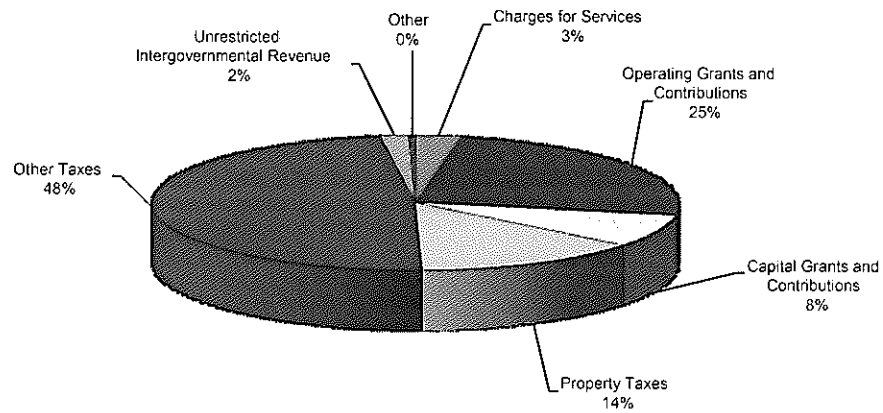
The Town's Changes in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 141,744	\$ 153,057	\$ 1,777,053	\$ 1,776,905	\$ 1,918,797	\$ 1,929,962
Operating grants and contributions	1,439,839	1,587,192	-	-	1,439,839	1,587,192
Capital grants and contributions	156,064	651,748	-	-	156,064	651,748
General revenues						
Property taxes	836,746	818,866	-	-	836,746	818,866
Other taxes	2,884,666	2,545,225	-	-	2,884,666	2,545,225
Intergovernmental revenue unrestricted	255,227	266,795	4,000	25,000	259,227	291,795
Investment earnings	81,198	320,196	18	-	81,216	320,196
Other	32,619	1,094,702	41,166	49,961	73,785	1,114,663
Total revenues	5,828,103	6,676,174	1,822,237	2,613,473	7,650,340	9,289,647
Expenses						
General government	1,310,661	174,544	-	-	1,310,661	174,544
Public safety	2,012,658	2,157,429	-	-	2,012,658	2,157,429
Public works	1,538,835	1,555,182	-	-	1,538,835	1,555,182
Parks, recreation, and cultural	54,320	112,286	-	-	54,320	112,286
Community development	581,132	186,118	-	-	581,132	186,118
Interest on long-term debt	116,630	185,382	-	-	116,630	185,382
Water and wastewater	-	-	2,286,168	2,393,343	2,286,168	2,393,343
Total expenses	5,614,236	4,370,941	2,286,168	2,393,343	7,900,404	6,764,284
Increase (decrease) in net assets before transfers	213,867	3,066,840	(463,931)	(441,477)	(250,064)	2,625,363
Transfers	(454,138)	(761,607)	454,138	761,607	-	-
Change in net assets	\$ (240,271)	\$ 2,305,233	\$ (9,793)	\$ 320,130	\$ (250,064)	\$ 2,625,363

Government-wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



(Continued)

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,547,431, a decrease of \$677,522 in comparison with the prior year. One hundred percent of the \$10,547,431, constitutes an unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$11,323,032. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 201% of total general fund expenditures.

The fund balance of the Town's general fund decreased by \$582,209 during the fiscal year. The key factor to this decrease is a transfer from the general fund to the capital projects fund of \$592,219 to cover the Town's share of the Uptown Revitalization Project expenses for fiscal year 2012.

The fund balance of the Town's capital projects fund decreased by \$95,313 during the year. The key factor to this decrease is from the Uptown Revitalization project which is on a reimbursement basis.

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

Unrestricted net assets of the water and wastewater departments at the end of the year amounted to \$(1,514,916). The key factor in this decrease is the use of funds last fiscal year to retire a \$2,010,000 bond. The total increase in net assets was (\$9,793).

General Fund Budgetary Highlights

There was an increase of \$33,904 and \$393,183 between the original budget and the final amended budget for both revenues and expenditures, respectively. This was due to the receipt and related expenditure of \$341,913 in carry-over funds from the previous year to complete projects for the fire department and the streets department, \$97,000 for the stabilization of the Furnace Creek bank at the Veteran's Memorial Park, and \$50,000 for two school resource officers from DCJS.

There were a few significant variances between the final budget and the actual final results for the year including the over-spending in the police department for fuel, vehicle expense, and training.

Capital Asset and Debt Administration

Capital assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$29,405,064 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, infrastructure, machinery and equipment. The total increase in the Town's investment in capital assets for the current fiscal year was 8% (a 25% increase for governmental activities and a 30% decrease for business-type activities). Additional information on the Town's capital assets can be found in Note 7 of this report.

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

Uptown Revitalization \$592,219

Purchase of building for a performance venue \$248,922

The Town's Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,626,168	\$ 2,621,168	\$ 189,454	\$ 189,454	\$ 2,815,622	\$ 2,810,622
Buildings and improvements	7,153,999	6,876,040	-	-	7,153,999	6,876,040
Public domain infrastructure	11,463,782	8,328,182	-	-	11,463,782	8,328,182
Distribution/transmission Systems	-	-	22,292,299	22,235,414	22,292,299	22,235,414
Water and wastewater plants	-	-	5,704,808	5,704,808	5,704,808	5,704,808
Machinery and equipment	4,489,146	4,246,390	870,336	662,131	5,359,482	4,908,521
Construction in progress	-	2,634,816	-	-	-	2,634,816
Accumulated depreciation	(10,266,960)	(9,542,342)	(15,117,968)	(14,387,352)	(25,384,928)	(23,929,694)
Total	\$ 15,466,135	\$ 15,164,254	\$ 13,938,929	\$ 14,404,455	\$ 29,405,064	\$ 29,568,709

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of \$6,857,068. Of this amount, \$5,382,068 comprises debt backed by the full faith and credit of the government, and \$1,475,000 is related to notes payable.

The Town's Outstanding Debt						
General Obligation and Notes Payable						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation	\$ -	\$ -	\$ 2,931,568	\$ 3,576,899	\$ 2,931,568	\$ 3,576,899
Revenue bonds	1,171,800	1,196,100	998,200	1,018,900	2,170,000	2,215,000
Notes payable	1,475,000	1,640,000	-	-	1,475,000	1,640,000
Capital Lease	-	-	280,500	-	280,500	-
	<u>\$ 2,646,800</u>	<u>\$ 2,836,100</u>	<u>\$ 4,210,268</u>	<u>\$ 4,595,799</u>	<u>\$ 6,857,068</u>	<u>\$ 7,431,899</u>

The Town's total debt decreased by \$574,831 (8%) during the fiscal year primarily from retiring the principal portion on existing debt. Additional information on the Town's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Franklin County (no statistics are available for the Town individually) as of June 30, 2012 is 6.2%, which is a decrease from the annual rate of 8% a year ago according to the Virginia Employment Commission as reported in the Roanoke Times. The state's average unemployment rate as of June 30, 2012 is 6.0% and the national average rate as of June 30, 2012 is 8.4%. The occupancy rate of the Town's central business district continues to remain high. Inflationary trends in the region compare favorably to national indices.

Water consumption has declined slightly this fiscal year mostly due to conservation efforts by both residents and industries.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Rocky Mount, 345 Donald Avenue, Rocky Mount, Virginia 24151.

Basic Financial Statements

Town of Rocky Mount, Virginia
Statement of Net Assets
June 30, 2012

	Primary Government			
			Totals	
	Governmental	Business-type	(For comparative purposes only)	
	Activities	Activities	2012	2011
ASSETS				
Cash and cash equivalents	\$ 2,443,110	\$ 29,275	\$ 2,472,385	\$ 2,973,407
Cash and cash equivalents, restricted	-	280,018	280,018	356,642
Investments	7,460,822	-	7,460,822	8,097,549
Receivables (net of allowance for uncollectibles):				
Taxes receivable	49,994	-	49,994	49,073
Accounts receivable	238,186	160,737	398,923	553,600
Internal balances	233,035	(233,035)	-	-
Due from other governmental units	334,242	-	334,242	649,089
Inventories	-	42,996	42,996	45,521
Prepaid expenses	-	-	-	12,146
Deferred charges	32,106	-	32,106	
Capital assets (net of accumulated depreciation):				
Land	2,626,168	189,454	2,815,622	2,810,622
Buildings and improvements	4,332,357	348,479	4,680,836	5,946,545
Machinery and equipment	1,837,455	1,543,236	3,380,691	2,014,844
Infrastructure	6,670,155	11,857,760	18,527,915	16,161,882
Construction in progress	-	-	-	2,634,816
Total assets	\$ 26,257,630	\$ 14,218,920	\$ 40,476,550	\$ 42,305,736
LIABILITIES				
Accounts payable	\$ 147,332	\$ 213,656	\$ 360,988	\$ 554,199
Reconciled overdraft	-	1,108,031	1,108,031	1,805,269
Accrued liabilities	30,611	8,606	39,217	114,616
Customers' deposits	-	29,275	29,275	27,000
Accrued interest payable	47,070	34,942	82,012	92,435
Long-term liabilities:				
Due within one year	312,724	761,027	1,073,751	912,021
Due in more than one year	2,710,086	3,585,717	6,295,803	6,916,050
Total liabilities	\$ 3,247,823	\$ 5,741,254	\$ 8,989,077	\$ 10,421,590
NET ASSETS				
Invested in capital assets, net of related debt	\$ 12,768,337	\$ 9,712,564	\$ 22,480,901	\$ 22,100,398
Restricted for:				
Debt service	-	280,018	280,018	356,642
Unrestricted	10,241,470	(1,514,916)	8,726,554	9,427,106
Total net assets	\$ 23,009,807	\$ 8,477,666	\$ 31,487,473	\$ 31,884,146

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

Town of Rocky Mount, Virginia
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2012	2011
					Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,310,661	\$ -	\$ -	\$ -	\$ (1,310,661)	\$ -	\$ (1,310,661)	\$ (174,544)
Public safety	2,012,658	34,393	189,998	-	(1,788,267)	-	(1,788,267)	(1,897,630)
Public works	1,538,835	91,874	1,210,221	-	(236,740)	-	(236,740)	(134,098)
Parks, recreation, and cultural	54,320	9,532	39,620	-	(5,168)	-	(5,168)	(67,708)
Community development	581,132	5,945	-	156,064	(419,123)	-	(419,123)	589,488
Interest on long-term debt	116,630	-	-	-	(116,630)	-	(116,630)	(185,382)
Total governmental activities	\$ 5,614,236	\$ 141,744	\$ 1,439,839	\$ 156,064	\$ (3,876,589)	\$ -	\$ (3,876,589)	\$ (1,869,874)
Business-type activities:								
Water and wastewater	\$ 2,286,168	\$ 1,777,053	\$ -	\$ -	\$ -	\$ (509,115)	\$ (509,115)	\$ (516,438)
Total primary government	\$ 7,900,404	\$ 1,918,797	\$ 1,439,839	\$ 156,064	\$ (3,876,589)	\$ (509,115)	\$ (4,385,704)	\$ (2,386,312)
General revenues:								
General property taxes					\$ 836,746	\$ -	\$ 836,746	\$ 818,866
Other local taxes:								
Bank stock taxes					205,444	-	205,444	215,996
Business license taxes					727,126	-	727,126	566,498
Consumers' utility taxes					282,489	-	282,489	330,044
Consumption taxes					38,054	-	38,054	-
Local sales and use taxes					165,757	-	165,757	162,650
Lodging taxes					95,823	-	95,823	89,232
Motor vehicle licenses					83,426	-	83,426	86,873
Meals taxes					1,163,386	-	1,163,386	1,093,932
Tobacco taxes					123,161	-	123,161	-
Unrestricted revenues from the use of money and property					81,198	18	81,216	320,196
Miscellaneous					32,619	41,166	73,785	696,888
Grants and contributions not restricted to specific programs					255,227	4,000	259,227	291,795
Insurance recovery					-	-	-	447,775
Transfers					(454,138)	454,138	-	-
Total general revenues and transfers					\$ 3,636,318	\$ 499,322	\$ 4,135,640	\$ 5,120,745
Change in net assets					\$ (240,271)	\$ (9,793)	\$ (250,064)	\$ 2,734,433
Net assets - beginning, as restated					23,250,078	8,487,459	31,737,537	29,149,713
Net assets - ending					\$ 23,009,807	\$ 8,477,666	\$ 31,487,473	\$ 31,884,146

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

Town of Rocky Mount, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	Totals			
	Governmental Funds			
	(For Comparative Purposes Only)			
	<u>General</u>	<u>Capital Projects</u>	<u>2012</u>	<u>2011</u>
ASSETS				
Cash and cash equivalents	\$ 2,765,423	\$ (322,313)	\$ 2,443,110	\$ 2,845,620
Cash held for others	-	-	-	1,740
Investments	7,460,822	-	7,460,822	8,097,549
Receivables (net of allowance for uncollectibles):				
Taxes receivable	49,994	-	49,994	49,073
Accounts receivable	227,022	11,164	238,186	229,668
Due from other funds	861,425	-	861,425	861,425
Due from other governmental units	142,146	192,096	334,242	647,496
Prepaid items	-	-	-	11,147
Total assets	<u>\$ 11,506,832</u>	<u>\$ (119,053)</u>	<u>\$ 11,387,779</u>	<u>\$ 12,743,718</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 119,174	\$ 28,158	\$ 147,332	\$ 523,707
Reconciled overdraft	-	-	-	251,092
Amounts due to others	-	-	-	1,740
Accrued payroll and related liabilities	30,611	-	30,611	88,768
Due to other funds	-	628,390	628,390	628,390
Deferred revenue	34,015	-	34,015	32,581
Total liabilities	<u>\$ 183,800</u>	<u>\$ 656,548</u>	<u>\$ 840,348</u>	<u>\$ 1,526,278</u>
Fund balances:				
Unassigned, reported in:				
General fund	\$ 11,323,032	\$ -	\$ 11,323,032	\$ 11,897,728
Capital projects funds	-	(775,601)	(775,601)	(680,288)
Total fund balances	<u>\$ 11,323,032</u>	<u>\$ (775,601)</u>	<u>\$ 10,547,431</u>	<u>\$ 11,217,440</u>
Total liabilities and fund balances	<u>\$ 11,506,832</u>	<u>\$ (119,053)</u>	<u>\$ 11,387,779</u>	<u>\$ 12,743,718</u>

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

Town of Rocky Mount, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 10,547,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,466,135
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	34,015
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,037,774)
Net assets of governmental activities	<u>\$ 23,009,807</u>

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

Town of Rocky Mount, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Totals			
	Governmental Funds			
	(For Comparative Purposes Only)			
	General	Capital Projects	2012	2011
REVENUES				
General property taxes	\$ 835,312	\$ -	\$ 835,312	\$ 841,723
Other local taxes	2,884,666	-	2,884,666	2,545,225
Permits, privilege fees, and regulatory licenses	5,945	-	5,945	14,788
Fines and forfeitures	28,467	-	28,467	32,263
Revenue from the use of money and property	81,198	-	81,198	320,196
Charges for services	107,332	-	107,332	106,006
Miscellaneous	30,481	2,138	32,619	396,927
Contributions		156,064	156,064	-
Recovered costs	613	-	613	13,868
Intergovernmental revenues:				
Commonwealth	1,695,066	-	1,695,066	2,025,482
Federal	-	-	-	589,323
Total revenues	\$ 5,669,080	\$ 158,202	\$ 5,827,282	\$ 6,885,801
EXPENDITURES				
Current:				
General government administration	\$ 824,164	\$ -	\$ 824,164	\$ 581,529
Public safety	1,764,573	-	1,764,573	2,239,784
Public works	1,457,358	-	1,457,358	1,308,836
Parks, recreation, and cultural	69,802	-	69,802	107,660
Community development	374,620	-	374,620	271,900
Nondepartmental	398,734	-	398,734	201,300
Capital outlay	-	845,734	845,734	1,817,788
Debt service:				
Principal retirement	189,300	-	189,300	1,666,248
Interest and other fiscal charges	126,381	-	126,381	167,135
Total expenditures	\$ 5,204,932	\$ 845,734	\$ 6,050,666	\$ 8,362,180
Excess (deficiency) of revenues over (under) expenditures	\$ 464,148	\$ (687,532)	\$ (223,384)	\$ (1,476,379)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 592,219	\$ 592,219	\$ -
Transfers out	(1,046,357)	-	(1,046,357)	(761,607)
Issuance of general obligation bonds	-	-	-	1,640,000
Insurance recovery	-	-	-	447,775
Other	-	-	-	250,000
Total other financing sources (uses)	\$ (1,046,357)	\$ 592,219	\$ (454,138)	\$ 1,576,168
Net change in fund balances	\$ (582,209)	\$ (95,313)	\$ (677,522)	\$ 99,789
Fund balances - beginning, as restated	11,905,241	(680,288)	11,224,953	11,117,651
Fund balances - ending	\$ 11,323,032	\$ (775,601)	\$ 10,547,431	\$ 11,217,440

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

Town of Rocky Mount, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$	(677,522)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		301,881
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,434
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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 transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		125,720
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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.		8,216
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Change in net assets of governmental activities	\$	(240,271)
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The notes to the financial statements are an integral part of this statement.

Town of Rocky Mount, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Water and Wastewater Fund	
	(For comparative purposes only)	
	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 100,787
Investments	-	-
Accounts receivable	160,737	323,932
Due from other funds	628,390	628,390
Due from other governmental units	-	1,593
Inventories	42,996	45,521
Prepaid expenses	-	999
Total current assets	<u>\$ 832,123</u>	<u>\$ 1,101,222</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	\$ 280,018	\$ 356,642
Customer deposits - cash and cash equivalents	29,275	27,000
Total restricted assets	<u>\$ 309,293</u>	<u>\$ 383,642</u>
Capital assets, net of accumulated depreciation:		
Land	\$ 189,454	\$ 189,454
Distribution systems	11,857,760	12,352,577
Machinery and equipment	1,543,236	176,310
Water and wastewater plants	348,479	1,686,114
Total capital assets	<u>\$ 13,938,929</u>	<u>\$ 14,404,455</u>
Total noncurrent assets	<u>\$ 14,248,222</u>	<u>\$ 14,788,097</u>
Total assets	<u>\$ 15,080,345</u>	<u>\$ 15,889,319</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 213,656	\$ 30,492
Accrued payroll and related liabilities	8,606	25,848
Reconciled overdraft	1,108,031	1,554,177
Customer deposits	29,275	27,000
Accrued interest payable	34,942	36,383
Due to other funds	861,425	861,425
Compensated absences - current portion	48,620	15,933
Bonds payable - current portion	712,407	666,030
Total current liabilities	<u>\$ 3,016,962</u>	<u>\$ 3,217,288</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 16,206	\$ 47,797
Bonds payable - net of current portion	3,513,958	3,946,520
Net OPEB liability	55,553	36,133
Total noncurrent liabilities	<u>\$ 3,585,717</u>	<u>\$ 4,030,450</u>
Total liabilities	<u>\$ 6,602,679</u>	<u>\$ 7,247,738</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 9,712,564	\$ 9,791,905
Restricted for debt service	280,018	356,642
Unrestricted	(1,514,916)	(1,506,966)
Total net assets	<u>\$ 8,477,666</u>	<u>\$ 8,641,581</u>

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

Town of Rocky Mount, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Water and Wastewater Fund	
		(For comparative purposes only)
	2012	2011
OPERATING REVENUES		
Charges for services:		
Water service charges and fees	\$ 1,095,171	\$ 1,091,404
Sewer service charges and fees	661,731	663,078
Water/sewer penalties	20,151	22,423
Other revenues	41,166	49,961
Total operating revenues	<u>\$ 1,818,219</u>	<u>\$ 1,826,866</u>
OPERATING EXPENSES		
Salaries	\$ 537,202	\$ 515,228
Fringe benefits	308,667	283,610
Maintenance	21,179	22,098
Utilities and insurance	156,076	174,866
Materials and supplies	143,216	98,577
Contractual Services	113,720	90,558
Other	101,596	110,922
Depreciation	730,616	724,715
Total operating expenses	<u>\$ 2,112,272</u>	<u>\$ 2,020,574</u>
Operating income (loss)	<u>\$ (294,053)</u>	<u>\$ (193,708)</u>
NONOPERATING REVENUES (EXPENSES)		
Connection fees		
Intergovernmental revenue	\$ 4,000	\$ 25,000
Interest revenue	18	-
Interest and fiscal charges	(173,896)	(272,769)
Total nonoperating revenues (expenses)	<u>\$ (169,878)</u>	<u>\$ (247,769)</u>
Income (loss) before transfers	<u>\$ (463,931)</u>	<u>\$ (441,477)</u>
Transfers in	<u>\$ 454,138</u>	<u>\$ 761,607</u>
Change in net assets	<u>\$ (9,793)</u>	<u>\$ 320,130</u>
Total net assets - beginning, as restated	8,487,459	8,321,451
Total net assets - ending	<u><u>\$ 8,477,666</u></u>	<u><u>\$ 8,641,581</u></u>

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

Town of Rocky Mount, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Water and Wastewater Fund	
	(For comparative purposes only)	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,829,567	\$ 1,829,157
Payments to suppliers	(349,099)	(568,356)
Payments to employees	(842,595)	(783,693)
Net cash provided by (used for) by operating activities	<u>\$ 637,873</u>	<u>\$ 477,108</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 454,138	\$ 761,607
Intergovernmental funds	5,593	23,407
Net cash provided by (used for) by noncapital financing activities	<u>\$ 459,731</u>	<u>\$ 785,014</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset additions	\$ (265,090)	\$ (59,940)
Proceeds from issuance of debt	280,500	-
Principal payments on bonds	(666,685)	(2,656,191)
Interest payments	(175,337)	(299,938)
Net cash provided by (used for) by capital and related financing activities	<u>\$ (826,612)</u>	<u>\$ (3,016,069)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 18	\$ -
Net cash provided by (used for) by investing activities	<u>\$ 18</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 271,010	\$ (1,753,947)
Cash and cash equivalents - beginning	(1,069,748)	684,199
Cash and cash equivalents - ending	<u>\$ (798,738)</u>	<u>\$ (1,069,748)</u>
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:		
Operating income (loss)	\$ (294,053)	\$ (193,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:		
Depreciation expense	\$ 730,616	\$ 724,715
(Increase) decrease in accounts receivable	9,073	2,766
(Increase) decrease in inventories	2,525	(1,216)
(Increase) decrease in prepaid expenses	999	(999)
Increase (decrease) in customer deposits	2,275	(475)
Increase (decrease) in accounts payable	183,164	(69,120)
Increase (decrease) in accrued payroll and related liabilities	(17,242)	1,232
Increase (decrease) in OPEB liability	19,420	23,383
Increase (decrease) in accrued leave	1,096	(9,470)
Total adjustments	<u>\$ 931,926</u>	<u>\$ 670,816</u>
Net cash provided by (used for) by operating activities	<u>\$ 637,873</u>	<u>\$ 477,108</u>

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Financial Reporting Entity:

The Town of Rocky Mount ("the Town") was established in 1873. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Town Council consists of a mayor and six other council members. The Town is part of Franklin County and has taxing powers subject to statewide restrictions and tax limits.

The Town provides a full range of municipal services including police, refuse collection, public improvements, planning and zoning, general administrative services, recreation, and water and wastewater services. The Town provides substantial operating funding for its Volunteer Fire Department and also provides some funding for the County-wide volunteer rescue squad services.

These financial statements present the Town as the primary government. The Town has no component units - that is, entities for which the primary government is considered to be financially accountable. Furthermore, the Town has no related or jointly governed organizations.

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Assets and will 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies: (continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. 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. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds.

The *capital projects fund* is used to account for and report financial resources to be used for the construction of major capital facilities, other than those financed by proprietary funds.

The government reports the following major proprietary funds:

The *enterprise fund* accounts for the financing of services to the general public where all or

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies: (continued)

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

most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability or other purposes. The enterprise fund consists of the water and wastewater fund.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

1. Deposits and Investments

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies: (continued)

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

2. Receivables and payables

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

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

3. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

4. Prepaid items

Payments to vendors for services that will benefit future periods are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense when the services are consumed.

5. Property Taxes

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 on February 28. The Town bills and collects its own property taxes.

6. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts for taxes using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$15,631 for property taxes at June 30, 2012. Management considers all accounts receivable related to business-type activities to be fully collectible and accordingly, no allowance for doubtful accounts is considered necessary.

7. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies: (continued)**D. Assets, liabilities, and net assets or equity: (continued)****8. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30-40
Machinery and equipment	5-10
Distribution/transmission systems	40-50
Water and wastewater plants	40-50
Infrastructure	20-40

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies: (continued)

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

10. Long-term Obligations

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

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

11. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies: (continued)

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

11. Fund Equity (continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

12. Net Assets

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

13. Comparative Data

Comparative total data for the year ended June 30, 2011 has been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations.

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(3,037,774) difference for the primary government are as follows:

	Primary Government
	<u> </u>
Bonds and notes payable	\$ (2,665,692)
Accrued interest payable	(47,070)
Net OPEB liability	(160,447)
Compensated absences	<u>(164,565)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (3,037,774)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$301,881 difference for the primary government are as follows:

	Primary Government
	<u> </u>
Capital outlays	\$ 1,026,499
Depreciation expense	<u>(724,618)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 301,881</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

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

Another element of that reconciliation states "revenues in the statement of activities that no not provide current financial resources are not reported as revenues in the funds." The details of this \$1,434 difference for the primary government are as follows:

	Primary Government
Increase (Decrease) in Deferred Property Taxes	\$ 1,434
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 1,434

Another element of that reconciliation states "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 transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$125,720 difference in the primary government are as follows:

	Primary Government
Debt Issued or incurred:	
Increase in OPEB liability	\$ (63,580)
Principal repayments:	
Bonds and Notes	189,300
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 125,720

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$8,216 difference for the primary government are as follows:

	Primary Government
(Increase) Decrease in Compensated absences	\$ (1,535)
(Increase) Decrease in Accrued interest	8,982
(Increase) Decrease in Bond premium	2,075
(Increase) Decrease in Bond issuance costs	(1,306)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 8,216

Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to June 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. The following funds have legally adopted budgets: General Fund, Capital Projects Fund, and the Water and Wastewater Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget for the general fund is legally enacted through passage of an Appropriations Ordinance. Town Council may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
4. The Appropriations Ordinance places legal restrictions on expenditures at the function level. Management can over-expend at the line item level without approval of Town Council.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets are adopted utilizing the modified accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3-Stewardship, Compliance, and Accountability: (continued)

A. Budgetary information: (continued)

7. Appropriations lapse on June 30 for all Town units.
8. All budgetary data presented is the final revised budget.
9. No functions overspent budgeted amounts during fiscal year 2012.

B. Deficit fund equity

At June 30, 2012, the Capital Projects Fund had deficit fund equity of \$(775,601).

Note 4-Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

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

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the Town's investment policy (Policy) permits investments in U.S. treasury securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U.S. treasury/agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a2a-7 like pool). Pursuant to Sec.2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool share (i.e., the LGIP maintains a stable net asset value of \$1 per share). The LGIP investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 4-Deposits and Investments: (Continued)

Investment Policy (Continued)

The Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States; to 15 years for any single corporate security; and five years for any single asset-backed security.

Credit Risk of Debt Securities

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investors Service, provided that the issuing corporation has a net worth of at least \$50 million and its long term debt is rated "A" or better by Moody's and Standard & Poor's.

Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service.

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the policy places no limit on the amount the Town may invest in any one issuer.

As of June 30, 2012, issuers that equal or exceed 5% of the total portfolio are as follows:

	<u>% of Portfolio</u>
Certificates of Deposit	51%
Federal Farm Credit	10%
Federal home Loan Mortgage Corporation	7%
Federal National Mortgage Association	17%
LGIP	15%

The Town's rated debt investments as of June 30, 2012 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investment Value		
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	Aaa	Unrated
Certificates of Deposit	\$ -	\$ 3,825,703
Federal Farm Credit	727,551	-
Federal Home Loan Mortgage Corporation	510,265	-
Federal National Mortgage Association	1,263,733	-
LGIP	1,133,570	-
	<u>\$ 3,635,119</u>	<u>\$ 3,825,703</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 4-Deposits and Investments: (Continued)

Interest Rate Risk

All Town investments must be in securities maturing within five years.

Investment Type	Investment Maturities			Call options
	Fair Value	1 year	1-5 years	
Certificates of Deposit	\$ 3,825,703	\$ -	\$ 3,825,703	None
Federal Farm Credit	502,380	502,380	-	9/24/2012
Federal Farm Credit	225,171	225,171	-	7/18/2012
Federal Home Loan Mortgage Corporation	255,092	255,092	-	7/13/2012
Federal Home Loan Mortgage Corporation	255,173	255,173	-	5/24/2013
Federal National Mortgage Association	506,530	506,530	-	4/29/2013
Federal National Mortgage Association	501,645	501,645	-	12/28/2012
Federal National Mortgage Association	255,558	255,558	-	5/30/2013
LGIP	1,133,570	1,133,570	-	None
Total	<u>\$ 7,460,822</u>	<u>\$ 3,635,119</u>	<u>\$ 3,825,703</u>	

Custodial Credit Risk

The Policy requires that all investment securities shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the Code of Virginia, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, all of the Town's investments are held in a bank's trust department in the Town's name.

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	General Fund	Capital Projects Fund	Total
Local Governments:			
Franklin County High School	\$ 1,080	\$ -	\$ 1,080
Franklin County Fire	7,500	-	7,500
Commonwealth of Virginia:			
Categorical aid	128,917	192,096	321,013
Federal Government:			
Categorical aid	4,649	-	4,649
Total	<u>\$ 142,146</u>	<u>\$ 192,096</u>	<u>\$ 334,242</u>

Note 6-Interfund Transfers and Due to/from Other Funds:

Interfund transfers for the year ended June 30, 2012 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 1,046,357
Capital Projects Fund	592,219	-
Water and Wastewater Fund	454,138	-
Total	<u>\$ 1,046,357</u>	<u>\$ 1,046,357</u>

The primary purpose of transfers is to pay the current year debt payments in the water and wastewater fund and eliminate negative pooled cash amounts due to normal operations.

Due to/from other funds for the year ended June 30, 2012 consisted of the following:

Fund	Due to Other Funds	Due from Other Funds
Primary Government:		
General Fund	\$ -	\$ 861,425
Capital Projects Fund	628,390	-
Water and Wastewater Fund	861,425	628,390
Total	<u>\$ 1,489,815</u>	<u>\$ 1,489,815</u>

The primary purpose of the due from/to amount is for the fund's portion of pooled cash that is negative.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7-Capital Assets:

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,621,168	\$ 5,000	\$ -	\$ 2,626,168
Construction in progress	2,634,816	-	(2,634,816)	-
Total capital assets not being depreciated	<u>\$ 5,255,984</u>	<u>\$ 5,000</u>	<u>\$ (2,634,816)</u>	<u>\$ 2,626,168</u>
Capital assets, being depreciated:				
Public Domain Infrastructure	\$ 8,328,182	\$ 3,135,600	\$ -	\$ 11,463,782
Buildings and improvements	6,876,040	277,959	-	7,153,999
Machinery and equipment	4,246,390	242,756	-	4,489,146
Total capital assets being depreciated	<u>\$ 19,450,612</u>	<u>\$ 3,656,315</u>	<u>\$ -</u>	<u>\$ 23,106,927</u>
Less: accumulated depreciation for:				
Public Domain Infrastructure	\$ (4,518,877)	\$ (274,750)	\$ -	\$ (4,793,627)
Buildings and improvements	(2,615,609)	(206,033)	-	(2,821,642)
Machinery and equipment	(2,407,856)	(243,835)	-	(2,651,691)
Total accumulated depreciation	<u>\$ (9,542,342)</u>	<u>\$ (724,618)</u>	<u>\$ -</u>	<u>\$ (10,266,960)</u>
Total capital assets being depreciated, net	<u>\$ 9,908,270</u>	<u>\$ 2,931,697</u>	<u>\$ -</u>	<u>\$ 12,839,967</u>
Governmental activities capital assets, net	<u>\$ 15,164,254</u>	<u>\$ 2,936,697</u>	<u>\$ (2,634,816)</u>	<u>\$ 15,466,135</u>

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012Note 7-Capital Assets: (continued)

Business-type activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Business Type Activities:				
Capital assets not being depreciated:				
Land	\$ 189,454	\$ -	\$ -	\$ 189,454
Total capital assets not being depreciated	\$ 189,454	\$ -	\$ -	\$ 189,454
Capital assets being depreciated:				
Distributions/transmission systems	\$ 22,235,414	\$ 56,885	\$ -	\$ 22,292,299
Water and wastewater plants	5,704,808	-	-	5,704,808
Machinery and equipment	662,131	208,205	-	870,336
Total capital assets being depreciated	\$ 28,602,353	\$ 265,090	\$ -	\$ 28,867,443
Less: accumulated depreciation:				
Distributions/transmission systems	\$ (9,882,837)	\$ (551,702)	\$ -	\$ (10,434,539)
Water and wastewater plants	(4,018,694)	(142,878)	-	(4,161,572)
Machinery and equipment	(485,821)	(36,036)	-	(521,857)
Total accumulated depreciation	\$ (14,387,352)	\$ (730,616)	\$ -	\$ (15,117,968)
Total capital assets being depreciated, net	\$ 14,215,001	\$ (465,526)	\$ -	\$ 13,749,475
Business Type Activities capital assets, net	\$ 14,404,455	\$ (465,526)	\$ -	\$ 13,938,929

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government administration	\$ 93,207
Public safety	240,204
Public works	277,603
Parks, recreation, and culture	6,741
Community development	106,863

Total depreciation expense-governmental activities	\$ 724,618
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Business-type activities:

Water	\$ 290,198
Wastewater	440,418
Total depreciation expense-business type activities	\$ 730,616

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 8-Long-Term Liabilities:

Primary Government - Governmental Activity Liabilities:

The following is a summary of long-term liabilities transactions of the Town for the year ended June 30, 2012:

	Balance July 1, 2011	Issuances	Retirements	Balance June 30, 2012
Revenue Bonds	\$ 1,196,100	\$ -	\$ (24,300)	\$ 1,171,800
Notes Payable	1,640,000	-	(165,000)	1,475,000
Compensated absences	163,030	123,808	(122,273)	164,565
OPEB liability	96,867	72,006	(8,426)	160,447
Deferred amounts:				
Issuance premium	53,073	-	(2,075)	50,998
Total	<u>\$ 3,149,070</u>	<u>\$ 195,814</u>	<u>\$ (322,074)</u>	<u>\$ 3,022,810</u>

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

Year Ending June 30,	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 24,300	\$ 57,449	\$ 165,000	\$ 55,519
2014	27,000	56,417	165,000	50,404
2015	27,000	55,404	165,000	45,289
2016	29,700	54,324	165,000	40,174
2017	29,700	53,136	165,000	35,058
2018-2022	170,100	242,960	650,000	72,590
2023-2027	221,400	194,805	-	-
2028-2032	283,500	133,650	-	-
2033-2037	359,100	55,620	-	-
Totals	<u>\$ 1,171,800</u>	<u>\$ 903,765</u>	<u>\$ 1,475,000</u>	<u>\$ 299,034</u>

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 8-Long-Term Liabilities: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
Revenue Bonds:						
Virginia Municipal League	4.57%	02/07	02/37	\$ 2,380,000	\$ 1,171,800	\$ 24,300
Add bond premium	n/a	n/a	n/a	n/a	50,998	-
Total Revenue Bonds					<u>\$ 1,222,798</u>	<u>\$ 24,300</u>
Notes Payable:						
Emergency Services Building	3.70%	12/10	12/21	\$ 1,640,000	<u>\$ 1,475,000</u>	<u>\$ 165,000</u>
Other Long-Term Obligations:						
OPEB liability	n/a	n/a	n/a	n/a	\$ 160,447	\$ -
Compensated absences	n/a	n/a	n/a	n/a	164,565	123,424
Total Other Obligations					<u>\$ 325,012</u>	<u>\$ 123,424</u>
Total Long-term Obligations					<u>\$ 3,022,810</u>	<u>\$ 312,724</u>

Primary Government-Enterprise Activity Liabilities:

The following is a summary of long-term liabilities transactions of the Enterprise Fund for the year ended June 30, 2012:

	Balance July 1, 2011	Issuances	Retirements	Balance June 30, 2012
Revenue bonds	\$ 1,018,900	\$ -	\$ (20,700)	\$ 998,200
General obligation bonds	3,576,899	-	(645,331)	2,931,568
Capital Lease	-	280,500	-	280,500
Compensated absences	63,730	48,894	(47,798)	64,826
OPEB liability	36,133	21,994	(2,574)	55,553
Deferred amounts:				
Issuance premium	45,211	-	(1,767)	43,444
Total	<u>\$ 4,740,873</u>	<u>\$ 351,388</u>	<u>\$ (718,170)</u>	<u>\$ 4,374,091</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 8-Long-Term Liabilities: (continued)**

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

Year Ending June 30,	Revenue Bond		General Obligation Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 20,700	\$ 48,938	\$ 666,507	\$ 85,616	\$ 25,200	\$ 6,431
2014	23,000	48,059	431,254	78,707	25,794	5,836
2015	23,000	47,196	185,103	71,520	26,403	5,228
2016	25,300	46,276	192,581	64,041	27,025	4,605
2017	25,300	45,264	200,361	56,261	27,663	3,968
2018-2022	144,900	206,966	1,129,968	153,145	148,415	9,738
2023-2027	188,600	165,945	125,794	2,516	-	-
2028-2032	241,500	113,850	-	-	-	-
2033-2037	305,900	47,380	-	-	-	-
Totals	\$ 998,200	\$ 769,874	\$ 2,931,568	\$ 511,806	\$ 280,500	\$ 35,806

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
Revenue Bonds:						
Virginia Municipal League	4.57%	02/07	02/37	\$ 2,380,000	\$ 998,200	\$ 20,700
Add bond premium	n/a	n/a	n/a	n/a	43,444	-
Total Revenue Bonds					\$ 1,041,644	\$ 20,700
General Obligation Bonds:						
Virginia Resource Authority	3.00%	06/92	01/14	\$ 7,931,455	\$ 748,838	\$ 495,500
Virginia Resource Authority	4.00%	07/01	11/23	3,451,906	2,182,730	171,007
Total General Obligation Bonds					\$ 2,931,568	\$ 666,507
Capital Lease:						
Stafford County, Virginia IDA	2.345%	07/01	3/22	\$ 280,500	\$ 280,500	\$ 25,200
Other Long-Term Obligations:						
OPEB liability	n/a	n/a	n/a	n/a	\$ 55,553	\$ -
Compensated absences	n/a	n/a	n/a	n/a	64,826	48,620
Total Other Obligations					\$ 120,379	\$ 48,620
Total Long-term Obligations					\$ 4,374,091	\$ 761,027

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9-Employee Retirement System and Pension Plans:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9-Employee Retirement System and Pension Plans: (continued)

A. Plan Description: (continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2012 was 17.75% of annual covered payroll.

C. Annual Pension Cost

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost (continued)

For fiscal year 2012, the Town of Rocky Mount's annual pension cost of \$359,853 for VRS was equal to the required and actual contributions.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:	6/30/2012	\$ 359,583	100.00%	-
	6/30/2011	353,217	100.00%	-
	6/30/2010	354,256	100.00%	-

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 72.77% funded. The actuarial accrued liability for benefits was \$8,924,105, and the actuarial value of assets was \$6,494,391, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,429,714. The covered payroll (annual payroll of active employees covered by the plan) was \$1,945,330, and ratio of the UAAL to the covered payroll was 124.90%.

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

Note 10-Other Post-Employment Benefits (OPEB):

Plan Description

The Town provides post-employment medical and dental coverage for retired employees through a single-employer defined benefit plan. The plan is established under the authority of Town Council, which may also amend the plan as deemed appropriate. The plan does not issue a publicly available financial report.

The plan will provide retiring employees the option to continue health and dental insurance offered by the Town. Participants in the Town's OPEB plan must have attained 5 years of service and must have attained the age of 55, or 10 years of service and attained age 50 to be eligible and may remain on the Town's policy until death. Members who retire from the Town are also eligible after 5 years of service and attained the age of 65.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 10-Other Post-Employment Benefits (OPEB): (continued)

Plan Description: (continued)

Health benefits include medical and dental. Participating retirees pay 100% of monthly premiums to continue with the Town's insurance plans.

The number of participants at July 1, 2010 was as follows:

Retirees currently receiving benefits	7
Active employees	59
Total	<u>66</u>

Funding Policy

The Town currently funds post-employment health care benefits on a pay-as-you-go basis and the retiree pays 100% of premiums.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 95,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	<u>(6,000)</u>
Annual OPEB cost (expense)	\$ 94,000
Contributions made	<u>(11,000)</u>
Increase in net OPEB obligation	\$ 83,000
Net OPEB obligation - beginning of year	133,000
Net OPEB obligation - end of year	<u>\$ 216,000</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current and preceding two years as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 60,000	15%	\$ 51,000
6/30/2011	90,000	9%	133,000
6/30/2012	94,000	12%	216,000

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 10-Other Post-Employment Benefits (OPEB): (continued)

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2010, the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$	804,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	<u>804,000</u>
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	2,081,530
UAAL as a percentage of covered payroll		38.63%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, the postretirement health costs are assumed to be earned ratably from the date of hire to the participant's full eligibility age. The actuarial assumptions used a 2.5% inflation rate, 4.0% investment rate of return, and a health care trend rate of 10.0% graded to 5.0% over 10 years. The unfunded accrued liability is being amortized as a level percent over 30 years, commencing with the 2010 liability. Amortizations are open ended in that they begin anew at each valuation date.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 11-Property Taxes

The major sources of property taxes are real estate and personal property taxes. The assessments are the responsibility of Franklin County, while billing and collection are the Town's responsibilities.

Property taxes are levied annually on assessed values as of January 1 and are due by February 28 of the following calendar year. Personal property taxes do not create a lien on property; however, Town vehicle decals may not be issued to any individuals having outstanding personal property taxes.

The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section 6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30 were as follows:

Real estate	\$ 0.12
Personal Property	\$ 0.51
Machinery and Tools	\$ 0.17

Note 12-Deferred (Unearned) 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 \$34,015 is comprised of the following:

Property Taxes - Property tax revenue representing uncollected tax billings not available for funding current expenditures totaled \$34,015.

Note 13-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 participates with other localities in a public entity risk pool for their coverage of general liability, property, crime, machinery and auto insurance with the Virginia Municipal League. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Virginia Municipal League contributions and assessments which are deposited into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14-Surety Bonds:

VML Insurance Programs

Employee Dishonesty	\$ 1,000,000
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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 15-Commitments and Contingencies:

Special Purpose Grants

In 2004, the Town purchased and renovated a home for approximately \$70,000 using Community Development Block Grant funds to be used as relocation housing for individuals whose home was being rehabilitated as part of the same Community Development Block Grant. If the Town elects to retain ownership of the home so that it can be used as a relocation house for future rehabilitation projects, it will be required to pay back the cost of this project to the Department of Housing and Community Development. Town Council has voted to sell the house, and it is currently undergoing minor renovations to be placed on the market.

Note 16-Restatement of Beginning Balances:

Beginning balances have been restated from the prior financial report as noted below:

Restatement of beginning fund balance:	General Fund
Fund balance, as previously reported	\$ 11,897,728
Adjustment to record unbilled garbage receivable	7,513
Beginning Fund balance, as restated	<u>\$ 11,905,241</u>
 Restatement of beginning net assets:	 Business-type Activities
Net assets, as previously reported	\$ 8,641,581
Adjustment to record unbilled receivable	(154,122)
Net assets, as restated	<u>\$ 8,487,459</u>

Required Supplementary Information

Town of Rocky Mount, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 793,204	\$ 793,204	\$ 835,312	\$ 42,108
Other local taxes	2,639,694	2,639,694	2,884,666	244,972
Permits, privilege fees, and regulatory licenses	15,400	15,400	5,945	(9,455)
Fines and forfeitures	25,890	25,890	28,467	2,577
Revenue from the use of money and property	72,958	72,958	81,198	8,240
Charges for services	97,650	97,650	107,332	9,682
Miscellaneous	4,640	4,640	30,481	25,841
Recovered costs	-	-	613	613
Intergovernmental revenues:				
Commonwealth	1,557,305	1,591,209	1,695,066	103,857
Total revenues	\$ 5,206,741	\$ 5,240,645	\$ 5,669,080	\$ 428,435
EXPENDITURES				
Current:				
General government administration	\$ 635,673	\$ 635,673	\$ 824,164	\$ (188,491)
Public safety	1,652,468	1,743,936	1,764,573	(20,637)
Public works	1,508,698	1,713,368	1,457,358	256,010
Parks, recreation, and cultural	82,781	179,781	69,802	109,979
Community development	385,026	385,026	374,620	10,406
Nondepartmental	171,459	171,459	398,734	(227,275)
Debt service:				
Principal retirement	189,300	189,300	189,300	-
Interest and other fiscal charges	127,201	127,201	126,381	820
Total expenditures	\$ 4,752,606	\$ 5,145,744	\$ 5,204,932	\$ (59,188)
Excess (deficiency) of revenues over (under) expenditures	\$ 454,135	\$ 94,901	\$ 464,148	\$ 369,247
OTHER FINANCING SOURCES (USES)				
Transfers out	(454,135)	(454,135)	(1,046,357)	(592,222)
Total other financing sources (uses)	\$ (454,135)	\$ (454,135)	\$ (1,046,357)	\$ (592,222)
Net change in fund balances	\$ -	\$ (359,234)	\$ (582,209)	\$ (222,975)
Fund balances - beginning, as restated	-	359,234	11,905,241	11,546,007
Fund balances - ending	\$ -	\$ -	\$ 11,323,032	\$ 11,323,032

Note 1: The budget is prepared on the modified accrual basis of accounting.

Town of Rocky Mount, Virginia
Required Supplementary Information

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2012

Primary Government: Town Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2011	\$ 6,494,391	\$ 8,924,105	\$ 2,429,714	72.77%	\$ 1,945,330	124.90%
June 30, 2010	6,304,482	8,803,126	2,498,644	71.62%	2,081,530	120.04%
June 30, 2009	6,355,574	8,142,963	1,787,389	78.05%	2,152,021	83.06%

Primary Government: Town Other Post-Employment Benefits Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2010	\$ -	\$ 804,000	\$ 804,000	0.00%	\$ 2,081,530	38.63%
July 1, 2008	-	480,000	480,000	0.00%	2,152,021	22.30%

Supplementary Financial Statements

Town of Rocky Mount, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 2,138	\$ -	\$ 2,138	\$ 2,138
Contributions	156,064	-	156,064	156,064
Total revenues	\$ 158,202	\$ -	\$ 158,202	\$ 158,202
EXPENDITURES				
Capital Outlay	\$ 845,734	\$ 371,074	\$ 845,734	\$ (474,660)
Total expenditures	\$ 845,734	\$ 371,074	\$ 845,734	\$ (474,660)
Excess (deficiency) of revenues over (under) expenditures	\$ (687,532)	\$ (371,074)	\$ (687,532)	\$ (316,458)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 592,219	\$ -	\$ 592,219	\$ 592,219
Total other financing sources (uses)	\$ 592,219	\$ -	\$ 592,219	\$ 592,219
Net change in fund balances	\$ (95,313)	\$ (371,074)	\$ (95,313)	\$ 275,761
Fund balances - beginning	100,000	371,074	(680,288)	(1,051,362)
Fund balances - ending	\$ 4,687	\$ -	\$ (775,601)	\$ (775,601)

Note 1: The budget is prepared on the modified accrual basis of accounting.

SUPPORTING SCHEDULES

Town of Rocky Mount, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 1 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 547,772	\$ 547,772	\$ 553,142	\$ 5,370
Public service corporation taxes	25,078	25,078	27,404	2,326
Personal Property Tax	133,679	133,679	140,872	7,193
Machinery and tools tax	85,175	85,175	105,141	19,966
Penalties	1,000	1,000	6,959	5,959
Interest	500	500	1,794	1,294
Total general property taxes	\$ 793,204	\$ 793,204	\$ 835,312	\$ 42,108
Other local taxes:				
Local sales and use taxes	\$ 157,495	\$ 157,495	\$ 165,757	\$ 8,262
Consumers' utility taxes	332,100	332,100	282,489	(49,611)
Business license taxes	492,344	492,344	727,126	234,782
Motor vehicle licenses	89,470	89,470	83,426	(6,044)
Bank stock taxes	202,320	202,320	205,444	3,124
Lodging taxes	84,890	84,890	95,823	10,933
Meals taxes	1,031,075	1,031,075	1,163,386	132,311
Cigarette taxes	250,000	250,000	123,161	(126,839)
Consumption tax	-	-	38,054	38,054
Total other local taxes	\$ 2,639,694	\$ 2,639,694	\$ 2,884,666	\$ 244,972
Permits, privilege fees, and regulatory licenses:				
Farmers Market permits	\$ 1,900	\$ 1,900	\$ 2,655	\$ 755
Welcome Center fees	6,000	6,000	3,290	(2,710)
Planning and zoning	7,500	7,500	-	(7,500)
Total permits, privilege fees, and regulatory licenses	\$ 15,400	\$ 15,400	\$ 5,945	\$ (9,455)
Fines and forfeitures:				
Court fines	\$ 25,500	\$ 25,500	\$ 28,262	\$ 2,762
Parking fines	390	390	205	(185)
Total fines and forfeitures	\$ 25,890	\$ 25,890	\$ 28,467	\$ 2,577
Revenue from use of money and property:				
Interest earned	\$ 72,538	\$ 72,538	\$ 80,778	\$ 8,240
Revenue from use of property	420	420	420	-
Total revenue from use of money and property	\$ 72,958	\$ 72,958	\$ 81,198	\$ 8,240
Charges for services:				
Waste collection charges	\$ 88,350	\$ 88,350	\$ 88,800	\$ 450
Grave preparation	1,000	1,000	1,550	550
Police reports	1,500	1,500	1,516	16

Town of Rocky Mount, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 2 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Security services	\$ 2,500	\$ 2,500	\$ 4,410	\$ 1,910
Passport services	3,500	3,500	7,982	4,482
Miscellaneous services	800	800	3,074	2,274
Total charges for services	<u>\$ 97,650</u>	<u>\$ 97,650</u>	<u>\$ 107,332</u>	<u>\$ 9,682</u>
Miscellaneous revenue:				
Donations	\$ -	\$ -	\$ 1,226	\$ 1,226
Miscellaneous	4,640	4,640	29,255	24,615
Total miscellaneous revenue	<u>\$ 4,640</u>	<u>\$ 4,640</u>	<u>\$ 30,481</u>	<u>\$ 25,841</u>
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 613	\$ 613
Total revenue from local sources	<u>\$ 3,649,436</u>	<u>\$ 3,649,436</u>	<u>\$ 3,974,014</u>	<u>\$ 324,578</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Personal property tax relief funds	\$ 53,861	\$ 53,861	\$ 53,861	\$ -
Telecommunications tax	197,880	197,880	196,168	(1,712)
Litter tax	2,500	2,500	2,054	(446)
Rolling Stock	3,000	3,000	3,144	144
Total noncategorical aid	<u>\$ 257,241</u>	<u>\$ 257,241</u>	<u>\$ 255,227</u>	<u>\$ (2,014)</u>
Categorical aid:				
Fire programs	\$ 40,000	\$ 40,000	\$ 41,740	\$ 1,740
Highway maintenance	1,117,402	1,117,402	1,191,111	73,709
Drug asset forfeiture	-	-	1,371	1,371
Law enforcement aid	142,662	172,294	138,092	(34,202)
Department of Conservation and Recreation grant	-	-	39,620	39,620
Police traffic grant	-	4,272	8,795	4,523
DMV mini grant	-	-	19,110	19,110
Total other categorical aid	<u>\$ 1,300,064</u>	<u>\$ 1,333,968</u>	<u>\$ 1,439,839</u>	<u>\$ 105,871</u>
Total revenue from the Commonwealth	<u>\$ 1,557,305</u>	<u>\$ 1,591,209</u>	<u>\$ 1,695,066</u>	<u>\$ 103,857</u>
Total General Fund	<u>\$ 5,206,741</u>	<u>\$ 5,240,645</u>	<u>\$ 5,669,080</u>	<u>\$ 428,435</u>

Town of Rocky Mount, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Capital Projects:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Miscellaneous	\$ 2,138	\$ -	\$ 2,138	\$ 2,138
Contributions	156,064	-	156,064	156,064
Total Capital Projects Fund	<u>\$ 158,202</u>	<u>\$ -</u>	<u>\$ 158,202</u>	<u>\$ 158,202</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 1 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Mayor and Town Council:				
Wages - elected officials	\$ 2,500	\$ 2,500	\$ 2,450	\$ 50
Wages - contractual services	35,000	35,000	29,025	5,975
Fringes/benefits	24,983	24,983	23,326	1,657
Contractual services	2,145	2,145	2,959	(814)
Advertising	1,700	1,700	1,649	51
Printing and binding	918	918	331	587
Postage and delivery services	225	225	203	22
Communication	-	-	1,988	(1,988)
Travel, training, and education	3,930	3,930	3,190	740
Meeting expenses	300	300	1,016	(716)
Stipends	1,000	1,000	1,150	(150)
Dues and professional memberships	10,585	10,585	8,851	1,734
Books and subscriptions	495	495	-	495
Office supplies	1,900	1,900	2,091	(191)
Miscellaneous	9,800	9,800	11,998	(2,198)
Audio and video equipment	10,000	10,000	9,295	705
Total Mayor and Town Council	\$ 105,481	\$ 105,481	\$ 99,522	\$ 5,959
Town Manager:				
Wages	\$ 120,417	\$ 120,417	\$ 119,676	\$ 741
Fringes/benefits	45,030	45,030	46,150	(1,120)
Contractual services	1,000	1,000	641	359
Postage and delivery services	490	490	324	166
Motor fuel expense	590	590	622	(32)
Motor vehicle expense	200	200	857	(657)
Communication	6,000	6,000	5,450	550
Travel, training, and education	2,375	2,375	4,835	(2,460)
Dues and professional memberships	850	850	832	18
Books and subscriptions	450	450	136	314
Office supplies	1,900	1,900	3,479	(1,579)
Furniture and fixtures	-	-	238	(238)
Data processing equipment	-	-	4,135	(4,135)
Total Town Manager	\$ 179,327	\$ 179,327	\$ 187,375	\$ (8,048)
Town Attorney/Legal Services:				
Contractual services	\$ 8,000	\$ 8,000	\$ 15,452	\$ (7,452)
Retainer	15,750	15,750	15,750	-
Professional services	15,000	15,000	15,192	(192)
Dues and professional memberships	240	240	59	181
Books and subscriptions	200	200	611	(411)
Total Town Attorney/Legal Services	\$ 39,190	\$ 39,190	\$ 47,064	\$ (7,874)

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
General government administration: (continued)				
Finance:				
Wages	\$ 137,131	\$ 137,131	\$ 138,234	\$ (1,103)
Fringes/benefits	60,354	60,354	61,649	(1,295)
Contractual services	69,605	69,605	58,389	11,216
Advertising	300	300	336	(36)
Printing and binding	5,550	5,550	12,658	(7,108)
Postage and delivery services	6,000	6,000	5,077	923
Communications	4,500	4,500	4,217	283
Travel, training, and education	4,960	4,960	3,647	1,313
Dues and professional memberships	1,125	1,125	925	200
Books and subscriptions	650	650	337	313
Miscellaneous	-	-	26	(26)
Loss on investment	-	-	186,202	(186,202)
Office Supplies	9,000	9,000	8,168	832
Capital outlay	-	-	2,220	(2,220)
Furniture and fixtures	-	-	8,118	(8,118)
Total Finance	\$ 311,675	\$ 311,675	\$ 490,203	\$ (178,528)
Total General Government Administration	\$ 635,673	\$ 635,673	\$ 824,164	\$ (188,491)
Public safety:				
Police Department:				
Wages	\$ 883,909	\$ 933,387	\$ 936,407	\$ (3,020)
Fringes/benefits	464,053	464,053	426,656	37,397
Contractual services	13,000	13,000	14,022	(1,022)
Repairs and maintenance	200	200	2,017	(1,817)
Advertising	400	400	3,372	(2,972)
Printing and binding	2,000	2,000	121	1,879
Postage and delivery services	450	450	602	(152)
Motor fuel expense	35,700	35,700	58,858	(23,158)
Motor vehicle expense	14,000	14,000	35,131	(21,131)
Communications	20,280	20,280	22,383	(2,103)
Grant expenses	-	-	14,310	(14,310)
Asset forfeiture expenses	1,000	1,000	3,275	(2,275)
Explorer post expenses	-	-	158	(158)
Police K-9 unit	3,000	3,000	5,515	(2,515)
Uniforms	8,800	8,800	13,688	(4,888)
Travel, training, and education	9,500	9,500	28,626	(19,126)
Uniform stipend	11,600	11,600	10,150	1,450
Dues and professional memberships	1,000	1,000	600	400
Books and subscriptions	475	475	105	370
Miscellaneous	1,000	1,000	177	823

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 3 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public safety: (continued)				
Police Department: (continued)				
Office supplies	\$ 5,000	\$ 5,000	\$ 3,899	\$ 1,101
Police supplies	15,000	15,000	7,597	7,403
Furniture and fixtures	1,000	1,000	645	355
Data processing	14,000	14,000	5,283	8,717
Motor vehicles	-	-	12,027	(12,027)
Motor vehicle lease	27,272	27,272	27,858	(586)
Audio and video equipment	12,000	16,747	6,847	9,900
Police equipment	5,000	5,000	-	5,000
Total Police Department	<u>\$ 1,549,639</u>	<u>\$ 1,603,864</u>	<u>\$ 1,640,329</u>	<u>\$ (36,465)</u>
Volunteer Fire Department:				
Fringes/benefits	\$ 1,754	\$ 1,754	\$ 2,047	\$ (293)
Contractual services	1,100	1,100	795	305
Repairs and maintenance	2,000	2,000	1,542	458
Advertising	-	-	498	(498)
Printing and binding	150	150	252	(102)
Motor fuel expense	6,200	6,200	8,202	(2,002)
Motor vehicle expense	16,000	16,000	15,128	872
Small equipment expense	350	350	190	160
Communications	3,000	3,000	2,197	803
Insurance	6,100	6,100	6,515	(415)
Uniforms/turnout gear	6,000	6,000	5,507	493
Travel, training, and education	1,500	1,500	241	1,259
Stipends	44,400	44,400	45,380	(980)
Dues and professional memberships	800	800	250	550
Books and subscriptions	1,000	1,000	833	167
Office supplies	300	300	170	130
Fire department supplies	11,125	11,125	2,368	8,757
Data processing	1,000	1,000	1,630	(630)
Motor vehicles	-	37,243	24,694	12,549
Audio and video equipment	-	-	2,320	(2,320)
Acquisitions - grant funded	-	-	3,485	(3,485)
Total Volunteer Fire Department	<u>\$ 102,829</u>	<u>\$ 140,072</u>	<u>\$ 124,244</u>	<u>\$ 15,828</u>
Total public safety	<u>\$ 1,652,468</u>	<u>\$ 1,743,936</u>	<u>\$ 1,764,573</u>	<u>\$ (20,637)</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 4 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works:				
Administration:				
Fringes/benefits	\$ 616	\$ 616	\$ 402	\$ 214
Contractual services	800	800	585	215
Printing and binding	50	50	-	50
Communications	2,040	2,040	1,585	455
Uniforms	13,250	13,250	12,477	773
Travel, training, and education	50	50	-	50
Books and subscriptions	100	100	-	100
Office supplies	250	250	259	(9)
Total Public Works Administration	<u>\$ 17,156</u>	<u>\$ 17,156</u>	<u>\$ 15,308</u>	<u>\$ 1,848</u>
PW Non-VDOT Highway Eligible:				
Uniforms	\$ -	\$ -	\$ 1,561	\$ (1,561)
Street Lights:				
Wages	\$ -	\$ -	\$ 2,349	\$ (2,349)
Fringes/benefits	-	-	1,209	(1,209)
Contractual services	1,000	1,000	2,545	(1,545)
Utilities	90,000	90,000	81,192	8,808
Streets, street lights, sidewalks	150	150	49	101
Total Street Lights	<u>\$ 91,150</u>	<u>\$ 91,150</u>	<u>\$ 87,344</u>	<u>\$ 3,806</u>
Traffic Control and Parking:				
Wages	\$ 12,069	\$ 12,069	\$ 13,987	\$ (1,918)
Fringes/benefits	6,821	6,821	7,860	(1,039)
Contractual services	42,000	42,000	34,742	7,258
Utilities	8,000	8,000	7,858	142
Motor fuel expense	800	800	731	69
Motor vehicle expense	200	200	89	111
Lights for Life expenses	-	-	4,307	(4,307)
Traffic control/parking supplies	8,500	8,500	6,466	2,034
Lights for Life/Opticom	-	204,670	188,206	16,464
Total Traffic Control and Parking	<u>\$ 78,390</u>	<u>\$ 283,060</u>	<u>\$ 264,246</u>	<u>\$ 18,814</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
Streets:				
Wages	\$ 287,638	\$ 287,638	\$ 235,626	\$ 52,012
Fringes/benefits	162,579	162,579	139,772	22,807
Contractual services	376,000	376,000	308,100	67,900
Repairs and maintenance	250	250	-	250
Advertising	100	100	159	(59)
Permits, licenses, fees	750	750	750	-
Motor fuel expense	23,000	23,000	26,419	(3,419)
Motor vehicle expense	12,000	12,000	13,057	(1,057)
Travel and training	-	-	3,876	(3,876)
Small equipment expense	2,500	2,500	-	2,500
Miscellaneous	100	100	9	91
Agricultural supplies	500	500	462	38
Chemicals and materials	3,000	3,000	1,701	1,299
Streets, street lights, sidewalk supplies	20,000	20,000	17,434	2,566
Motor vehicles	-	-	6,966	(6,966)
Machinery and equipment	2,500	2,500	-	2,500
Construction vehicles and equipment	20,500	20,500	19,750	750
Infrastructure	-	-	743	(743)
Total Streets	\$ 911,417	\$ 911,417	\$ 774,824	\$ 136,593
Sidewalks, curbs, and guttering:				
Wages	\$ 10,057	\$ 10,057	\$ 7,016	\$ 3,041
Fringes/benefits	5,685	5,685	4,578	1,107
Contractual services	50,000	50,000	-	50,000
Travel, training, and educations	75	75	80	(5)
Motor fuel	-	-	6	(6)
Small equipment	-	-	33	(33)
Books and subscriptions	75	75	-	75
Street and sidewalk supplies	5,000	5,000	1,374	3,626
Machinery and equipment	2,800	2,800	-	2,800
Total Sidewalks, curbs, and guttering	\$ 73,692	\$ 73,692	\$ 13,087	\$ 60,605
Street Cleaning:				
Wages	\$ 8,621	\$ 8,621	\$ 8,067	\$ 554
Fringes/benefits	4,872	4,872	4,338	534
Motor fuel expense	825	825	971	(146)
Motor vehicle expense	2,500	2,500	5,399	(2,899)
Streets, street lights, cleaning, and sidewalk supplies	-	-	2,737	(2,737)
Total Street Cleaning	\$ 16,818	\$ 16,818	\$ 21,512	\$ (4,694)

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 6 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
Refuse Collection:				
Wages	\$ 89,529	\$ 89,529	\$ 84,654	\$ 4,875
Fringes/benefits	50,389	50,389	39,923	10,466
Repairs and maintenance	-	-	48	(48)
Advertising	400	400	283	117
Motor fuel expense	7,700	7,700	7,093	607
Motor vehicle expense	6,000	6,000	10,071	(4,071)
Small equipment expense	-	-	33	(33)
Refuse collection supplies	200	200	855	(655)
Total Refuse Collection	\$ 154,218	\$ 154,218	\$ 142,960	\$ 11,258
Snow Removal:				
Wages	\$ 7,747	\$ 7,747	\$ 1,552	\$ 6,195
Fringes/benefits	3,403	3,403	1,434	1,969
Motor fuel expense	1,700	1,700	-	1,700
Motor vehicle expense	1,500	1,500	1,703	(203)
Chemicals, materials, supplies	10,000	10,000	-	10,000
Streets, street lights, cleaning, and sidewalk supplies	1,000	1,000	786	214
Total Snow Removal	\$ 25,350	\$ 25,350	\$ 5,475	\$ 19,875
Municipal Building:				
Wages	\$ -	\$ -	\$ 2,208	\$ (2,208)
Fringes/benefits	-	-	1,313	(1,313)
Contractual services	30,347	30,347	21,304	9,043
Repairs and maintenance	500	500	1,801	(1,301)
Utilities	30,000	30,000	22,977	7,023
Communications	-	-	415	(415)
Municipal building supplies	1,000	1,000	1,958	(958)
Agricultural supplies	-	-	53	(53)
Janitorial supplies	1,250	1,250	1,703	(453)
Furniture and fixtures	-	-	948	(948)
Data processing	-	-	1,522	(1,522)
Machinery and equipment	-	-	430	(430)
Total Municipal Building	\$ 63,097	\$ 63,097	\$ 56,632	\$ 6,465

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 7 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
Emergency Services Building:				
Wages	\$ -	\$ -	\$ 2,316	\$ (2,316)
Fringes/benefits	-	-	808	(808)
Contractual services	14,300	14,300	15,705	(1,405)
Repairs and maintenance	7,000	7,000	2,095	4,905
Utilities	15,900	15,900	15,971	(71)
Heating fuel expense	14,000	14,000	14,252	(252)
Communications	-	-	1,266	(1,266)
Agricultural supplies	-	-	34	(34)
Janitorial supplies	1,600	1,600	3,418	(1,818)
ES building supplies	550	550	799	(249)
Capital outlay	-	-	75	(75)
Land and buildings	5,000	5,000	272	4,728
Data processing	-	-	874	(874)
Total Emergency Services Building	\$ 58,350	\$ 58,350	\$ 57,885	\$ 465
Public Works Building:				
Wages	\$ -	\$ -	\$ 2,647	\$ (2,647)
Fringes/benefits	-	-	1,658	(1,658)
Contractual services	1,770	1,770	1,149	621
Repairs and maintenance	250	250	480	(230)
Utilities	5,750	5,750	3,114	2,636
Heating fuel expense	3,000	3,000	1,749	1,251
Communications	2,450	2,450	2,491	(41)
Office supplies	140	140	39	101
Janitorial supplies	1,200	1,200	1,503	(303)
Shop supplies	2,500	2,500	1,694	806
Capital outlay	2,000	2,000	-	2,000
Total Public Works Building	\$ 19,060	\$ 19,060	\$ 16,524	\$ 2,536
Total public works	\$ 1,508,698	\$ 1,713,368	\$ 1,457,358	\$ 256,010
Parks, recreation, and cultural:				
Cemetery Maintenance:				
Wages	\$ 8,621	\$ 8,621	\$ 12,279	\$ (3,658)
Fringes/benefits	4,872	4,872	6,414	(1,542)
Contractual services	1,000	1,000	-	1,000
Motor fuel expense	700	700	1,133	(433)
Small equipment expense	800	800	619	181
Agricultural supplies	200	200	-	200
Parks, recreation, cemetery supplies	100	100	-	100
Total Cemetery Maintenance	\$ 16,293	\$ 16,293	\$ 20,445	\$ (4,152)

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Parks, recreation, and cultural: (continued)				
Playgrounds and Parks:				
Wages	\$ 13,506	\$ 13,506	\$ 11,845	\$ 1,661
Fringes/benefits	7,634	7,634	6,381	1,253
Contractual services	1,398	1,398	635	763
Repairs and maintenance	200	200	-	200
Utilities	2,400	2,400	2,092	308
Motor fuel expense	700	700	782	(82)
Motor vehicle expense	200	200	-	200
Small equipment expense	200	200	274	(74)
Agricultural supplies	200	200	-	200
Janitorial supplies	250	250	-	250
Parks, recreation, cemetery supplies	300	300	831	(531)
Infrastructure	39,500	-	-	-
Total Playgrounds and Parks	\$ 66,488	\$ 26,988	\$ 22,840	\$ 4,148
Celeste Park:				
Wages	\$ -	\$ -	\$ 435	\$ (435)
Fringes/benefits	-	-	392	(392)
Supplies	-	-	337	(337)
Land improvements	-	106,500	2,558	103,942
Total Celeste Park	\$ -	\$ 106,500	\$ 3,722	\$ 102,778
Pigg River Heritage Trail:				
Wages	\$ -	\$ -	\$ 2,129	\$ (2,129)
Fringes/benefits	-	-	1,676	(1,676)
Contractual services	-	-	15,651	(15,651)
Pigg river heritage trail	-	-	203	(203)
Parks and recreational supplies	-	-	2,563	(2,563)
Total Pigg River Heritage Trail	\$ -	\$ -	\$ 22,222	\$ (22,222)
Pigg River Dam Safety Improvements				
Contractual services	\$ -	\$ -	\$ 573	\$ (573)
Infrastructure	-	30,000	-	30,000
Total Pigg River Dam Safety Improvements	\$ -	\$ 30,000	\$ 573	\$ 29,427
Total parks, recreation, and cultural	\$ 82,781	\$ 179,781	\$ 69,802	\$ 109,979

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 9 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Community development:				
Planning and Zoning:				
Wages	\$ 55,670	\$ 55,670	\$ 53,604	\$ 2,066
Fringes/benefits	29,088	29,088	17,569	11,519
Contractual services	10,000	10,000	13,694	(3,694)
Advertising	3,500	3,500	897	2,603
Printing and binding	1,500	1,500	1,121	379
Postage and delivery services	1,500	1,500	587	913
Motor fuel expense	650	650	539	111
Motor vehicle expense	500	500	522	(22)
Communications	1,400	1,400	1,736	(336)
Travel	3,500	3,500	2,984	516
Meeting expenses	250	250	313	(63)
Stipends	10,075	10,075	7,750	2,325
Dues and professional memberships	870	870	469	401
Books and subscriptions	500	500	527	(27)
Miscellaneous	100	100	2,293	(2,193)
Office Supplies	1,750	1,750	-	1,750
Community development, P&Z, GIS supplies	-	-	123	(123)
Furniture and fixtures	-	-	2,380	(2,380)
Data processing equipment	1,500	1,500	2,383	(883)
Total Planning and Zoning	\$ 122,353	\$ 122,353	\$ 109,491	\$ 12,862
Community and Economic Development:				
Wages	\$ 78,063	\$ 78,063	\$ 77,023	\$ 1,040
Fringes/benefits	29,510	29,510	24,894	4,616
Contractual Services	40,000	40,000	24,597	15,403
Advertising	1,500	1,500	2,743	(1,243)
Printing and binding	5,000	5,000	2,212	2,788
Postage and delivery services	600	600	454	146
Motor fuel expense	350	350	1,096	(746)
Motor vehicle expense	300	300	744	(444)
Communications	1,750	1,750	2,003	(253)
Travel, training, and education	5,000	5,000	2,319	2,681
Dues and professional memberships	1,500	1,500	838	662
Books and subscriptions	250	250	815	(565)
Miscellaneous	-	-	100	(100)
Special events/promotions	15,750	15,750	13,350	2,400
Office supplies	2,500	2,500	3,450	(950)
Community development, P&Z, GIS supplies	-	-	68	(68)
Capital outlay	1,500	1,500	735	765
Furniture and fixtures	1,000	1,000	874	126
Data processing equipment	1,500	1,500	6,404	(4,904)

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 10 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Community development: (continued)				
Community and Economic Development: (continued)				
Town decorations	\$ 3,000	\$ 3,000	\$ 6,127	\$ (3,127)
Blighted structure redevelopment	40,000	-	-	-
Total Community and Economic Development	<u>\$ 229,073</u>	<u>\$ 189,073</u>	<u>\$ 170,846</u>	<u>\$ 18,227</u>
Citizens' Square:				
Wages	\$ -	\$ -	\$ 5,874	\$ (5,874)
Fringes/benefits	-	-	3,943	(3,943)
Contractual services	8,000	8,000	8,354	(354)
Repairs and maintenance	500	500	49	451
Advertising	2,000	2,000	108	1,892
Permits, licenses, fees	150	150	-	150
Utilities	2,200	2,200	1,334	866
Special events/promotions	1,500	1,500	-	1,500
Janitorial supplies	1,000	1,000	210	790
Citizens' Square/Depot supplies	50	50	1,189	(1,139)
Capital outlay	-	-	3,630	(3,630)
Furniture and fixtures	-	-	6,599	(6,599)
Total Citizens' Square	<u>\$ 15,400</u>	<u>\$ 15,400</u>	<u>\$ 31,290</u>	<u>\$ (15,890)</u>
Community and Hospitality Center:				
Wages	\$ -	\$ -	\$ 5,403	\$ (5,403)
Fringes/benefits	-	-	1,257	(1,257)
Contractual services	5,000	5,000	7,735	(2,735)
Repairs and maintenance	750	750	283	467
Advertising	2,500	2,500	81	2,419
Printing and binding	-	-	48	(48)
Utilities	6,200	6,200	4,021	2,179
Communications	1,200	1,200	750	450
Miscellaneous	-	-	221	(221)
Office supplies	-	-	320	(320)
Janitorial supplies	300	300	717	(417)
Merchandise for resale	-	-	502	(502)
Citizens' Square/Depot supplies	-	-	2,372	(2,372)
Furniture and fixtures	1,200	1,200	3,482	(2,282)
Data processing equipment	-	-	467	(467)
Total Community and Hospitality Center	<u>\$ 17,150</u>	<u>\$ 17,150</u>	<u>\$ 27,659</u>	<u>\$ (10,509)</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 11 of 11

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Community development: (continued)				
Passport Program:				
Postage and delivery services	\$ 750	\$ 750	\$ 954	\$ (204)
Office supplies	100	100	717	(617)
Passport supplies	200	200	-	200
Total Passport Program	<u>\$ 1,050</u>	<u>\$ 1,050</u>	<u>\$ 1,671</u>	<u>\$ (621)</u>
Planning and community development:				
Contractual services	\$ -	\$ 40,000	\$ 22,663	\$ 17,337
Remediation blighted structure	-	-	11,000	(11,000)
Total Planning and community development	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 33,663</u>	<u>\$ 6,337</u>
Total community development	<u>\$ 385,026</u>	<u>\$ 385,026</u>	<u>\$ 374,620</u>	<u>\$ 10,406</u>
Non-departmental:				
Wages	\$ -	\$ -	\$ 27,239	\$ (27,239)
Fringes/benefits	54,459	54,459	40,163	14,296
Insurance	67,000	67,000	58,832	8,168
Contributions to other entities	22,500	22,500	22,500	-
Letter of credit reimbursement	-	-	250,000	(250,000)
Contingency	27,500	27,500	-	27,500
Total Non-departmental	<u>\$ 171,459</u>	<u>\$ 171,459</u>	<u>\$ 398,734</u>	<u>\$ (227,275)</u>
Debt service:				
Principal retirement	\$ 189,300	\$ 189,300	\$ 189,300	\$ -
Interest and fiscal charges	127,201	127,201	126,381	820
Total debt service	<u>\$ 316,501</u>	<u>\$ 316,501</u>	<u>\$ 315,681</u>	<u>\$ 820</u>
Total General Fund	<u>\$ 4,752,606</u>	<u>\$ 5,145,744</u>	<u>\$ 5,204,932</u>	<u>\$ (59,188)</u>
Capital Projects Fund:				
Capital Projects:				
Community development:				
Capital outlay	<u>\$ 845,734</u>	<u>\$ 371,074</u>	<u>\$ 845,734</u>	<u>\$ (474,660)</u>

OTHER STATISTICAL INFORMATION

Table 1

Town of Rocky Mount, Virginia
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 7,489,865	\$ 7,304,254	\$ 7,256,721	\$ 8,684,358	\$ 8,993,343	\$ 8,691,806	\$ 8,949,640	\$ 9,938,639	\$ 12,308,493	\$ 12,768,337
Unrestricted	11,560,065	10,679,179	9,211,250	8,520,171	8,650,317	10,250,528	11,176,647	10,998,693	\$ 10,934,072	\$ 10,241,470
Total governmental activities net assets	\$ 19,049,930	\$ 17,983,433	\$ 16,467,971	\$ 17,204,529	\$ 17,643,660	\$ 18,942,334	\$ 20,076,287	\$ 20,937,332	\$ 23,242,565	\$ 23,009,807
Business-type activities										
Invested in capital assets, net of related debt	\$ 5,758,408	\$ 7,484,666	\$ 6,807,564	\$ 7,200,687	\$ 7,296,079	\$ 7,499,720	\$ 7,619,260	\$ 7,601,301	\$ 9,435,263	\$ 9,712,564
Restricted for debt service	-	-	-	-	-	-	-	-	356,642	280,018
Unrestricted	1,743,535	980,441	1,067,691	346,132	647,436	137,803	69,501	(192,322)	(1,150,324)	(1,514,916)
Total business-type activities	\$ 7,501,943	\$ 8,465,107	\$ 7,875,255	\$ 7,546,819	\$ 7,943,515	\$ 7,637,523	\$ 7,688,761	\$ 7,765,621	\$ 8,641,581	\$ 8,477,666
Primary Government										
Invested in capital assets, net of related debt	\$ 13,248,273	\$ 14,788,920	\$ 14,064,285	\$ 15,885,045	\$ 16,289,422	\$ 16,191,526	\$ 16,568,900	\$ 17,539,940	\$ 21,743,756	\$ 22,480,901
Restricted for debt service	-	-	-	-	-	-	-	-	356,642	280,018
Unrestricted	13,303,600	11,659,620	10,278,941	8,866,303	9,297,753	10,388,331	11,196,148	10,806,371	9,783,748	8,726,554
Total primary government net assets	\$ 26,551,873	\$ 26,448,540	\$ 24,343,226	\$ 24,751,348	\$ 25,587,175	\$ 26,579,857	\$ 27,765,048	\$ 28,702,953	\$ 31,884,146	\$ 31,487,473

Town of Rocky Mount, Virginia
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government administration	\$ 622,596	\$ 1,182,416	\$ 743,098	\$ 785,139	\$ 781,917	\$ 900,371	\$ 861,445	\$ 798,988	\$ 174,544	\$ 1,310,661
Public Safety	986,217	1,137,657	1,384,718	1,392,997	1,537,911	1,768,618	1,807,691	1,713,977	2,157,429	2,012,658
Public Works	888,603	1,008,084	1,422,522	1,315,391	1,358,733	1,370,547	1,733,026	1,892,605	1,555,182	1,538,835
Parks, recreation and cultural	26,906	109,667	36,727	65,612	51,572	45,521	45,676	43,798	112,286	54,320
Community development	332,967	406,701	653,820	666,294	667,003	295,389	257,877	303,876	186,118	581,132
Interest on long-term debt	190,887	104,235	100,297	95,625	115,963	147,012	141,919	135,526	185,382	116,630
Total governmental activities expenses	\$ 3,048,176	\$ 3,948,760	\$ 4,503,890	\$ 4,407,444	\$ 4,513,099	\$ 4,527,458	\$ 4,847,634	\$ 4,888,770	\$ 4,370,941	\$ 5,614,236
Business-type activities:										
Water and Sewage	\$ 2,200,607	\$ 3,161,731	\$ 2,200,532	\$ 2,330,510	\$ 2,332,418	\$ 2,436,316	\$ 2,403,437	\$ 2,304,052	\$ 2,293,343	\$ 2,286,168
Total business-type activities	\$ 2,200,607	\$ 3,161,731	\$ 2,200,532	\$ 2,330,510	\$ 2,332,418	\$ 2,436,316	\$ 2,403,437	\$ 2,304,052	\$ 2,293,343	\$ 2,286,168
Total primary government expenses	\$ 5,248,783	\$ 7,110,491	\$ 6,704,422	\$ 6,737,954	\$ 6,845,517	\$ 6,963,774	\$ 7,251,071	\$ 7,192,822	\$ 6,664,284	\$ 7,900,404
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ -	\$ -	\$ 19,833	\$ 13,350	\$ -	\$ -	\$ -	\$ -
Public Safety	3,038	5,440	39,669	31,835	26,456	71,740	49,926	33,858	38,121	34,393
Public Works	100,727	58,374	75,132	68,882	104,706	76,398	86,812	89,694	91,463	91,874
Other activities	43,149	20,287	28,736	19,173	4,078	2,504	23,890	13,887	23,473	15,477
Operating grants and contributions	994,316	1,086,178	1,167,909	1,115,737	1,171,642	1,251,767	1,447,387	1,488,707	1,587,192	1,439,839
Capital grants and contributions	-	-	161,180	450,603	282,524	112,137	630,066	789,122	760,818	156,064
Total governmental activities program revenues	\$ 1,141,230	\$ 1,170,279	\$ 1,472,626	\$ 1,686,230	\$ 1,609,239	\$ 1,527,896	\$ 2,238,081	\$ 2,415,268	\$ 2,501,067	\$ 1,737,647
Business-type activities:										
Charges for services:										
Water & Sewer	\$ 1,409,942	\$ 1,592,326	\$ 2,065,801	\$ 2,060,120	\$ 2,201,679	\$ 2,146,201	\$ 1,938,102	\$ 1,829,553	\$ 1,776,905	\$ 1,777,053
Total primary government program revenues	\$ 2,551,172	\$ 2,762,605	\$ 3,538,427	\$ 3,746,350	\$ 3,810,918	\$ 3,674,097	\$ 4,176,183	\$ 4,244,821	\$ 4,277,972	\$ 3,514,700
Net (expense)/revenue:										
Governmental activities	\$ (1,906,946)	\$ (2,778,481)	\$ (3,031,264)	\$ (2,721,214)	\$ (2,903,860)	\$ (2,999,562)	\$ (2,609,553)	\$ (2,473,502)	\$ (1,869,874)	\$ (3,876,589)
Business-type activities	(790,665)	(1,569,405)	(134,731)	(270,390)	(130,739)	(290,115)	(465,335)	(474,499)	(516,438)	(509,115)
Total primary government net expense	\$ (2,697,611)	\$ (4,347,886)	\$ (3,165,995)	\$ (2,991,604)	\$ (3,034,599)	\$ (3,289,677)	\$ (3,074,888)	\$ (2,948,001)	\$ (2,386,312)	\$ (4,385,704)

Town of Rocky Mount, Virginia
Changes in Net Assets (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 595,947	\$ 474,969	\$ 559,560	\$ 695,450	\$ 721,612	\$ 755,957	\$ 807,283	\$ 791,374	\$ 818,866	\$ 836,746
Sales tax	135,572	234,236	159,916	176,670	183,684	179,058	176,134	184,303	162,650	165,757
Business licenses taxes	468,988	446,553	527,936	535,410	570,178	558,239	582,774	563,079	566,498	727,126
Meals tax	602,894	737,520	764,505	801,058	850,261	1,092,531	1,075,767	1,057,284	1,093,932	1,163,386
Lodging tax	-	-	48,000	69,643	190,129	103,205	83,114	84,890	89,232	95,823
Bank stock tax	-	-	203,750	256,295	95,338	227,005	219,726	207,793	215,996	205,444
Other local taxes	373,649	381,914	95,351	95,588	164,415	99,734	94,061	89,619	86,873	83,426
Consumers' utility taxes	348,695	374,710	526,386	525,833	448,272	558,085	557,220	526,582	330,044	282,489
Consumption tax	-	-	-	-	-	-	-	-	-	38,054
Tobacco tax	-	-	-	-	-	-	-	-	-	123,161
Intergovernmental revenue, unrestricted	2,036	24,495	63,608	61,842	99,055	83,213	102,764	65,707	266,795	255,227
Unrestricted revenues from use of money and property	418,093	268,069	308,783	177,654	476,029	564,770	481,979	221,229	320,196	81,198
Other	375,633	144,693	3,499	4,283	71,453	13,857	22,066	41,289	1,094,702	32,619
Transfers	-	88,046	(514,278)	58,046	(527,435)	62,582	(459,382)	(498,602)	(761,607)	(454,138)
Total governmental activities	\$ 3,321,507	\$ 3,175,205	\$ 2,747,016	\$ 3,457,772	\$ 3,342,991	\$ 4,298,236	\$ 3,743,506	\$ 3,334,547	\$ 4,284,177	\$ 3,636,318
Business-type activities:										
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,267	\$ 41,628	\$ 52,757	\$ 74,961	\$ 45,184
Unrestricted revenues from use of money and property	-	-	-	-	-	23,438	15,563	-	-	-
Transfers	533,478	523,317	514,278	(58,046)	527,435	(62,582)	459,382	498,602	761,607	454,138
Total business-type activities	\$ 533,478	\$ 523,317	\$ 514,278	\$ (58,046)	\$ 527,435	\$ (15,877)	\$ 516,573	\$ 551,359	\$ 836,568	\$ 499,322
Total primary government	\$ 3,854,985	\$ 3,698,522	\$ 3,261,294	\$ 3,399,726	\$ 3,870,426	\$ 4,282,359	\$ 4,260,079	\$ 3,885,906	\$ 5,120,745	\$ 4,135,640
Change in Net Assets										
Governmental activities	\$ 1,414,561	\$ 396,724	\$ (284,248)	\$ 736,558	\$ 439,131	\$ 1,298,674	\$ 1,133,953	\$ 861,045	\$ 2,414,303	\$ (240,271)
Business-type activities	(257,187)	(1,046,088)	379,547	(328,436)	396,696	(305,992)	51,238	76,860	320,130	(9,793)
Total primary government	\$ 1,157,374	\$ (649,364)	\$ 95,299	\$ 408,122	\$ 835,827	\$ 992,682	\$ 1,185,191	\$ 937,905	\$ 2,734,433	\$ (250,064)

Table 3

Town of Rocky Mount, Virginia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
General Fund										
Reserved	\$ -	\$ -	\$ 60,445	\$ -	\$ 8,998,010	\$ 112,378	\$ 45,617	\$ 2,293	\$ -	\$ -
Unreserved	10,250,442	10,960,414	11,064,355	8,712,713	-	10,311,101	10,874,461	10,799,062	-	-
Unassigned	-	-	-	-	-	-	-	-	11,897,728	11,323,032
Total general fund	\$ 10,250,442	\$ 10,960,414	\$ 11,124,800	\$ 8,712,713	\$ 8,998,010	\$ 10,423,479	\$ 10,920,078	\$ 10,801,355	\$ 11,897,728	\$ 11,323,032
All other governmental funds										
Reserved	\$ -	\$ -	\$ 174,569	\$ 18,007	\$ 404,056	\$ 405,494	\$ 554,444	\$ 1,438,537	\$ -	\$ -
Unreserved, reported in:										
Capital Projects	1,385,061	(150,945)	(1,927,955)	(47,589)	-	-	149,074	(1,013,171)	-	-
Unassigned, reported in:										
Capital Projects	-	-	-	-	-	-	-	-	(680,288)	(775,601)
Total all other governmental funds	\$ 1,385,061	\$ (150,945)	\$ (1,753,386)	\$ (29,582)	\$ 404,056	\$ 405,494	\$ 703,518	\$ 425,366	\$ (680,288)	\$ (775,601)

(1) The Town implemented GASB Statement No. 54 during fiscal year 2011, see Note 1.

Table 4

Town of Rocky Mount, Virginia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 2,505,416	\$ 2,586,700	\$ 2,896,082	\$ 3,145,115	\$ 3,220,470	\$ 3,577,520	\$ 3,560,999	\$ 3,507,462	\$ 3,386,948	\$ 3,719,978
Other local taxes	56,001	64,096	28,736	19,173	21,447	14,178	21,890	13,387	14,788	5,945
Licenses and permits	26,769	26,801	35,653	26,620	24,527	68,423	46,676	28,709	32,263	28,467
Fines and forfeitures	566,173	378,310	310,122	179,074	476,029	564,770	481,979	221,229	320,196	81,198
Use of money & property	105,064	68,723	78,839	73,803	109,099	81,392	92,062	95,343	106,006	107,332
Charges for services	167,586	27,268	1,342	10,065	50,925	13,857	22,066	41,289	410,795	189,296
Other	1,008,645	1,060,361	1,231,644	1,522,174	1,553,221	1,447,116	2,180,217	2,343,536	2,614,805	1,695,066
Intergovernmental										
Total revenues	\$ 4,435,654	\$ 4,212,259	\$ 4,582,618	\$ 4,976,024	\$ 5,455,718	\$ 5,767,256	\$ 6,405,889	\$ 6,250,955	\$ 6,885,801	\$ 5,827,282
Expenditures										
General government administration										
Public safety	\$ 466,388	\$ 559,776	\$ 669,360	\$ 694,406	\$ 708,230	\$ 703,880	\$ 734,668	\$ 675,930	\$ 581,529	\$ 824,164
Public works	964,873	1,059,203	1,323,905	1,350,191	1,345,698	1,580,176	1,881,914	1,468,653	2,239,784	1,764,573
Parks, recreation and cultural	889,651	956,872	1,266,245	1,233,980	1,461,998	1,175,851	1,273,449	2,193,364	1,308,836	1,276,593
Community development	26,906	37,017	32,486	58,017	44,023	37,757	70,730	75,782	107,660	69,802
Nondepartmental	332,967	242,887	202,628	337,640	264,438	186,456	226,764	263,795	271,900	374,620
Capital outlay	347,095	554,134	224,008	182,099	182,804	218,550	206,272	132,627	201,300	398,734
Debt service:	20,297	180,444	-	1,675,133	1,439,615	226,902	484,432	1,066,717	1,817,788	1,026,499
Principal	-	-	90,590	94,713	99,023	125,129	129,840	134,766	1,666,248	189,300
Interest	-	-	100,297	96,174	131,044	148,230	143,815	137,594	167,135	126,381
Total Expenditures	\$ 3,048,177	\$ 3,590,333	\$ 3,909,519	\$ 5,722,353	\$ 5,676,873	\$ 4,402,931	\$ 5,151,884	\$ 6,149,228	\$ 8,362,180	\$ 6,050,666
Excess of revenues over (under) expenditures	\$ 1,387,477	\$ 621,926	\$ 673,099	\$ (746,329)	\$ (221,155)	\$ 1,364,325	\$ 1,254,005	\$ 101,727	\$ (1,476,379)	\$ (223,384)
Other financing sources (uses)										
Transfers in	\$ -	\$ 602,324	\$ -	\$ 3,560,719	\$ 3,829,086	\$ 229,247	\$ 178,472	\$ 557	\$ -	\$ 592,219
Transfers out	(1,256,669)	(514,278)	(514,278)	(3,502,673)	(4,356,521)	(166,665)	(637,854)	(499,159)	(761,607)	(1,046,357)
Issuance of debt	-	-	-	-	1,347,437	-	-	-	1,640,000	-
Sale of capital assets	-	-	164,846	-	120,088	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	697,775	-
Total other financing sources (uses)	\$ (1,256,669)	\$ 88,046	\$ (349,432)	\$ 58,046	\$ 940,090	\$ 62,582	\$ (459,382)	\$ (498,602)	\$ 1,576,168	\$ (454,138)
Net change in fund balances	\$ 130,808	\$ 709,972	\$ 323,667	\$ (688,283)	\$ 718,935	\$ 1,426,907	\$ 794,623	\$ (396,875)	\$ 99,789	\$ (677,522)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	4.88%	4.72%	5.43%	7.24%	6.61%	5.66%	28.01%	6.28%

Table 5

Town of Rocky Mount, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate						Personal Property	Machinery and Tools	Public Service Companies	Total	Total Direct Tax Rate (1)
	Single Family Homes	Multi-Family Homes	Commercial and Industrial	Agriculture							
2012	\$ 255,899,900	18,205,800	190,568,700	3,184,700	\$	40,503,524	\$	61,910,094	\$	592,688,041	\$ 0.14
2011	249,922,100	18,205,800	190,568,700	3,184,700		39,741,741		60,122,533		583,514,625	0.14
2010	247,373,500	18,205,800	189,646,700	3,631,600		36,599,174		64,006,873		582,994,355	0.14
2009	244,576,200	18,205,800	189,438,200	3,928,500		41,366,265		60,580,689		580,248,610	0.18
2008	177,369,800	14,052,600	166,125,300	2,420,300		38,620,252		57,168,380		471,591,278	0.15
2007	170,106,900	13,833,900	166,515,600	2,348,900		38,586,708		46,910,297		455,634,869	0.15
2006	160,854,911	13,506,600	141,146,500	2,427,989		35,428,426		45,725,163		418,959,499	0.16
2005	163,402,921	13,559,300	145,777,400	2,713,500		32,671,587		35,013,902		415,721,686	0.15
2004	125,748,700	13,399,000	112,404,900	2,222,500		33,337,893		30,444,763		339,637,483	0.16
2003	125,083,800	13,399,000	112,012,500	2,217,500		30,249,489		34,201,436		338,767,469	0.17

Notes: Property is assessed at full market value. Properties are reassessed once every 4 years.

(1) Per \$1,000 of assessed value.

Components of the Direct Tax Rate include:

Real Estate and Public Service Corporation: .12

Personal Property: .51

Machinery and Tools: .17

Source: Real estate and personal property tax assessments.

Table 6

Town of Rocky Mount, Virginia
Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	Fiscal Year 2012			Fiscal Year 2002		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Southgate Associates II LP	\$ 10,422,700	1	2.23%	\$ 6,546,200	6	2.61%
Wal-Mart Real Estate Business Trust	9,985,400	2	2.13%	7,348,700	3	2.93%
Rocky Mount Development Company LLC/Midland	9,886,000	3	2.11%	7,109,500	4	2.83%
PG Multi-16 LP/M W Manufacturers Inc.	9,471,500	4	2.02%	8,156,100	1	3.25%
Franklin Memorial Hospital/Carilion	9,210,600	5	1.97%	-		0.00%
Lowes Home Centers Inc.	8,327,400	6	1.78%	-		0.00%
Trinity Packaging Corporation/Standard Register	8,206,000	7	1.75%	2,948,300	11	1.17%
Rocky Mount Orchard Avenue LLC	6,205,400	8	1.33%	7,081,500	5	2.82%
Mod-U-Kraf Homes Inc.	5,666,800	9	1.21%	2,948,600	10	1.17%
F-H Holding Inc./Fleetwood Homes	5,206,200	10	1.11%	4,586,300	8	1.83%
L & M Properties LLC/The Lane Co.	5,142,900	11	1.10%	7,779,300	2	3.10%
Medical Facilities of Virginia/Franklin Health Care	5,084,800	12	1.09%	6,341,300	7	2.53%
Eldercare Inc./Trinity Mission of Rocky Mount	4,286,900	13	0.92%	3,982,200	9	1.59%
Rocky Mount Limited Liability Co.	3,869,100	14	0.83%	1,819,900	17	0.72%
Franklin County Lodging	3,506,400	15	0.75%	-		0.00%
Danny Perdue	3,068,000	16	0.66%	767,100	23	0.31%
Ferguson Land & Lumber Co. Inc.	2,622,900	17	0.56%	1,395,000	20	0.56%
Newbold Corporation	2,563,200	18	0.55%	2,320,200	13	0.92%
Windy Lane Associates Limited	2,559,900	19	0.55%	1,429,000	20	0.57%
CVS #7565 (40W)	2,368,900	20	0.51%	-		0.00%
Branch Banking & Trust	2,352,200	21	0.50%	80,900		0.03%
Solomon Beacon Inn/Comfort Inn/Humphrey Hosp	2,329,900	22	0.50%	2,568,700	12	1.02%
TFG Properties	2,322,600	23	0.50%	-		0.00%
Tanyad Village Limited Partners	2,185,600	24	0.47%	1,479,300	19	0.59%
Franklin Plaza Partners	1,882,400	25	0.40%	1,000,400	22	0.40%
W-D Rocky Mount Va. Partners	-		0.00%	2,178,800	14	0.87%
Candlewood	1,706,400		0.36%	2,176,900	15	0.87%
Erath Veneer Inc.	-		0.00%	2,051,500	16	0.82%
Rocky Top Wood Preservers, Inc.	-		0.00%	1,624,100	18	0.65%
Weaver Mirror Co., Inc.	634,700		0.14%	1,163,400	21	0.46%
	<u>\$ 131,074,800</u>		<u>27.88%</u>	<u>\$ 68,662,600</u>		<u>21.59%</u>

Source: Real estate tax assessments

TOWN OF ROCKY MOUNT, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2012	\$ 899,388	\$ 809,005	89.95%	\$ 826,558	91.90%
2011	879,419	869,431	98.86%	892,160	101.45%
2010	869,573	869,099	99.95%	892,494	102.64%
2009	890,915	852,065	95.64%	855,309	96.00%
2008	813,789	804,657	98.88%	813,959	100.02%
2007	788,293	757,667	96.11%	757,667	96.11%
2006	730,218	724,135	99.17%	724,135	99.17%
2005	603,696	590,127	97.75%	606,103	100.40%
2004	537,765	520,577	96.80%	532,353	98.99%
2003	539,589	536,159	99.36%	547,369	101.44%

Source: Detailed Town property tax records.

Note: Total collections include prior year collections while the levy represents the current year only.

TOWN OF ROCKY MOUNT, VIRGINIA
PRINCIPAL UTILITY CUSTOMERS
(Largest Own-Source Revenue)
Current Year and Ten Years Ago

Taxpayer	Fiscal Year 2012			Fiscal Year 2002		
	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption
Ronile	2,090,988	1	10.53%	631,050	2	2.99%
PlyGem Windows	873,707	2	4.40%	1,289,864	1	6.12%
Trinity Mission	710,921	3	3.58%	579,683	4	2.75%
Franklin County High School	456,442	4	2.30%			
Greater Southern Wood Preservers/Roc	433,457	5	2.18%			
Franklin County Middle School	376,861	6	1.90%			
Medical Facilities of America	373,697	7	1.88%	157,225	10	0.75%
Candlewood Apartments	332,395	8	1.67%			
Home Town Ice	263,563	9	1.33%			
Rocky Mount Development (Kroger)	211,614	10	1.07%			
Carilion Franklin Memorial Hospital	186,655	11	0.94%	211,892	7	1.00%
Franklin County Courthouse Complex	176,970	12	0.89%			
Property Mgt / Mountain View Apts.	158,428	13	0.80%			
All American Auto Spa	150,708	14	0.76%			
Tanyard Village	140,488	15	0.71%			
Holiday Inn Express	133,836	16	0.67%			
Ferguson Land & Lumber	127,681	17	0.64%	608,633	3	2.89%
Rocky Mount Comfort Inn	125,958	18	0.63%			
Franklin Car Wash	124,542	19	0.63%			
Applebee's International	115,303	20	0.58%			
Sheilee Laundry	78,575		0.38%	159,825	9	0.76%
Southgate Shopping Center	71,038		0.35%			
Wal-mart	81,829		0.40%	228,957	6	1.09%
The Lane Company	-		0.00%	553,050	5	2.62%
Franklin Ready Mix	10,720		0.05%	168,800	8	0.80%

Source: Average Consumption Report from Utility Billing System

Table 9

Town of Rocky Mount, Virginia
Computation of Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 33,665,740	\$ 33,927,976	\$ 32,149,559	\$ 31,568,050	\$ 35,280,530	\$ 35,725,585	\$ 45,614,870	\$ 45,821,418	\$ 46,188,130	\$ 46,785,910
Total net debt applicable to limit	2,337,855	2,251,208	2,160,618	2,065,905	12,476,680	11,715,910	10,926,856	10,113,684	7,431,900	6,576,568
Legal debt margin	31,327,885	31,676,768	29,988,941	29,502,145	22,803,850	24,009,675	34,688,014	35,707,734	38,756,230	40,209,342
Total net debt applicable to the limit as a percentage of debt limit	7%	7%	7%	7%	35%	33%	24%	22%	16.1%	14.1%
Legal Debt Margin Calculated for Fiscal Year 2012										
Assessed value	\$ 467,859,100									
Debt limit (10% of assessed value)	\$ 46,785,910									
Debt applicable to limit:										
General Obligation Bonds	2,931,568									
Program Revenue Bonds	2,170,000									
Other Long-Term Obligations	1,475,000									
Total net applicable to limit	6,576,568									
Legal debt margin	\$ 40,209,342									

Table 10

Town of Rocky Mount, Virginia
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Notes Payable	Revenue Bonds	General Obligation Bonds	Revenue Bonds			
2012	\$ 1,475,000	\$ 1,171,800	\$ 2,931,568	\$ 998,200	\$ 6,576,568	0.38%	\$ 1,370
2011	1,640,000	1,196,100	3,576,900	1,018,900	7,431,900	0.43%	1,549
2010	1,641,948	1,220,400	6,211,736	1,039,600	10,113,684	6.67%	2,235
2009	1,755,113	1,242,000	6,871,743	1,058,000	10,926,856	8.88%	2,405
2008	1,863,353	1,263,600	7,512,557	1,076,400	11,715,910	10.09%	2,567
2007	1,966,882	1,285,200	8,129,798	1,094,800	12,476,680	10.26%	2,731
2006	2,065,905	-	8,729,067	-	10,794,972	9.39%	2,363
2005	2,160,618	-	9,502,629	-	11,663,247	10.14%	2,561
2004	2,251,208	-	10,056,897	-	12,308,105	10.99%	2,702
2003	2,337,855	-	10,595,042	-	12,932,897	11.88%	2,856

Source: Note 7

TOWN OF ROCKY MOUNT, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year Ended (1)	Population (2)	Per Capita Personal Income (3)	Total Personal Income Thousands of Dollars (3)	Public School Enrollment	Unemployment Rate
2012	4,820	\$ -	\$ -	7,278	6.20%
2011	4,799	32,626	1,840,735	7,325	8.00%
2010	4,525	33,116	1,719,502	7,120	7.60%
2009	4,544	33,420	1,728,877	7,285	4.90%
2008	4,564	28,893	131,867	7,185	4.70%
2007	4,564	27,082	123,602	7,256	3.40%
2006	4,568	26,622	121,609	7,146	3.20%
2005	4,555	25,249	115,009	7,074	3.40%
2004	4,555	25,249	115,009	7,110	3.60%
2003	4,529	24,727	111,989	6,996	4.50%
2002	4,520	24,089	108,882	6,975	6.20%

(1) Population, school enrollment and unemployment figures are based on fiscal years ending June 30. Per Capita Income is as of December 31.

(2) Population is based on figures available from the Weldon Cooper Center, University of Virginia and the City Planning Department.

(3) Source: Bureau of Economic Analysis (for Franklin County). Current year information is unavailable until December 31

TOWN OF ROCKY MOUNT, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Seven Years Ago

Employer	Fiscal Year 2012			Fiscal Year 2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Franklin County Public Schools	1,333	1	27.93%	1,094	2	23.30%
Ply Gem Manufacturers Inc.	1,000	2	20.96%	1,367	1	29.12%
Franklin County	415	3	8.70%	272	6	5.79%
Trinity Packaging Inc.	312	4	6.54%	300	4	6.39%
Wal-mart	293	5	6.14%	343	3	7.31%
Carilion Franklin Memorial Hospital	280	6	5.87%	270	7	5.75%
Ronile Inc.	203	7	4.25%	289	5	6.16%
Arrington Enterprises	174	8	3.65%	-	-	0.00%
Trinity Mission Healthcare	167	9	3.50%	200	10	4.26%
Lowe's	121	10	2.54%	-	-	0.00%
Mod-U-Kraf Homes Inc.	118	11	2.47%	245	8	5.22%
Kroger	100	12	2.10%	115	12	2.45%
Fleetwood Homes of Virginia	96	13	2.01%	200	9	4.26%
YMCA	80	14	1.68%	-	-	0.00%
McDonald's	80	15	1.68%	-	-	0.00%
	<u>4,772</u>			<u>4,695</u>		

Note: 2005 was the first year this data was accumulated.

Source: Virginia Employment Commission & employer human resource offices

Table 13

TOWN OF ROCKY MOUNT, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
Management services										
Finance	2	2	2	2	2	2	2	2	2	2
Planning & Community Development	5	5	5	5	5	5	5	5	5	5
Building	5	5	5	4	4	4	4	4	4	3
Police	0	0	0	1	1	1	1	1	1	1
Officers	20	20	20	20	20	17	15	15	15	15
Civilians	2	2	2	2	2	2	2	2	2	1
Other public works										
Other	17	17	17	17	18	18	18	18	18	18
Parks, recreation, and cultural										
Water	6	6	6	6	6	6	4	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	4
Total	61	61	61	61	62	59	55	55	55	53

Source: Town's Adopted Operating Budget

Table 14

TOWN OF ROCKY MOUNT, VIRGINIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Fleet										
Pieces of equipment maintained	56	56	56	56	56	56	56	56	56	50
Public safety										
Police										
Criminal arrests	498	694	516	693	815	393	376	445	356	273
Parking violations	-	-	-	23	52	36	42	115	98	112
Traffic violations	754	730	653	820	1,658	908	756	991	810	850
Fire										
Emergency responses	380	379	308	289	328	343	312	283	259	237
Public works										
Other public works										
Street resurfacing (miles)	5	3	5	5	3	6	9	9	8	6
Water										
Number of customer accounts	2,836	2,824	2,813	2,801	2,799	2,727	2,697	2,636	2,608	2,538
Volume pumped (million gallons per day average)	895,083	866,694	858,556	917,166	1,002,931	976,739	1,098,713	987,000	841,163	799,853
Sewer										
Number of customer accounts	2,003	2,001	1,998	1,982	1,980	1,956	1,917	1,884	1,882	1,880
Waste/Water treated (million gallons per day)	740,817	738,611	856,844	816,199	773,034	837,685	798,000	680,000	769,000	907,000

Source: Council reports, utility reports, highway reports.

Table 15

TOWN OF ROCKY MOUNT, VIRGINIA
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety										
Law enforcement vehicles	19	15	14	14	14	13	13	13	12	12
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Primary streets (lane miles)	9	9	9	9	9	9	9	9	9	9
Secondary streets (lane miles)	31	31	31	31	31	31	31	31	31	31
Parks, recreation, and cultural										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks/athletic fields	3	3	3	3	3	3	3	3	3	3
Water and sewage										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	66	66	66	66	66	65	65	65	61	59
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	60

Source: Equipment schedules, highway reports, GIS system.

COMPLIANCE SECTION

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*

The Honorable Members of Town Council
Town of Rocky Mount, 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 Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements and have issued our report thereon dated November 2, 2012. 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

Management of Town of Rocky Mount, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Rocky Mount, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Rocky Mount, 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 entity'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 consider to be material weaknesses, as defined above. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Rocky Mount, 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 matters that we reported to management of Town of Rocky Mount, Virginia in a separate letter dated November 2, 2012.

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

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 2, 2012

Town of Rocky Mount

Schedule of Findings and Responses
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

None

Section III - Status of Prior Audit Findings and Responses

Financial statement finding 2011-1 was resolved during the current year.