

**TOWN OF ROCKY MOUNT, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2011**

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Prepared by the Finance Director/Treasurer

TOWN OF ROCKY MOUNT, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2011

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## **INTRODUCTORY SECTION**

TOWN OF ROCKY MOUNT, VIRGINIA

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DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

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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 Ervin .....Town Manager  
John T. Boitnott .....Town Attorney  
Linda P. Woody ..... Finance Director/Treasurer  
Patricia H. Keatts .....Town 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, 2010

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.



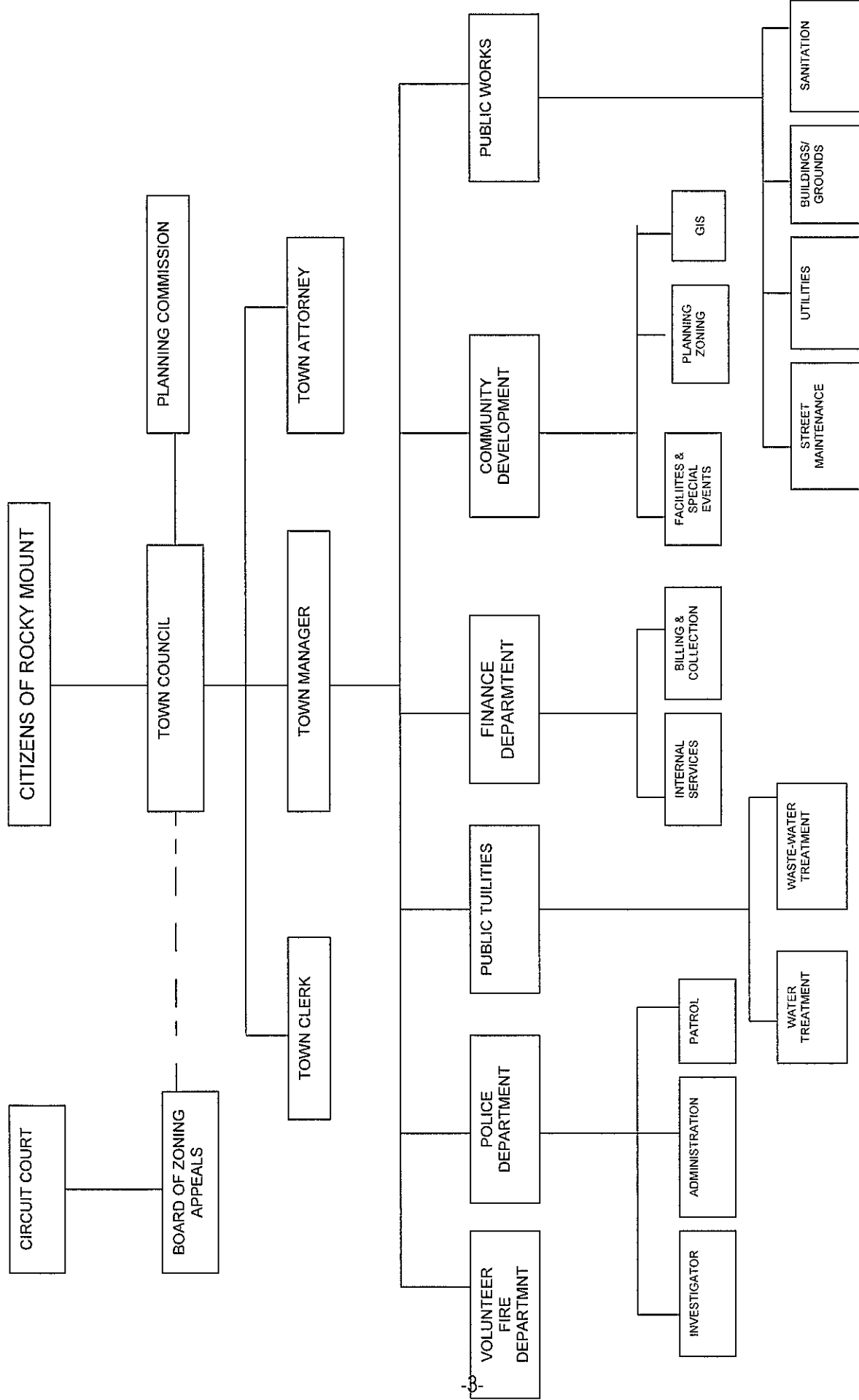
A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink that reads 'Jeffrey R. Emer'.

Executive Director

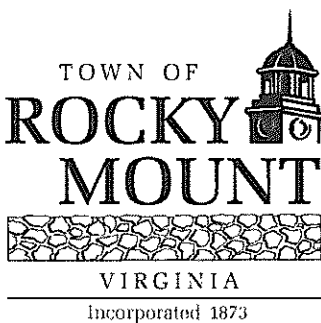
TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART



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Rocky Mount, Virginia 24151

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FAX 540.483.8830

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[www.rockymountva.org](http://www.rockymountva.org)



TOWN COUNCIL  
Steven C. Angle, *Mayor*

Bobby M. Cundiff	Bobby M. Moyer
Jerry W. Greer, Sr.	Robert W. Strickler
P. Ann Love	Gregory B. Walker

C. James Ervin, *Town Manager*

November 18, 2011

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, 2011.

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, 2011, 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, 2011, 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 3.5% for fiscal year 2011 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, with funding help from the Virginia Tobacco Commission, the Commonwealth Transportation Board, and Franklin County, has completed the nearly \$1,000,000 access road and utility line extensions into the expanded industrial park (the Cox property). The Town is working with the Virginia Tobacco Commission on extending rail lines within the property.

The \$2.1 million Uptown Revitalization project has improved the streetscape and redeveloped the uptown business district. Grants from the Department of Housing and Community Development (\$666,648) and the Department of Transportation (\$405,000) partially funded this project. The Town hopes to achieve the same success shown from the similar Downtown Improvement Project completed nine years ago. Construction began in the spring of 2010 with a substantial completion date of August 2011.

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 2011 and fiscal year 2012 have been scaled back. Lilly's Leisure, a 44-unit residential facility located just outside the Town limits on Diamond Avenue Extended, has planned to connect to the Town's water and sewer lines during the fiscal year 2012 construction.

The \$1.3 million project to extend Old Fort Road and water and sewer lines to serve a planned 249-home development known as The Oaks at Rakes Tavern was completed during fiscal year 2010. In the same area of the Town, Scuffling Hill Road was improved during fiscal year 2007 to eliminate flooding problems and enhance the nearby Veteran's Memorial Park. Work has begun in fiscal year 2011 on phase I of the Pigg River Heritage Trail which will connect Lynch Park with the Veteran's Memorial Park. The Town is working with state and federal agencies 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. Funds were set aside by Town Council in fiscal year 2008 to develop 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 for an outdoor amphitheater in the central business district to accommodate arts and cultural events.

**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 3 years to 5 years. The average yield on investments was 2.0% 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 2010 and 2011, 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. 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 10 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, 2010, in funding 71.62% 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.

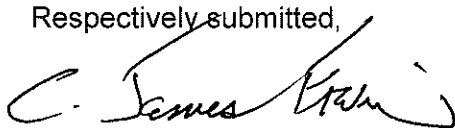
Additional information on the Town of Rocky Mount's pension arrangements and post-employment benefits can be found in Notes 8 and 11 in the notes to the financial statements.

### **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**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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, 2011, 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 financial statements of the Town of Rocky Mount, Virginia as of June 30, 2010, were audited by other auditors whose report dated November 3, 2010, expressed an unqualified opinion on those 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, 2011, 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.

As described in Note 1 to the financial statements, the Town of Rocky Mount, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 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 opinions on the financial statements that collectively comprise the Town of Rocky Mount, Virginia's financial statements as a whole. The introductory section, supporting schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supporting schedules and schedule of expenditures of federal awards 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 introductory and statistical sections have 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 them.

*Robinson, Farmer, Co. Associates*

Blacksburg, Virginia  
November 18, 2011

## 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, 2011. 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 \$31,884,146 (net assets). Of this amount, \$9,783,748 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$2,734,433. This increase is due to the purchase of two fire trucks totaling \$638,000, the installation of a Town-wide Opticom public safety signal system for \$221,000, and the \$1,713,000 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 \$11,217,440, an increase of \$99,789 in comparison with the prior year.

### 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 \$31,884,146 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$21,743,756 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	
	2011	2010	2011	2010*	2011	2010*
Current and other assets	\$ 12,113,588	\$ 11,928,478	\$ 623,439	\$ 822,167	\$ 12,737,027	\$ 12,750,645
Capital assets	15,164,254	12,821,417	14,404,455	14,513,400	29,568,709	27,334,817
Total assets	27,277,842	24,749,895	15,027,894	15,335,567	42,305,736	70,085,462
Long-term liabilities						
Outstanding	3,115,658	3,129,208	4,712,413	7,354,691	7,828,071	10,483,899
Other liabilities	919,619	683,355	1,673,900	215,255	2,593,519	898,610
Total liabilities	4,035,277	3,812,563	6,386,313	7,569,946	10,421,590	11,382,509
Net assets						
Invested in capital assets, net of related debt	12,308,493	9,938,639	9,791,905	7,601,301	22,100,398	17,539,940
Restricted	-	-	356,642	356,642	356,642	356,642
Unrestricted	10,934,072	10,998,693	(1,506,966)	(192,322)	9,427,106	10,806,371
Total net assets	\$ 23,242,565	\$ 20,937,332	\$ 8,641,581	\$ 7,765,621	\$ 31,884,146	\$ 28,702,953

\*Restated. See Note 16.

## Government-wide Financial Analysis (Continued)

*Unrestricted net assets* of \$9,783,748 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.

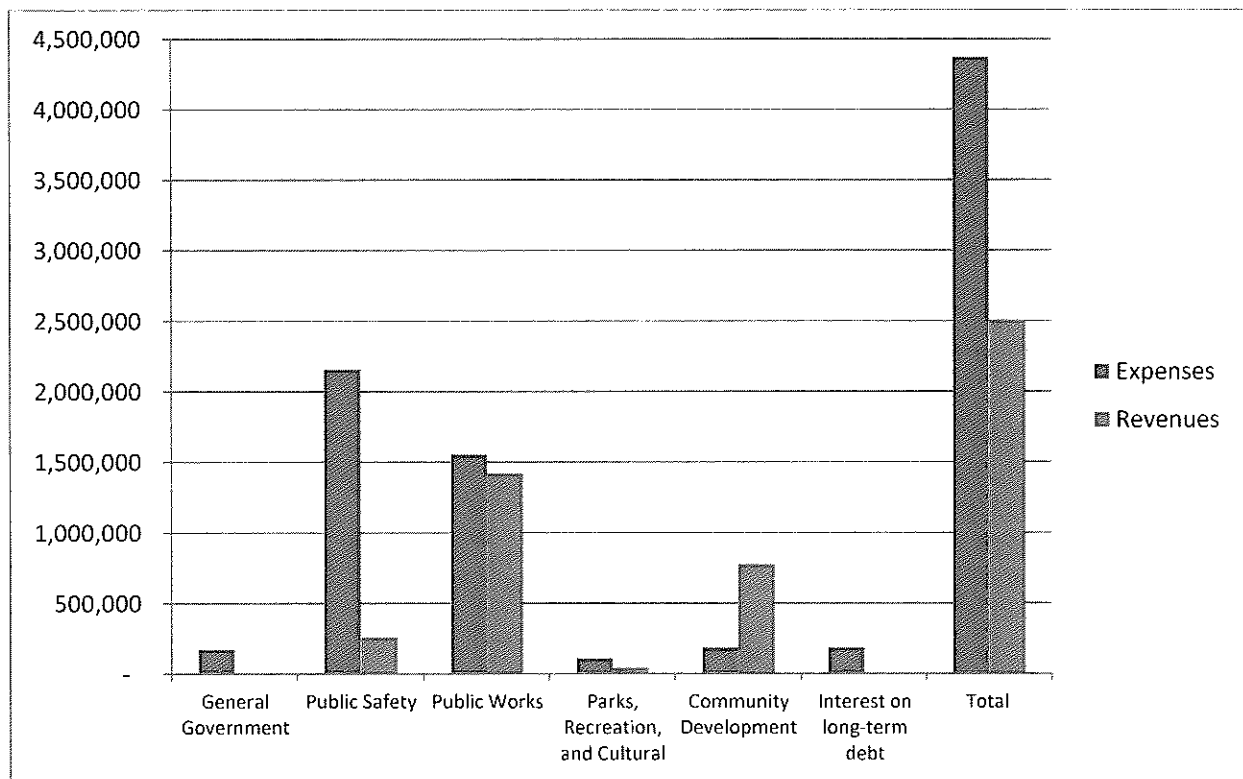
**Governmental activities** – Governmental activities increased the Town's net assets by \$2,414,303.

**Business-type activities** – Business-type activities increased the Town's net assets by \$320,130.

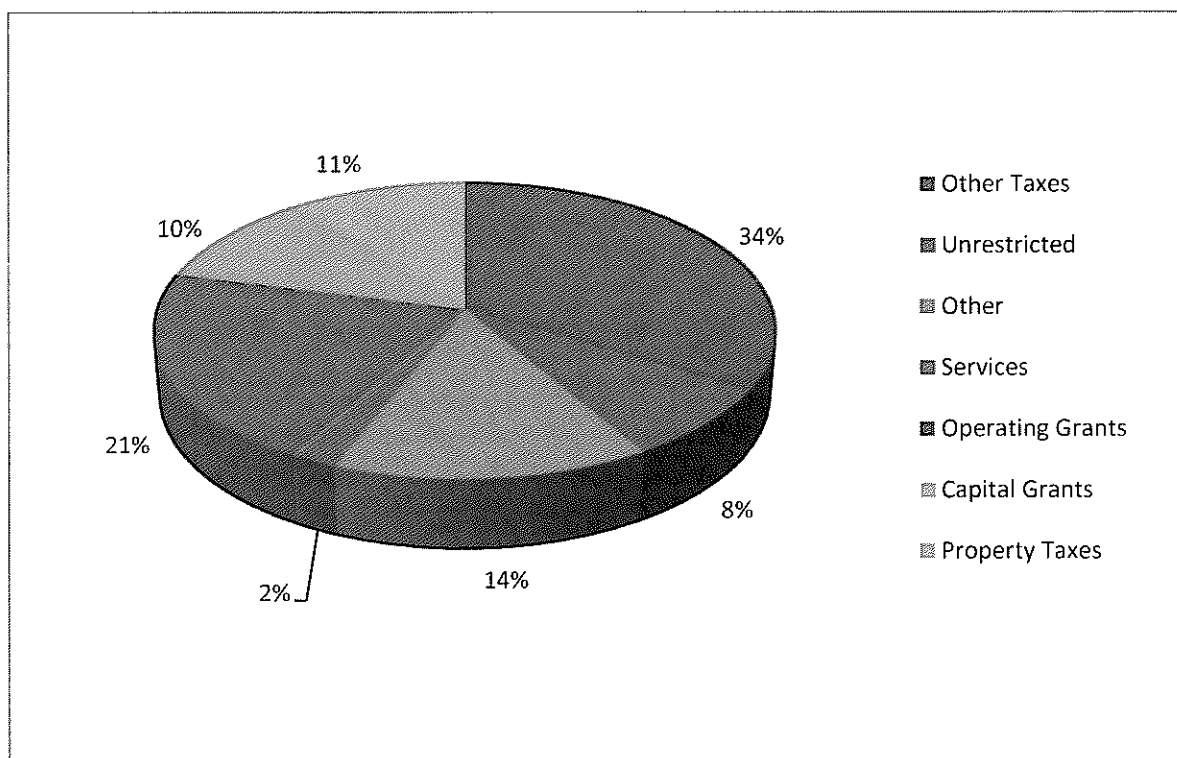
	The Town's Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	\$ 153,057	\$ 137,439	\$ 1,776,905	\$ 1,829,553	\$ 1,929,962	\$ 1,966,992
Operating grants and contributions	1,587,192	1,488,707	-	-	1,587,192	1,488,707
Capital grants and contributions	760,818	789,122	-	-	760,818	789,122
General revenues						
Property taxes	818,866	791,374	-	-	818,866	791,374
Other taxes	2,545,225	2,713,550	-	-	2,545,225	2,713,550
Intergovernmental revenue unrestricted	266,795	65,707	25,000	-	291,795	65,707
Investment earnings	320,196	221,229	-	-	320,196	221,229
Other	1,094,702	41,289	49,961	52,757	1,114,663	94,046
Total revenues	7,546,851	6,248,417	1,851,866	1,882,310	9,398,717	8,130,727
Expenses						
General government	174,544	798,988	-	-	174,544	798,988
Public safety	2,157,429	1,713,977	-	-	2,157,429	1,713,977
Public works	1,555,182	1,892,605	-	-	1,555,182	1,892,605
Parks, recreation, and cultural	112,286	43,798	-	-	112,286	43,798
Community development	186,118	303,876	-	-	186,118	303,876
Interest on long-term debt	185,382	135,526	-	-	185,382	135,526
Water and wastewater	-	-	2,293,343	2,304,052	2,293,343	2,304,052
Total expenses	4,370,941	4,888,770	2,293,343	2,304,052	6,664,284	7,192,822
Increase (decrease) in net assets before transfers	3,175,910	1,359,647	(441,477)	(421,742)	2,734,433	937,905
Transfers	(761,607)	(498,602)	761,607	498,602	-	-
Change in net assets	\$ 2,414,303	\$ 861,045	\$ 320,130	\$ 76,860	\$ 2,734,433	\$ 937,905

## Government-wide Financial Analysis (Continued)

### Expenses and Program Revenues – Governmental Activities



### Revenues by Source – Governmental Activities



## 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 \$11,217,440, an increase of \$99,789 in comparison with the prior year.

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 \$11,897,728. 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 182% of total general fund expenditures.

The fund balance of the Town's general fund increased by \$1,096,373 during the fiscal year. The key factors to this increase are an insurance recovery of \$447,775 for a fire truck, a FEMA grant of \$212,219 for a second fire truck, donations of \$275,000 from the public for a Town-wide Opticom public safety signal system, and a \$30,900 state grant for a greenway trail.

The fund balance of the Town's capital projects fund decreased by \$996,584 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 \$(1,506,966). The key factor in this decrease is the use of funds to retire a \$2,010,000 bond during the fiscal year. The total increase in net assets was \$320,130.

## General Fund Budgetary Highlights

There was an increase of \$218,238 between the original budget and the final amended budget for both revenues and expenditures. This was due to the receipt and related expenditure of \$212,219 for a fire truck from FEMA, \$125,000 for the Pigg River Heritage Trail from DCOR, and \$49,000 for two school resource officers from DCJS.

## 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, 2011, amounts to \$29,568,709 (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 18% increase for governmental activities and a 4% 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 \$1,713,000
- Opticom Public Safety Signal System \$221,000
- Pigg River Heritage Trail \$62,400
- Cox Property (Industrial Park) rail siding and grading \$49,000

The Town’s Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,621,168	\$ 2,612,333	\$ 189,454	\$ 189,454	\$ 2,810,622	\$ 2,801,787
Buildings and improvements	6,876,040	6,857,424	-	-	6,876,040	6,857,424
Public domain infrastructure	8,328,182	8,193,520	-	-	8,328,182	8,193,520
Distribution/transmission Systems	-	-	22,235,414	22,199,872	22,235,414	22,199,872
Water and wastewater plants	-	-	5,704,808	5,704,808	5,704,808	5,704,808
Machinery and equipment	4,246,390	3,279,382	662,131	637,733	4,908,521	3,917,115
Construction in progress	2,634,816	836,965	-	-	2,634,816	836,965
Accumulated depreciation	(9,542,342)	(8,958,207)	(14,387,352)	(13,662,637)	(23,929,694)	(22,620,844)
Total	\$ 15,164,254	\$ 12,821,417	\$ 14,404,455	\$ 15,069,230	\$ 29,568,709	\$ 27,890,647

**Long-term debt** – At the end of the current fiscal year, the Town had total debt outstanding of \$7,431,899. Of this amount, \$5,791,899 comprises debt backed by the full faith and credit of the government, and \$1,640,000 is related to notes payable.

The Town's Outstanding Debt						
General Obligation and Notes Payable						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation	\$ -	\$ -	\$ 3,576,899	\$ 6,211,736	\$ 3,576,899	\$ 6,211,736
Revenue bonds	1,196,100	1,220,400	1,018,900	1,039,600	2,215,000	2,260,000
Notes payable	1,640,000	1,641,948	-	-	1,640,000	1,641,948
	<u>\$ 2,836,100</u>	<u>\$ 2,997,113</u>	<u>\$ 4,595,799</u>	<u>\$ 7,251,336</u>	<u>\$ 7,431,899</u>	<u>\$10,113,684</u>

The Town's total debt decreased by \$2,681,785 (27%) during the fiscal year primarily from retiring a \$2,010,000 bond in the enterprise fund. Additional information on the Town's long-term debt can be found in Note 7 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, 2011 is 8.0%, which is a small decrease from the annual rate of 7.6% a year ago according to the Virginia Employment Commission. The state's average unemployment rate as of June 30, 2011 is 6.9% and the national average rate as of June 30, 2011 is 9.6%.
- 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 begun to increase after two years of declining usage stemmed from 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.

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## Basic Financial Statements

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Town of Rocky Mount, Virginia  
Statement of Net Assets  
June 30, 2011

	Primary Government			
			Totals	
	Governmental	Business-type	(For comparative purposes only)	
	Activities	Activities	2011	2010
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,845,620	\$ 127,787	\$ 2,973,407	\$ 3,219,582
Cash and cash equivalents, restricted	-	356,642	\$ 356,642	\$ 356,642
Investments	8,097,549	-	8,097,549	8,148,513
Receivables (net of allowance for uncollectibles):				
Taxes receivable	49,073	-	49,073	259,464
Accounts receivable	229,668	323,932	553,600	372,513
Internal balances	233,035	(233,035)	-	-
Due from other governmental units	647,496	1,593	649,089	347,333
Inventories	-	45,521	45,521	44,305
Prepaid expenses	11,147	999	12,146	2,293
Capital assets (net of accumulated depreciation):				
Land	2,621,168	189,454	2,810,622	2,801,787
Buildings and improvements	4,260,431	1,686,114	5,946,545	6,109,076
Machinery and equipment	1,838,534	176,310	2,014,844	1,231,786
Infrastructure	3,809,305	12,352,577	16,161,882	16,355,203
Construction in progress	2,634,816	-	2,634,816	836,965
Total assets	\$ 27,277,842	\$ 15,027,894	\$ 42,305,736	\$ 40,085,462
<b>LIABILITIES</b>				
Accounts payable	\$ 523,707	\$ 30,492	\$ 554,199	\$ 656,688
Reconciled overdraft	251,092	1,554,177	1,805,269	-
Accrued liabilities	88,768	25,848	114,616	113,859
Customers' deposits	-	27,000	27,000	27,475
Accrued interest payable	56,052	36,383	92,435	100,588
Long-term liabilities:				
Due within one year	230,058	681,963	912,021	858,172
Due in more than one year	2,885,600	4,030,450	6,916,050	9,625,727
Total liabilities	\$ 4,035,277	\$ 6,386,313	\$ 10,421,590	\$ 11,382,509
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 12,308,493	\$ 9,791,905	\$ 22,100,398	\$ 17,539,940
Restricted for:				
Debt service	-	356,642	356,642	356,642
Unrestricted	10,934,072	(1,506,966)	9,427,106	10,806,371
Total net assets	\$ 23,242,565	\$ 8,641,581	\$ 31,884,146	\$ 28,702,953

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, 2011

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		(For comparative purposes only)	
					Governmental Activities	Business-type Activities	2011	2010
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 174,544	\$ -	\$ -	\$ -	\$ (174,544)	\$ -	\$ (174,544)	\$ (798,988)
Public safety	2,157,429	38,121	221,678	-	(1,897,630)	-	(1,897,630)	(1,447,608)
Public works	1,555,182	91,463	1,329,621	-	(134,098)	-	(134,098)	20,062
Parks, recreation, and cultural	112,286	8,685	35,893	-	(67,708)	-	(67,708)	(43,298)
Community development	186,118	14,788	-	760,818	589,488	-	589,488	(68,144)
Interest on long-term debt	185,382	-	-	-	(185,382)	-	(185,382)	(135,526)
Total governmental activities	\$ 4,370,941	\$ 153,057	\$ 1,587,192	\$ 760,818	\$ (1,869,874)	\$ -	\$ (1,869,874)	\$ (2,473,502)
<b>Business-type activities:</b>								
Water and wastewater	\$ 2,293,343	\$ 1,776,905	\$ -	\$ -	\$ -	\$ (516,438)	\$ (516,438)	\$ (474,499)
Total primary government	\$ 6,664,284	\$ 1,929,962	\$ 1,587,192	\$ 760,818	\$ (1,869,874)	\$ (516,438)	\$ (2,386,312)	\$ (2,948,001)
<b>General revenues:</b>								
General property taxes					\$ 818,866	\$ -	\$ 818,866	\$ 791,374
Other local taxes:								
Bank stock taxes					215,996	-	215,996	207,793
Business license taxes					566,498	-	566,498	563,079
Consumers' utility taxes					330,044	-	330,044	526,582
Local sales and use taxes					162,650	-	162,650	184,303
Lodging taxes					89,232	-	89,232	84,890
Motor vehicle licenses					86,873	-	86,873	89,619
Meals taxes					1,093,932	-	1,093,932	1,057,284
Unrestricted revenues from the use of money and property					320,196	-	320,196	221,229
Miscellaneous					646,927	49,961	696,888	94,046
Grants and contributions not restricted to specific programs					266,795	25,000	291,795	65,707
Insurance recovery					447,775	-	447,775	-
Transfers					(761,607)	761,607	-	-
Total general revenues					\$ 4,284,177	\$ 836,568	\$ 5,120,745	\$ 3,885,906
Change in net assets					\$ 2,414,303	\$ 320,130	\$ 2,734,433	\$ 937,905
Net assets - beginning, as restated					20,828,262	8,321,451	29,149,713	27,765,048
Net assets - ending					\$ 23,242,565	\$ 8,641,581	\$ 31,884,146	\$ 28,702,953

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

Town of Rocky Mount, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Totals			
	Governmental Funds			
	(For Comparative Purposes Only)			
	<u>General</u>	<u>Capital Projects</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,751,017	\$ 94,603	\$ 2,845,620	\$ 2,890,454
Cash held for others	1,740	-	1,740	1,571
Investments	8,097,549	-	8,097,549	8,148,513
Receivables (net of allowance for uncollectibles):				
Taxes receivable	49,073	-	49,073	42,478
Accounts receivable	229,668	-	229,668	262,801
Due from other funds	861,425	-	861,425	861,425
Due from other governmental units	277,381	370,115	647,496	347,333
Prepaid items	11,147	-	11,147	2,293
Total assets	<u>\$ 12,279,000</u>	<u>\$ 464,718</u>	<u>\$ 12,743,718</u>	<u>\$ 12,556,868</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 258,183	\$ 265,524	\$ 523,707	\$ 555,505
Reconciled overdraft	-	251,092	251,092	-
Amounts due to others	1,740	-	1,740	1,571
Accrued payroll and related liabilities	88,768	-	88,768	89,243
Due to other funds	-	628,390	628,390	628,390
Deferred revenue	32,581	-	32,581	55,438
Total liabilities	<u>\$ 381,272</u>	<u>\$ 1,145,006</u>	<u>\$ 1,526,278</u>	<u>\$ 1,330,147</u>
Fund balances:				
Unassigned, reported in:				
General fund	\$ 11,897,728	\$ -	\$ 11,897,728	\$ 11,226,721
Capital projects funds	-	(680,288)	(680,288)	-
Total fund balances	<u>\$ 11,897,728</u>	<u>\$ (680,288)</u>	<u>\$ 11,217,440</u>	<u>\$ 11,226,721</u>
Total liabilities and fund balances	<u>\$ 12,279,000</u>	<u>\$ 464,718</u>	<u>\$ 12,743,718</u>	<u>\$ 12,556,868</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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 11,217,440
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,164,254
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	32,581
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,171,710)
Net assets of governmental activities	<u>\$ 23,242,565</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, 2011

	Totals			
	Governmental Funds			
	(For Comparative Purposes Only)			
	General	Capital Projects	2011	2010
<b>REVENUES</b>				
General property taxes	\$ 841,723	\$ -	\$ 841,723	\$ 805,202
Other local taxes	2,545,225	-	2,545,225	2,702,260
Permits, privilege fees, and regulatory licenses	14,788	-	14,788	13,387
Fines and forfeitures	32,263	-	32,263	28,709
Revenue from the use of money and property	319,921	275	320,196	221,229
Charges for services	106,006	-	106,006	95,343
Miscellaneous	336,541	60,386	396,927	41,289
Recovered costs	13,868	-	13,868	-
Intergovernmental revenues:				
Commonwealth	1,634,779	390,703	2,025,482	2,343,536
Federal	219,208	370,115	589,323	-
Total revenues	\$ 6,064,322	\$ 821,479	\$ 6,885,801	\$ 6,250,955
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 581,529	\$ -	\$ 581,529	675,930
Public safety	2,239,784	-	2,239,784	1,468,653
Public works	1,308,836	-	1,308,836	2,193,364
Parks, recreation, and cultural	107,660	-	107,660	75,782
Community development	271,900	-	271,900	263,795
Nondepartmental	201,300	-	201,300	132,627
Capital outlay	-	1,817,788	1,817,788	1,066,717
Debt service:				
Principal retirement	1,666,248	-	1,666,248	134,765
Interest and other fiscal charges	167,135	-	167,135	137,595
Total expenditures	\$ 6,544,392	\$ 1,817,788	\$ 8,362,180	\$ 6,149,228
Excess (deficiency) of revenues over (under) expenditures	\$ (480,070)	\$ (996,309)	\$ (1,476,379)	\$ 101,727
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	557
Transfers out	(761,332)	(275)	(761,607)	(499,159)
Proceeds of general obligation bonds	1,640,000	-	1,640,000	-
Insurance recovery	447,775	-	447,775	-
Other	250,000	-	250,000	-
Total other financing sources (uses)	\$ 1,576,443	\$ (275)	\$ 1,576,168	\$ (498,602)
Net change in fund balances	\$ 1,096,373	\$ (996,584)	\$ 99,789	\$ (396,875)
Fund balances - beginning	10,801,355	316,296	11,117,651	11,623,596
Fund balances - ending	\$ 11,897,728	\$ (680,288)	\$ 11,217,440	\$ 11,226,721

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, 2011

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

Net change in fund balances - total governmental funds	\$ 99,789
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.	2,342,837
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(22,857)
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.	(32,369)
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.	26,903
Change in net assets of governmental activities	<u>\$ 2,414,303</u>

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, 2011

	Water and Wastewater Fund	
	(For comparative purposes only)	
	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 100,787	\$ 300,082
Accounts receivable	323,932	326,698
Due from other funds	628,390	628,390
Due from other governmental units	1,593	-
Inventories	45,521	44,305
Prepaid expenses	999	-
Total current assets	<u>\$ 1,101,222</u>	<u>\$ 1,299,475</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	\$ 356,642	\$ 356,642
Customer deposits - cash and cash equivalents	27,000	27,475
Total restricted assets	<u>\$ 383,642</u>	<u>\$ 384,117</u>
Other assets:		
Unamortized bond issue costs		
Capital assets, net of accumulated depreciation:		
Land	\$ 189,454	\$ 189,454
Distribution systems	12,352,577	12,472,550
Machinery and equipment	176,310	185,436
Water and wastewater plants	1,686,114	1,665,960
Total capital assets	<u>\$ 14,404,455</u>	<u>\$ 14,513,400</u>
Total noncurrent assets	<u>\$ 14,788,097</u>	<u>\$ 14,897,517</u>
Total assets	<u>\$ 15,889,319</u>	<u>\$ 16,196,992</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 30,492	\$ 99,612
Accrued payroll and related liabilities	25,848	24,616
Reconciled overdraft	1,554,177	-
Customer deposits	27,000	27,475
Accrued interest payable	36,383	63,552
Due to other funds	861,425	861,425
Compensated absences - current portion	15,933	23,487
Bonds payable - current portion	666,030	686,941
Total current liabilities	<u>\$ 3,217,288</u>	<u>\$ 1,787,108</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 47,797	\$ 49,713
Bonds payable - net of current portion	3,946,520	6,581,800
Net OPEB liability	36,133	12,750
Total noncurrent liabilities	<u>\$ 4,030,450</u>	<u>\$ 6,644,263</u>
Total liabilities	<u>\$ 7,247,738</u>	<u>\$ 8,431,371</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 9,791,905	\$ 7,244,659
Restricted for debt service	356,642	356,642
Unrestricted	(1,506,966)	164,320
Total net assets	<u>\$ 8,641,581</u>	<u>\$ 7,765,621</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, 2011

	Water and Wastewater Fund	
		(For comparative purposes only)
	2011	2010
<b>OPERATING REVENUES</b>		
Charges for services:		
Water service charges and fees	\$ 1,091,404	\$ 1,119,055
Sewer service charges and fees	663,078	673,876
Water/sewer penalties	22,423	21,092
Metered water from County	-	15,530
Other revenues	49,961	52,757
Total operating revenues	<u>\$ 1,826,866</u>	<u>\$ 1,882,310</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 515,228	\$ 548,465
Fringe benefits	283,610	240,872
Maintenance	22,098	23,139
Utilities and insurance	174,866	210,227
Materials and supplies	98,577	99,794
Contractual Services	90,558	113,342
Other	110,922	91,582
Depreciation	724,715	667,298
Total operating expenses	<u>\$ 2,020,574</u>	<u>\$ 1,994,719</u>
Operating income (loss)	<u>\$ (193,708)</u>	<u>\$ (112,409)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental revenue	\$ 25,000	\$ -
Interest and fiscal charges	(272,769)	(309,333)
Total nonoperating revenues (expenses)	<u>\$ (247,769)</u>	<u>\$ (309,333)</u>
Income before contributions and transfers	\$ (441,477)	\$ (421,742)
Transfers in	\$ 761,607	\$ 498,602
Change in net assets	<u>\$ 320,130</u>	<u>\$ 76,860</u>
Total net assets - beginning, as restated	8,321,451	7,688,761
Total net assets - ending	<u>\$ 8,641,581</u>	<u>\$ 7,765,621</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, 2011

	<u>Water and Wastewater Fund</u>	
	(For comparative purposes only)	
	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 1,829,157	\$ 1,886,417
Payments to suppliers	(568,356)	(492,305)
Payments to employees	(783,693)	(789,205)
Net cash provided (used) by operating activities	<u>\$ 477,108</u>	<u>\$ 604,907</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ 761,607	\$ 498,602
Intergovernmental funds	23,407	-
Advances from (to) other funds	-	(628,390)
Net cash provided (used) by noncapital financing activities	<u>\$ 785,014</u>	<u>\$ (129,788)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset additions	\$ (59,940)	\$ (556,730)
Principal payments on bonds	(2,656,191)	(678,407)
Interest payments	(299,938)	(312,016)
Net cash provided (used) by capital and related financing activities	<u>\$ (3,016,069)</u>	<u>\$ (1,547,153)</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,753,947)	\$ (1,072,034)
Cash and cash equivalents - beginning	684,199	1,756,233
Cash and cash equivalents - ending	<u>\$ (1,069,748)</u>	<u>\$ 684,199</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ (193,708)</u>	<u>\$ (112,409)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$ 724,715	\$ 667,298
(Increase) decrease in accounts receivable	2,766	1,682
(Increase) decrease in inventories	(1,216)	(8,335)
(Increase) decrease in prepaid expenses	(999)	-
Increase (decrease) in customer deposits	(475)	2,425
Increase (decrease) in accounts payable	(69,120)	54,114
Increase (decrease) in accrued payroll and related liabilities	1,232	8,842
Increase (decrease) in OPEB liability	23,383	-
Increase (decrease) accrued leave	(9,470)	(8,710)
Total adjustments	<u>\$ 670,816</u>	<u>\$ 717,316</u>
Net cash provided (used) by operating activities	<u>\$ 477,108</u>	<u>\$ 604,907</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, 2011

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to 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. 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 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*.

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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

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 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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

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.

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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

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 \$13,745 for property taxes at June 30, 2011. 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.

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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

8. Capital Assets (continued)

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

Assets	Years
Buildings	40
Building 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.

10. Long-term Obligations

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

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

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:

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

11. Fund Equity (continued)

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.

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, 2010 has been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**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 \$(3,171,710) difference for the primary government are as follows:

	Primary Government
Bonds and notes payable	\$ (2,855,761)
Accrued interest payable	(56,052)
Net OPEB liability	(96,867)
Compensated absences	(163,030)
	<hr/>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ (3,171,710)

- 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 \$2,342,837 difference for the primary government are as follows:

	Primary Government
Capital outlays	\$ 2,926,972
Depreciation expense	(584,135)
	<hr/>
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>	\$ 2,342,837

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**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 do not provide current financial resources are not reported as revenues in the funds." The details of this \$(22,857) difference for the primary government are as follows:

	<u>Primary Government</u>
Increase (Decrease) in Deferred Property Taxes	<u>\$ (22,857)</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>\$ (22,857)</u>

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 \$(32,369) difference in the primary government are as follows:

	<u>Primary Government</u>
Debt Issued or incurred:	
Proceeds from note issuance	\$ (1,640,000)
Increase in OPEB liability	\$ (58,617)
Principal repayments:	
Notes	<u>1,666,248</u>
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>	<u>\$ (32,369)</u>

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# TOWN OF ROCKY MOUNT, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

### 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 \$26,903 difference for the primary government are as follows:

	Primary Government
(Increase) Decrease in Compensated absences	\$ 45,150
(Increase) Decrease in Accrued interest	(19,016)
(Increase) Decrease in Bond premium	2,075
(Increase) Decrease in Bond issuance costs	(1,306)
	<hr/>
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>	\$ 26,903
	<hr/>

### 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.
7. Appropriations lapse on June 30 for all Town units.
8. All budget data presented is the final revised budget.
9. No functions overspent budgeted amounts during fiscal year 2011.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

B. Deficit fund equity

At June 30, 2011, the Capital Projects Fund had deficit fund equity of \$(680,288).

**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.

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.

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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 4-Deposits and Investments: (Continued)**

Credit Risk of Debt Securities (Continued)

As of June 30, 2011, issuers that equal or exceed 5% of the total portfolio are as follows:

	<u>% of Portfolio</u>
Federal Home Loan Banks	51%
Federal home Loan Mortgage Corporation	12%
Federal National Mortgage Association	12%
LGIP	22%

The Town's rated debt investments as of June 30, 2011 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	Aa	A
Certificates of Deposit	\$ -	\$ -	\$ 225,612
Federal Home Loan Banks	4,161,263	-	-
Federal Home Loan Mortgage Corporation	970,125	-	-
Federal National Mortgage Association	981,711	-	-
LGIP	1,758,838	-	-
	<u>\$ 7,871,937</u>	<u>\$ -</u>	<u>\$ 225,612</u>

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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	\$ 225,612	\$ -	\$ 225,612	None
Federal Home Loan Banks	504,490	-	504,490	None
Federal Home Loan Banks	505,205	-	505,205	9/24/2012
Federal Home Loan Banks	500,465	-	500,465	7/29/2011
Federal Home Loan Banks	460,101	-	460,101	7/7/2011
Federal Home Loan Banks	500,860	-	500,860	9/13/2011
Federal Home Loan Banks	189,283	-	189,283	10/14/2011
Federal Home Loan Banks	503,780	-	503,780	5/18/2012
Federal Home Loan Banks	501,125	-	501,125	5/25/2012
Federal Home Loan Banks	495,954	-	495,954	9/30/2011
Federal Home Loan Mortgage Corporation	742,643	-	742,643	12/22/2011
Federal Home Loan Mortgage Corporation	227,482	-	227,482	6/29/2012
Federal National Mortgage Association	225,576	-	225,576	None
Federal National Mortgage Association	507,875	-	507,875	None
Federal National Mortgage Association	248,260	-	248,260	None
LGIP	1,758,838	1,758,838	-	None
Total	\$ 8,097,549	\$ 1,758,838	\$ 6,338,711	

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, 2011

**Note 5-Due from Other Governmental Units:**

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

	General Fund	Capital Projects Fund	Water and Wastewater Fund	Total
Local Governments:				
Franklin County	\$ 8,340	\$ -	\$ -	\$ 8,340
Commonwealth of Virginia:				
Non-categorical aid	17,182	-	-	17,182
Categorical aid	39,640	-	1,593	41,233
Federal Government:				
Categorical aid	212,219	370,115	-	582,334
Total	<u>277,381</u>	<u>370,115</u>	<u>1,593</u>	<u>649,089</u>

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

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ (761,332)
Capital Projects Fund	-	(275)
Water and Wastewater Fund	761,607	-
Total	<u>\$ 761,607</u>	<u>\$ (761,607)</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, 2011 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, 2011

**Note 7-Capital Assets:**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,612,333	\$ 8,835	\$ -	\$ 2,621,168
Construction in progress	836,965	1,797,851	-	2,634,816
Total capital assets not being depreciated	<u>\$ 3,449,298</u>	<u>\$ 1,806,686</u>	<u>\$ -</u>	<u>\$ 5,255,984</u>
Capital assets, being depreciated:				
Public Domain Infrastructure	\$ 8,193,520	\$ 134,662	\$ -	\$ 8,328,182
Buildings and improvements	6,857,424	18,616	-	6,876,040
Machinery and equipment	3,279,382	967,008	-	4,246,390
Total capital assets being depreciated	<u>\$ 18,330,326</u>	<u>\$ 1,120,286</u>	<u>\$ -</u>	<u>\$ 19,450,612</u>
Less: accumulated depreciation for:				
Public Domain Infrastructure	\$ (4,310,867)	\$ (208,010)	\$ -	\$ (4,518,877)
Buildings and improvements	(2,414,308)	(201,301)	-	(2,615,609)
Machinery and equipment	(2,233,032)	(174,824)	-	(2,407,856)
Total accumulated depreciation	<u>\$ (8,958,207)</u>	<u>\$ (584,135)</u>	<u>\$ -</u>	<u>\$ (9,542,342)</u>
Total capital assets being depreciated, net	<u>\$ 9,372,119</u>	<u>\$ 536,151</u>	<u>\$ -</u>	<u>\$ 9,908,270</u>
Governmental activities capital assets, net	<u>\$ 12,821,417</u>	<u>\$ 2,342,837</u>	<u>\$ -</u>	<u>\$ 15,164,254</u>

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 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	<u>\$ 189,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,454</u>
Capital assets being depreciated:				
Distributions/transmission systems	\$ 22,199,872	\$ 35,542	\$ -	\$ 22,235,414
Water and wastewater plants	5,704,808	-	-	5,704,808
Machinery and equipment	637,733	24,398	-	662,131
Total capital assets being depreciated	<u>\$ 28,542,413</u>	<u>\$ 59,940</u>	<u>\$ -</u>	<u>\$ 28,602,353</u>
Less: accumulated depreciation:				
Distributions/transmission systems	\$ (9,333,947)	\$ (548,890)	\$ -	\$ (9,882,837)
Water and wastewater plants	(3,876,393)	(142,301)	-	(4,018,694)
Machinery and equipment	(452,297)	(33,524)	-	(485,821)
Total accumulated depreciation	<u>\$ (13,662,637)</u>	<u>\$ (724,715)</u>	<u>\$ -</u>	<u>\$ (14,387,352)</u>
Total capital assets being depreciated, net	<u>\$ 14,879,776</u>	<u>\$ (664,775)</u>	<u>\$ -</u>	<u>\$ 14,215,001</u>
Business Type Activities capital assets, net	<u>\$ 15,069,230</u>	<u>\$ (664,775)</u>	<u>\$ -</u>	<u>\$ 14,404,455</u>

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

Governmental activities:

General government administration	\$ 92,263
Public safety	189,884
Public works	268,600
Parks, recreation, and culture	4,626
Community development	28,762

Total depreciation expense-governmental activities	<u>\$ 584,135</u>
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Business-type activities:

Water	\$ 295,096
Wastewater	429,619
Total depreciation expense-business type activities	<u>\$ 724,715</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**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, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Revenue Bonds	\$ 1,220,400	\$ -	\$ (24,300)	\$ 1,196,100
Notes Payable	1,641,948	1,640,000	(1,641,948)	1,640,000
Compensated absences	208,180	19,794	(64,944)	163,030
Net OPEB liability	38,250	64,444	(5,827)	96,867
Adjust for deferred amounts:				
Issuance premium	55,148	-	(2,075)	53,073
Issuance cost	(34,718)	-	1,306	(33,412)
 Total	 \$ 3,129,208	 \$ 1,724,238	 \$ (1,737,788)	 \$ 3,115,658

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
2012	\$ 24,300	\$ 58,421	\$ 165,000	\$ 68,780
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
2017-2021	162,000	251,006	815,000	107,649
2022-2026	210,600	205,335	-	-
2027-2031	270,000	147,150	-	-
2032-2036	342,900	72,765	-	-
2037	78,300	3,915	-	-
 Totals	 \$ 1,196,100	 \$ 962,186	 \$ 1,640,000	 \$ 367,815

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 8-Long-Term Debt: (Continued)**

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
<b>Revenue Bonds:</b>						
Virginia Municipal League	4.57%	02/07	02/37	\$ 2,380,000	\$ 1,196,100	\$ 24,300
Less deferred costs	n/a	n/a	n/a	n/a	(33,412)	-
Add bond premium	n/a	n/a	n/a	n/a	53,073	-
Total Revenue Bonds					<u>\$ 1,215,761</u>	<u>\$ 24,300</u>
<b>Notes Payable:</b>						
Emergency Services Building	3.70%	12/10	12/21	\$ 1,640,000	<u>\$ 1,640,000</u>	<u>\$ 165,000</u>
<b>Other Long-Term Obligations:</b>						
Net OPEB liability	n/a	n/a	n/a	n/a	\$ 96,867	\$ -
Compensated absences	n/a	n/a	n/a	n/a	163,030	40,758
Total Other Obligations					<u>\$ 259,897</u>	<u>\$ 40,758</u>
Total Long-term Obligations					<u>\$ 3,115,658</u>	<u>\$ 230,058</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, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Revenue bonds	\$ 1,039,600	\$ -	\$ (20,700)	\$ 1,018,900
General obligation bonds	6,211,736	-	(2,634,837)	3,576,899
Compensated absences	73,200	14,017	(23,487)	63,730
Net OPEB liability	12,750	25,556	(2,173)	36,133
Adjust for deferred amounts:				
Issuance premium	46,978	-	(1,767)	45,211
Issuance cost	(29,573)	-	1,113	(28,460)
Total	<u>\$ 7,354,691</u>	<u>\$ 39,573</u>	<u>\$ (2,681,851)</u>	<u>\$ 4,712,413</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 8-Long-Term Liabilities: (continued)**

Primary Government-Enterprise Activity 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	
	Principal	Interest	Principal	Interest
2012	\$ 20,700	\$ 49,766	\$ 645,330	\$ 125,570
2013	20,700	48,938	666,508	104,393
2014	23,000	48,059	431,254	82,508
2015	23,000	47,196	185,103	71,520
2016	25,300	43,862	192,581	64,041
2017-2021	138,000	213,820	1,086,089	197,021
2022-2026	179,400	174,915	370,034	14,901
2027-2031	230,000	125,350	-	-
2032-2036	292,100	61,985	-	-
2037	66,700	3,335	-	-
Totals	\$ 1,018,900	\$ 817,226	\$ 3,576,899	\$ 659,954

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
<b>Revenue Bonds:</b>						
Virginia Municipal League	4.57%	02/07	02/37	\$ 2,380,000	\$ 1,018,900	\$ 20,700
Less deferred costs	n/a	n/a	n/a	n/a	(28,460)	-
Add bond premium	n/a	n/a	n/a	n/a	45,211	-
Total Revenue Bonds					\$ 1,035,651	\$ 20,700
<b>General Obligation Bonds:</b>						
Virginia Resource Authority	3.00%	06/92	01/14	\$ 7,931,455	\$ 1,229,804	\$ 480,964
Virginia Resource Authority	4.00%	07/01	11/23	3,451,906	2,347,095	164,366
Total General Obligation Bonds					\$ 3,576,899	\$ 645,330
<b>Other Long-Term Obligations:</b>						
Net OPEB liability	n/a	n/a	n/a	n/a	\$ 36,133	\$ -
Compensated absences	n/a	n/a	n/a	n/a	63,730	15,933
Total Other Obligations					\$ 99,863	\$ 15,933
Total Long-term Obligations					\$ 4,712,413	\$ 681,963

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**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 age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five 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 5 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 the 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.

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 VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

# TOWN OF ROCKY MOUNT, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011

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

#### 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 2011 was 17.75% of annual covered payroll. The Town's contribution rate includes the employee's share of 5% paid by the employer.

#### C. Annual Pension Cost

For fiscal year 2011, the Town of Rocky Mount's annual pension cost of \$353,217 was equal to the Town of Rocky Mount's required and actual contributions.

#### Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:	6/30/2011	\$ 353,217	100.00%	-
	6/30/2010	\$ 354,256	100.00%	-
	6/30/2009	361,882	100.00%	-

The FY 2011 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% 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.

#### D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 71.62% funded. The actuarial accrued liability for benefits was \$8,803,126, and the actuarial value of assets was \$6,304,482, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,498,644. The covered payroll (annual payroll of active employees covered by the plan) was \$2,081,530, and the ratio of the UAAL to the covered payroll was 120.04%.

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

**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.

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	\$ 90,000
Interest on net OPEB obligation	2,000
Adjustment to annual required contribution	<u>(2,000)</u>
Annual OPEB cost (expense)	\$ 90,000
Contributions made	<u>(8,000)</u>
Increase in net OPEB obligation	\$ 82,000
Net OPEB obligation - beginning of year	51,000
Net OPEB obligation - end of year	<u><u>\$ 133,000</u></u>

# TOWN OF ROCKY MOUNT, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011

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

#### Annual OPEB Cost and Net OPEB Obligation (continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended*</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 60,000	15%	\$ 51,000
6/30/2011	90,000	9%	133,000

\*Note: Information only available for two years

### 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, 2011

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**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 \$32,581 is comprised of the following:

Property Taxes - Property tax revenue representing uncollected tax billings not available for funding current expenditures totaled \$32,581.

**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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**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.

**Litigation**

The Town was served with a lawsuit for wrongful death resulting from negligence and nuisance arising out of a drowning accident in connection with the Town's water plant. The Town was served with a lawsuit seeking \$5,000,000 in monetary damages and \$350,000 in punitive damages. The town is covered by VML Insurance Programs, and the liability is not anticipated to exceed the insurance policy's coverage.

The Town was served with a lawsuit for property damage and personal injury resulting from negligence arising out of a sewer backup into the plaintiff's home. The plaintiff is seeking \$500,000 in monetary damages. The Town is covered by VML Insurance Programs who is defending the claim. The Town's liability is not anticipated to exceed the insurance policy's coverage.

**Note 16-Restatement of Beginning Balances:**

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

	<b>Capital Improvements</b>	
	<b>Fund</b>	
<b>Restatement of beginning fund balance:</b>		
Fund balance, as previously reported	\$	425,366
Adjustment to due from other governments		(109,070)
Beginning Fund balance, as restated	\$	316,296
	<b>Governmental</b>	<b>Business-type Activities</b>
	<b>Activities</b>	
<b>Restatement of beginning net assets:</b>		
Net assets, as previously reported	\$ 20,937,332	\$ 7,765,621
Restatement from above	(109,070)	-
Adjustment to accumulated depreciation	-	555,830
Net assets, as restated	\$ 20,828,262	\$ 8,321,451



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## Required Supplementary Information

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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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 763,985	\$ 763,985	\$ 841,723	\$ 77,738
Other local taxes	2,277,944	2,277,944	2,545,225	267,281
Permits, privilege fees, and regulatory licenses	11,700	11,700	14,788	3,088
Fines and forfeitures	19,650	19,650	32,263	12,613
Revenue from the use of money and property	193,029	193,029	319,921	126,892
Charges for services	92,390	92,390	106,006	13,616
Miscellaneous	18,140	18,140	336,541	318,401
Recovered costs	-	9,500	13,868	4,368
Intergovernmental revenues:				
Commonwealth	1,522,374	1,701,948	1,634,779	(67,169)
Federal	-	223,250	219,208	(4,042)
Total revenues	\$ 4,899,212	\$ 5,311,536	\$ 6,064,322	\$ 752,786
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 596,540	\$ 596,540	\$ 581,529	\$ 15,011
Public safety	1,610,101	2,302,001	2,239,784	62,217
Public works	1,356,567	1,401,567	1,308,836	92,731
Parks, recreation, and cultural	98,323	224,823	107,660	117,163
Community development	357,582	357,582	271,900	85,682
Nondepartmental	193,473	227,973	201,300	26,673
Debt service:				
Principal retirement	1,666,248	1,666,248	1,666,248	-
Interest and other fiscal charges	131,904	131,904	167,135	(35,231)
Total expenditures	\$ 6,010,738	\$ 6,908,638	\$ 6,544,392	\$ 364,246
Excess (deficiency) of revenues over (under) expenditures	\$ (1,111,526)	\$ (1,597,102)	\$ (480,070)	\$ 1,117,032
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (580,895)	\$ (761,332)	\$ (761,332)	\$ -
Proceeds of bond issuances	-	-	1,640,000	1,640,000
Insurance recovery	-	447,775	447,775	-
Other	-	-	250,000	250,000
Total other financing sources and uses	\$ (580,895)	\$ (313,557)	\$ 1,576,443	\$ 1,890,000
Net change in fund balances	\$ (1,692,421)	\$ (1,910,659)	\$ 1,096,373	\$ 3,007,032
Fund balances - beginning	1,692,421	1,910,659	10,801,355	8,890,696
Fund balances - ending	\$ -	\$ -	\$ 11,897,728	\$ 11,897,728

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

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 275	\$ 275
Miscellaneous	8,800	8,800	60,386	51,586
Intergovernmental revenues:				
Commonwealth	244,766	244,766	390,703	145,937
Federal	74,924	74,924	370,115	295,191
Total revenues	<u>\$ 328,490</u>	<u>\$ 328,490</u>	<u>\$ 821,479</u>	<u>\$ 492,989</u>
<b>EXPENDITURES</b>				
Capital Outlay	\$ 1,893,049	\$ 1,893,049	\$ 1,817,788	\$ (75,261)
Total expenditures	<u>\$ 1,893,049</u>	<u>\$ 1,893,049</u>	<u>\$ 1,817,788</u>	<u>\$ (75,261)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,564,559)</u>	<u>\$ (1,564,559)</u>	<u>\$ (996,309)</u>	<u>\$ 568,250</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(275)	(275)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (275)</u>	<u>\$ (275)</u>
Net change in fund balances	\$ (1,564,559)	\$ (1,564,559)	\$ (996,584)	\$ 567,975
Fund balances - beginning	1,564,559	1,564,559	316,296	(1,248,263)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (680,288)</u>	<u>\$ (680,288)</u>

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, 2011

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, 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%
June 30, 2008	6,225,925	7,544,344	1,318,419	82.52%	2,095,521	62.92%

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%

## **SUPPORTING SCHEDULES**

Town of Rocky Mount, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 541,983	\$ 541,983	\$ 565,314	\$ 23,331
Public service corporation taxes	26,562	26,562	26,467	(95)
Personal Property Tax	101,682	101,682	140,555	38,873
Machinery and tools tax	92,258	92,258	103,451	11,193
Penalties	1,000	1,000	4,223	3,223
Interest	500	500	1,713	1,213
Total general property taxes	<u>\$ 763,985</u>	<u>\$ 763,985</u>	<u>\$ 841,723</u>	<u>\$ 77,738</u>
Other local taxes:				
Local sales and use taxes	\$ 141,960	\$ 141,960	\$ 162,650	\$ 20,690
Consumers' utility taxes	294,000	294,000	330,044	36,044
Business license taxes	460,724	460,724	566,498	105,774
Motor vehicle licenses	93,345	93,345	86,873	(6,472)
Bank stock taxes	185,115	185,115	215,996	30,881
Lodging taxes	84,700	84,700	89,232	4,532
Meals taxes	1,018,100	1,018,100	1,093,932	75,832
Total other local taxes	<u>\$ 2,277,944</u>	<u>\$ 2,277,944</u>	<u>\$ 2,545,225</u>	<u>\$ 267,281</u>
Permits, privilege fees, and regulatory licenses:				
Farmers Market permits	\$ 1,700	\$ 1,700	\$ 2,590	\$ 890
Welcome Center fees	2,500	2,500	5,920	3,420
Planning and zoning	7,500	7,500	6,278	(1,222)
Total permits, privilege fees, and regulatory licenses	<u>\$ 11,700</u>	<u>\$ 11,700</u>	<u>\$ 14,788</u>	<u>\$ 3,088</u>
Fines and forfeitures:				
Court fines	\$ 19,200	\$ 19,200	\$ 31,768	\$ 12,568
Parking fines	450	450	495	45
Total fines and forfeitures	<u>\$ 19,650</u>	<u>\$ 19,650</u>	<u>\$ 32,263</u>	<u>\$ 12,613</u>
Revenue from use of money and property:				
Interest earned	\$ 192,609	\$ 192,609	\$ 134,740	\$ (57,869)
Revenue from use of property	420	420	420	-
Gains on investments	-	-	184,761	184,761
Total revenue from use of money and property	<u>\$ 193,029</u>	<u>\$ 193,029</u>	<u>\$ 319,921</u>	<u>\$ 126,892</u>
Charges for services:				
Waste collection charges	\$ 87,840	\$ 87,840	\$ 90,532	\$ 2,692
Grave preparation	1,000	1,000	2,250	1,250
Police reports	1,250	1,250	1,568	318

Town of Rocky Mount, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Security services	\$ 1,900	\$ 1,900	\$ 4,290	\$ 2,390
Passport services	-	-	6,435	6,435
Miscellaneous services	400	400	931	531
Total charges for services	\$ 92,390	\$ 92,390	\$ 106,006	\$ 13,616
Miscellaneous revenue:				
Donations	\$ -	\$ -	\$ 286,666	\$ 286,666
Miscellaneous	18,140	18,140	49,875	31,735
Total miscellaneous revenue	\$ 18,140	\$ 18,140	\$ 336,541	\$ 318,401
Recovered costs:				
Other recovered costs	\$ -	\$ 9,500	\$ 13,868	\$ 4,368
Total revenue from local sources	\$ 3,376,838	\$ 3,386,338	\$ 4,210,335	\$ 823,997
Revenue from the Commonwealth:				
Noncategorical aid:				
Personal property tax relief funds	\$ 53,861	\$ 53,861	\$ 53,861	\$ -
Telecommunications tax	170,806	170,806	206,836	36,030
Litter tax	1,952	1,952	2,501	549
Rolling Stock	2,899	2,899	3,255	356
Other revenue	5,000	5,000	342	(4,658)
Total noncategorical aid	\$ 234,518	\$ 234,518	\$ 266,795	\$ 32,277
Categorical aid:				
Fire programs	\$ 41,000	\$ 41,000	\$ 41,840	\$ 840
Highway maintenance	1,068,947	1,068,947	1,117,402	48,455
Law enforcement block grant	-	-	4,421	4,421
COPS grant	-	4,421	11,245	6,824
Drug asset forfeiture	-	-	25	25
Virginia commission for the arts	-	-	5,000	5,000
Law enforcement aid	172,909	202,537	157,158	(45,379)
Department of Conservation and Recreation grant	-	125,000	30,893	(94,107)
Police traffic grant	-	20,525	-	(20,525)
DMV mini grant	5,000	5,000	-	(5,000)
Total other categorical aid	\$ 1,287,856	\$ 1,467,430	\$ 1,367,984	\$ (99,446)
Total revenue from the Commonwealth	\$ 1,522,374	\$ 1,701,948	\$ 1,634,779	\$ (67,169)

Town of Rocky Mount, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<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>
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 6,989	\$ 6,989
FEMA grant	-	223,250	212,219	(11,031)
Total categorical aid	<u>\$ -</u>	<u>\$ 223,250</u>	<u>\$ 219,208</u>	<u>\$ (4,042)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 223,250</u>	<u>\$ 219,208</u>	<u>\$ (4,042)</u>
Total General Fund	<u>\$ 4,899,212</u>	<u>\$ 5,311,536</u>	<u>\$ 6,064,322</u>	<u>\$ 752,786</u>
<b>Capital Projects Fund:</b>				
<b>Capital Projects:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest earned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ 275</u>
Miscellaneous revenue:				
Contributions	<u>\$ 8,800</u>	<u>\$ 8,800</u>	<u>\$ 60,386</u>	<u>\$ 51,586</u>
Revenue from the Commonwealth:				
Categorical aid:				
VDOT grant	\$ -	\$ -	\$ 390,703	\$ 390,703
Tobacco grant	244,766	244,766	-	(244,766)
Total categorical aid	<u>\$ 244,766</u>	<u>\$ 244,766</u>	<u>\$ 390,703</u>	<u>\$ 145,937</u>
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	<u>\$ 74,924</u>	<u>\$ 74,924</u>	<u>\$ 370,115</u>	<u>\$ 295,191</u>
Total Capital Projects Fund	<u>\$ 328,490</u>	<u>\$ 328,490</u>	<u>\$ 821,479</u>	<u>\$ 492,989</u>



Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund:</b>				
General government administration:				
Mayor and Town Council:				
Wages - elected officials	\$ 2,400	\$ 2,400	\$ 2,550	\$ (150)
Wages - contractual services	32,100	32,100	31,350	750
Fringes/benefits	30,114	30,114	22,209	7,905
Contractual services	2,145	2,145	697	1,448
Advertising	1,100	1,100	1,437	(337)
Printing and binding	131	131	1,134	(1,003)
Postage and delivery services	200	200	216	(16)
Travel, training, and education	3,930	3,930	4,726	(796)
Meeting expenses	300	300	155	145
Stipends	1,000	1,000	1,075	(75)
Dues and professional memberships	8,759	8,759	11,970	(3,211)
Books and subscriptions	40	40	525	(485)
Office supplies	900	900	1,906	(1,006)
Miscellaneous	6,100	6,100	9,680	(3,580)
Total Mayor and Town Council	\$ 89,219	\$ 89,219	\$ 89,630	\$ (411)
Town Manager:				
Wages	\$ 118,198	\$ 118,198	\$ 119,903	\$ (1,705)
Fringes/benefits	44,127	44,127	44,011	116
Contractual services	1,000	1,000	557	443
Printing and binding	25	25	-	25
Postage and delivery services	400	400	666	(266)
Motor fuel expense	500	500	588	(88)
Motor vehicle expense	100	100	933	(833)
Communication	5,700	5,700	6,283	(583)
Travel, training, and education	2,375	2,375	3,068	(693)
Dues and professional memberships	1,475	1,475	(1,423)	2,898
Books and subscriptions	330	330	432	(102)
Office supplies	1,600	1,600	2,774	(1,174)
Data processing equipment	-	-	1,490	(1,490)
Total Town Manager	\$ 175,830	\$ 175,830	\$ 179,282	\$ (3,452)
Town Attorney/Legal Services:				
Contractual services	\$ 8,000	\$ 8,000	\$ 2,456	\$ 5,544
Retainer	15,750	15,750	15,750	-
Professional services	15,000	15,000	11,316	3,684
Dues and professional memberships	240	240	220	20
Books and subscriptions	-	-	391	(391)
Total Town Attorney/Legal Services	\$ 38,990	\$ 38,990	\$ 30,133	\$ 8,857

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund: (continued)</b>				
General government administration: (continued)				
Finance:				
Wages	\$ 135,181	\$ 135,181	\$ 134,974	\$ 207
Fringes/benefits	58,706	58,706	58,057	649
Contractual services	70,729	70,729	59,170	11,559
Advertising	280	280	629	(349)
Printing and binding	5,290	5,290	4,883	407
Postage and delivery services	6,000	6,000	4,802	1,198
Communications	4,380	4,380	4,084	296
Travel, training, and education	3,510	3,510	4,359	(849)
Dues and professional memberships	1,125	1,125	1,550	(425)
Books and subscriptions	250	250	39	211
Miscellaneous	-	-	(58)	58
Office Supplies	6,600	6,600	9,995	(3,395)
Data processing	450	450	-	450
Total Finance	\$ 292,501	\$ 292,501	\$ 282,484	\$ 10,017
Total General Government Administration	\$ 596,540	\$ 596,540	\$ 581,529	\$ 15,011
Public safety:				
Police Department:				
Wages	\$ 912,868	\$ 947,749	\$ 857,330	\$ 90,419
Fringes/benefits	431,056	418,103	375,847	42,256
Contractual services	8,129	8,129	38,581	(30,452)
Repairs and maintenance	-	-	1,659	(1,659)
Advertising	400	400	2,687	(2,287)
Printing and binding	2,000	2,000	1,193	807
Postage and delivery services	450	450	886	(436)
Motor fuel expense	31,150	31,150	42,464	(11,314)
Motor vehicle expense	12,950	12,950	29,818	(16,868)
Communications	16,000	16,000	19,430	(3,430)
Grant expenses	-	-	2,492	(2,492)
Purchases - traffic grant	-	1,785	1,361	424
Asset forfeiture expenses	-	-	7,466	(7,466)
Explorer post expenses	-	-	380	(380)
Police K-9 unit	-	-	8,544	(8,544)
Uniforms	8,500	8,500	13,147	(4,647)
Travel, training, and education	10,521	11,021	11,568	(547)
Uniform stipend	11,600	11,600	9,085	2,515
Dues and professional memberships	1,000	1,000	420	580
Books and subscriptions	475	475	342	133
Miscellaneous	1,020	1,020	266	754
Office supplies	4,500	4,500	6,281	(1,781)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 2  
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<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>
<b>General Fund: (continued)</b>				
<b>Public safety: (continued)</b>				
<b>Police Department: (continued)</b>				
Police supplies	\$ 15,000	\$ 19,912	\$ 20,215	\$ (303)
Furniture and fixtures	-	-	3,402	(3,402)
Data processing	-	-	5,088	(5,088)
Motor vehicles	25,000	25,000	24,510	490
Audio and video equipment	-	-	20,888	(20,888)
Police equipment	-	-	2,392	(2,392)
Total Police Department	<u>\$ 1,492,619</u>	<u>\$ 1,521,744</u>	<u>\$ 1,507,742</u>	<u>\$ 14,002</u>
<b>Volunteer Fire Department:</b>				
Fringes/benefits	\$ 730	\$ 730	\$ 356	\$ 374
Contractual services	1,432	1,432	726	706
Repairs and maintenance	2,500	2,500	2,106	394
Advertising	-	-	321	(321)
Printing and binding	150	150	44	106
Postage and delivery services	40	40	17	23
Motor fuel expense	6,000	6,000	6,503	(503)
Motor vehicle expense	16,000	16,000	11,286	4,714
Small equipment expense	200	200	35	165
Communications	3,908	3,908	2,497	1,411
Insurance	5,200	5,200	6,325	(1,125)
Uniforms/turnout gear	6,000	6,000	6,742	(742)
Travel, training, and education	1,000	1,000	101	899
Stipends	44,400	44,400	45,640	(1,240)
Dues and professional memberships	722	722	126	596
Books and subscriptions	800	800	1,215	(415)
Office supplies	600	600	164	436
Fire department supplies	7,800	7,800	6,423	1,377
Audio and video equipment	-	-	2,080	(2,080)
Fire equipment	20,000	62,044	24,528	37,516
Acquisitions - grant funded	-	235,000	223,452	11,548
Fire truck	-	385,731	391,355	(5,624)
Total Volunteer Fire Department	<u>\$ 117,482</u>	<u>\$ 780,257</u>	<u>\$ 732,042</u>	<u>\$ 48,215</u>
Total public safety	<u>\$ 1,610,101</u>	<u>\$ 2,302,001</u>	<u>\$ 2,239,784</u>	<u>\$ 62,217</u>

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 2  
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<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>
<b>General Fund: (continued)</b>				
Public works:				
Administration:				
Fringes/benefits	\$ -	\$ -	\$ 592	\$ (592)
Contractual services	979	979	602	377
Printing and binding	-	-	44	(44)
Communications	2,040	2,040	1,620	420
Uniforms	12,001	12,001	12,123	(122)
Travel, training, and education	40	40	-	40
Books and subscriptions	180	180	190	(10)
Office supplies	250	250	394	(144)
Total Public Works Administration	\$ 15,490	\$ 15,490	\$ 15,565	\$ (75)
PW Non-VDOT Highway Eligible:				
Uniforms	\$ -	\$ -	\$ 1,586	\$ (1,586)
Street Lights:				
Wages	\$ -	\$ -	\$ 2,061	\$ (2,061)
Fringes/benefits	-	-	770	(770)
Contractual services	1,000	1,000	12,193	(11,193)
Repairs and maintenance	-	-	260	(260)
Utilities	90,000	90,000	86,049	3,951
Streets, street lights, sidewalks	100	100	148	(48)
Total Street Lights	\$ 91,100	\$ 91,100	\$ 101,481	\$ (10,381)
Traffic Control and Parking:				
Wages	\$ 10,805	\$ 10,805	\$ 2,210	\$ 8,595
Fringes/benefits	5,954	5,954	1,680	4,274
Contractual services	35,000	35,000	31,915	3,085
Utilities	8,700	8,700	8,411	289
Motor fuel expense	565	565	986	(421)
Motor vehicle expense	200	200	68	132
Lights for Life expenses	-	-	21,943	(21,943)
Traffic control/parking supplies	8,500	8,500	3,908	4,592
Lights for Life/Opticom	-	-	198,762	(198,762)
Total Traffic Control and Parking	\$ 69,724	\$ 69,724	\$ 269,883	\$ (200,159)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 2  
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<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>
<b>General Fund: (continued)</b>				
<b>Public works: (continued)</b>				
<b>Streets:</b>				
Wages	\$ 258,279	\$ 258,279	\$ 277,446	\$ (19,167)
Fringes/benefits	146,211	146,211	142,169	4,042
Contractual services	350,000	350,000	28,404	321,596
Repairs and maintenance	-	-	250	(250)
Advertising	400	400	23	377
Permits, licenses, fees	-	-	750	(750)
Motor fuel expense	26,000	26,000	23,572	2,428
Motor vehicle expense	12,000	12,000	12,888	(888)
Small equipment expense	2,000	2,000	3,069	(1,069)
Miscellaneous	100	100	-	100
Agricultural supplies	400	400	468	(68)
Chemicals and materials	3,000	3,000	2,388	612
Streets, street lights, sidewalk supplies	30,000	30,000	15,695	14,305
Land and buildings	-	-	1,500	(1,500)
Machinery and equipment	2,500	2,500	1,049	1,451
Construction vehicles and equipment	19,500	19,500	20,828	(1,328)
Total Streets	\$ 850,390	\$ 850,390	\$ 530,499	\$ 319,891
<b>Sidewalks, curbs, and guttering:</b>				
Wages	\$ 10,805	\$ 10,805	\$ 3,753	\$ 7,052
Fringes/benefits	5,954	5,954	2,409	3,545
Travel, training, and educations	-	-	60	(60)
Books and subscriptions	-	-	63	(63)
Street and sidewalk supplies	2,500	2,500	3,431	(931)
Total Sidewalks, curbs, and guttering	\$ 19,259	\$ 19,259	\$ 9,716	\$ 9,543
<b>Street Cleaning:</b>				
Wages	\$ 9,454	\$ 9,454	\$ 8,401	\$ 1,053
Fringes/benefits	4,500	4,500	3,870	630
Motor fuel expense	1,000	1,000	947	53
Motor vehicle expense	3,000	3,000	2,882	118
Miscellaneous	-	-	102	(102)
Streets, street lights, cleaning, and sidewalk supplies	-	-	41	(41)
Total Street Cleaning	\$ 17,954	\$ 17,954	\$ 16,243	\$ 1,711

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund: (continued)</b>				
Public works: (continued)				
Refuse Collection:				
Wages	\$ 81,034	\$ 81,034	\$ 72,283	\$ 8,751
Fringes/benefits	44,649	44,649	29,668	14,981
Advertising	400	400	212	188
Motor fuel expense	5,900	5,900	7,654	(1,754)
Motor vehicle expense	4,500	4,500	7,657	(3,157)
Refuse collection supplies	500	500	196	304
Total Refuse Collection	<u>\$ 136,983</u>	<u>\$ 136,983</u>	<u>\$ 117,670</u>	<u>\$ 19,313</u>
Snow Removal:				
Wages	\$ 9,402	\$ 9,402	\$ 6,223	\$ 3,179
Fringes/benefits	4,873	4,873	2,500	2,373
Motor fuel expense	1,000	1,000	1,657	(657)
Motor vehicle expense	1,000	1,000	881	119
Chemicals, materials, supplies	10,000	10,000	6,503	3,497
Streets, street lights, cleaning, and sidewalk supplies	700	700	1,167	(467)
Total Snow Removal	<u>\$ 26,975</u>	<u>\$ 26,975</u>	<u>\$ 18,931</u>	<u>\$ 8,044</u>
Municipal Building:				
Wages	\$ -	\$ -	\$ 3,062	\$ (3,062)
Fringes/benefits	-	-	1,419	(1,419)
Contractual services	30,804	29,819	30,031	(212)
Repairs and maintenance	500	500	1,564	(1,064)
Utilities	30,000	30,000	23,952	6,048
Communications	-	-	35	(35)
Municipal building supplies	800	800	2,029	(1,229)
Agricultural supplies	-	-	280	(280)
Janitorial supplies	1,200	1,200	1,724	(524)
Furniture and fixtures	-	-	1,783	(1,783)
Data processing	-	-	1,342	(1,342)
Machinery and equipment	-	8,981	9,176	(195)
Total Municipal Building	<u>\$ 63,304</u>	<u>\$ 71,300</u>	<u>\$ 76,397</u>	<u>\$ (5,097)</u>

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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	\$ -	\$ -	\$ 2,142	\$ (2,142)
Fringes/benefits	-	-	1,089	(1,089)
Contractual services	15,000	12,908	14,022	(1,114)
Repairs and maintenance	1,500	1,500	6,002	(4,502)
Utilities	15,900	15,900	16,609	(709)
Heating fuel expense	14,000	14,000	14,996	(996)
Agricultural supplies	-	-	280	(280)
Janitorial supplies	1,600	1,600	1,391	209
ES building supplies	550	550	769	(219)
Land and buildings	-	20,000	18,616	1,384
Furniture and fixtures	-	-	506	(506)
Machinery and equipment	-	19,096	19,096	-
Total Emergency Services Building	\$ 48,550	\$ 85,554	\$ 95,518	\$ (9,964)
Public Works Building:				
Contractual services	\$ 1,750	\$ 1,750	\$ 1,151	\$ 599
Repairs and maintenance	250	250	31	219
Utilities	4,956	4,956	4,525	431
Heating fuel expense	3,000	3,000	1,590	1,410
Communications	2,532	2,532	2,374	158
Janitorial supplies	1,850	1,850	1,339	511
Shop supplies	2,500	2,500	1,978	522
Data processing	-	-	404	(404)
Total Public Works Building	\$ 16,838	\$ 16,838	\$ 13,392	\$ 3,446
Old Fort Road Extension:				
Old Fort Road extension	\$ -	\$ -	\$ 41,955	\$ (41,955)
Total public works	\$ 1,356,567	\$ 1,401,567	\$ 1,308,836	\$ 92,731
Parks, recreation, and cultural:				
Cemetery Maintenance:				
Wages	\$ 5,402	\$ 5,402	\$ 9,876	\$ (4,474)
Fringes/benefits	2,977	2,977	5,703	(2,726)
Contractual services	-	-	1,000	(1,000)
Motor fuel expense	720	720	727	(7)
Small equipment expense	1,200	1,200	629	571
Agricultural supplies	200	200	200	-
Parks, recreation, cemetery supplies	100	100	-	100
Total Cemetery Maintenance	\$ 10,599	\$ 10,599	\$ 18,135	\$ (7,536)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund: (continued)</b>				
<b>Parks, recreation, and cultural: (continued)</b>				
Playgrounds and Parks:				
Wages	\$ 10,805	\$ 10,805	\$ 12,103	\$ (1,298)
Fringes/benefits	5,954	5,954	6,110	(156)
Contractual services	-	-	759	(759)
Repairs and maintenance	200	200	95	105
Utilities	2,600	2,600	2,250	350
Motor fuel expense	690	690	697	(7)
Motor vehicle expense	100	100	206	(106)
Small equipment expense	200	200	10	190
Agricultural supplies	200	200	200	-
Janitorial supplies	775	775	-	775
Parks, recreation, cemetery supplies	1,200	1,200	1,596	(396)
Total Playgrounds and Parks	<u>\$ 22,724</u>	<u>\$ 22,724</u>	<u>\$ 24,026</u>	<u>\$ (1,302)</u>
Celeste Park:				
Contractual services	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Pigg River Heritage Trail:				
Wages	\$ -	\$ -	\$ 24,126	\$ (24,126)
Fringes/benefits	-	-	12,779	(12,779)
Contractual services	30,000	31,500	-	31,500
Parks and recreational supplies	-	-	11,442	(11,442)
Infrastructure	-	125,000	14,046	110,954
Total Pigg River Heritage Trail	<u>\$ 30,000</u>	<u>\$ 156,500</u>	<u>\$ 62,393</u>	<u>\$ 94,107</u>
Pigg River Dam Safety Improvements				
Contractual services	\$ -	\$ -	\$ 3,106	\$ (3,106)
Infrastructure	30,000	30,000	-	30,000
Total Pigg River Dam Safety Improvements	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 3,106</u>	<u>\$ 26,894</u>
Total parks, recreation, and cultural	<u>\$ 98,323</u>	<u>\$ 224,823</u>	<u>\$ 107,660</u>	<u>\$ 117,163</u>
<b>Community development:</b>				
Planning and Zoning:				
Wages	\$ 51,338	\$ 41,338	\$ 28,141	\$ 13,197
Fringes/benefits	22,007	22,007	13,039	8,968
Contractual services	5,500	15,500	13,051	2,449
Advertising	2,500	2,500	2,952	(452)
Printing and binding	500	500	-	500
Postage and delivery services	1,500	1,500	808	692
Motor fuel expense	650	650	231	419



Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund: (continued)</b>				
Community development: (continued)				
Planning and Zoning: (continued)				
Motor vehicle expense	\$ 500	\$ 500	\$ 82	\$ 418
Communications	1,800	1,800	945	855
Travel	1,000	1,000	1,595	(595)
Meeting expenses	-	-	141	(141)
Stipends	10,075	10,075	8,050	2,025
Dues and professional memberships	1,000	1,000	323	677
Books and subscriptions	500	500	183	317
Miscellaneous	100	100	379	(279)
Office Supplies	1,500	1,500	1,467	33
Community development, P&Z, GIS supplies	-	-	69	(69)
Furniture and fixtures	-	-	1,006	(1,006)
Data processing equipment	1,000	1,000	6,282	(5,282)
Total Planning and Zoning	\$ 101,470	\$ 101,470	\$ 78,744	\$ 22,726
Community and Economic Development:				
Wages	\$ 76,433	\$ 76,433	\$ 77,173	\$ (740)
Fringes/benefits	28,426	28,426	23,879	4,547
Contractual Services	34,000	34,000	19,019	14,981
Advertising	1,500	1,500	1,200	300
Printing and binding	6,000	6,000	226	5,774
Postage and delivery services	750	750	528	222
Motor fuel expense	350	350	184	166
Motor vehicle expense	300	300	335	(35)
Communications	1,776	1,776	1,703	73
Travel, training, and education	5,000	5,000	1,843	3,157
Dues and professional memberships	1,500	1,500	1,455	45
Books and subscriptions	250	250	550	(300)
Miscellaneous	-	-	666	(666)
Special events/promotions	15,750	15,750	13,758	1,992
Office supplies	2,500	2,500	2,706	(206)
Community development, P&Z, GIS supplies	-	-	110	(110)
Capital outlay	1,500	1,500	665	835
Furniture and fixtures	-	-	711	(711)
Data processing equipment	750	750	100	650
Town decorations	1,000	1,000	2,669	(1,669)
Total Community and Economic Development	\$ 177,785	\$ 177,785	\$ 149,480	\$ 28,305

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund: (continued)</b>				
Community development: (continued)				
Citizens' Square:				
Wages	\$ -	\$ -	\$ 430	\$ (430)
Fringes/benefits	-	-	186	(186)
Contractual services	7,500	7,500	7,790	(290)
Repairs and maintenance	500	500	354	146
Advertising	2,000	2,000	-	2,000
Permits, licenses, fees	40	40	100	(60)
Utilities	1,400	1,400	1,436	(36)
Special events/promotions	1,500	1,500	-	1,500
Janitorial supplies	1,000	1,000	194	806
Citizens' Square/Depot supplies	50	50	-	50
Total Citizens' Square	\$ 13,990	\$ 13,990	\$ 10,490	\$ 3,500
Community and Hospitality Center:				
Wages	\$ -	\$ -	\$ 2,735	\$ (2,735)
Fringes/benefits	-	-	1,845	(1,845)
Contractual services	5,000	5,000	3,173	1,827
Repairs and maintenance	750	750	176	574
Advertising	2,900	2,900	-	2,900
Utilities	7,600	7,600	4,355	3,245
Communications	1,100	1,100	1,277	(177)
Special events/promotions	500	500	-	500
Office supplies	-	-	6	(6)
Janitorial supplies	400	400	279	121
Citizens' Square/Depot supplies	-	-	230	(230)
Furniture and fixtures	400	400	-	400
Total Community and Hospitality Center	\$ 18,650	\$ 18,650	\$ 14,076	\$ 4,574
Main Street Program:				
Wages	\$ 31,837	\$ 31,837	\$ 10,684	\$ 21,153
Fringes/benefits	13,850	13,850	4,804	9,046
Total Main Street Program	\$ 45,687	\$ 45,687	\$ 15,488	\$ 30,199
Passport Program:				
Contractual services	\$ -	\$ -	\$ 43	\$ (43)
Postage and delivery services	-	-	598	(598)
Travel and training	-	-	803	(803)
Office supplies	-	-	619	(619)
Passport supplies	-	-	20	(20)
Audio and video equipment	-	-	1,199	(1,199)
Total Passport Program	\$ -	\$ -	\$ 3,282	\$ (3,282)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<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>
<b>General Fund: (continued)</b>				
Community development: (continued)				
Ronile Reverse Osmosis Facility:				
Contractual services	\$ -	\$ -	\$ 340	\$ (340)
Total community development	\$ 357,582	\$ 357,582	\$ 271,900	\$ 85,682
Non-departmental:				
Wages	\$ 22,446	\$ 22,446	\$ 20,264	\$ 2,182
Fringes/benefits	55,972	55,972	45,182	10,790
Insurance	65,055	65,055	60,854	4,201
Contributions to other entities	25,000	25,000	25,000	-
Contingency	25,000	59,500	50,000	9,500
Total Non-departmental	\$ 193,473	\$ 227,973	\$ 201,300	\$ 26,673
Debt service:				
Principal retirement	\$ 1,666,248	\$ 1,666,248	\$ 1,666,248	\$ -
Interest and fiscal charges	131,904	131,904	167,135	(35,231)
Total debt service	\$ 1,798,152	\$ 1,798,152	\$ 1,833,383	\$ (35,231)
Total General Fund	\$ 6,010,738	\$ 6,908,638	\$ 6,544,392	\$ 364,246
<b>Capital Projects Fund:</b>				
Capital Projects:				
Capital outlay	\$ 1,893,049	\$ 1,893,049	\$ 1,817,788	\$ 75,261

## **OTHER STATISTICAL INFORMATION**

## STATISTICAL SECTION

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

### Contents

Financial Trends	1-4
<i>These tables contain trend information to help the reader understand how the Town's financial</i>	
Revenue Capacity	5-8
<i>These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes and utility revenues.</i>	
Debt Capacity	9-10
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	11-12
<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	13-15
<i>These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.</i>	

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

Table 1

Town of Rocky Mount, Virginia  
Net Assets by Component  
Last Nine Fiscal Years (1)  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
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
Unrestricted	11,560,065	10,679,179	9,211,250	8,520,171	8,650,317	10,250,528	11,126,647	10,998,693	\$ 10,934,072
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
<b>Business-type activities</b>									
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
Restricted for debt service	-	-	-	-	-	-	-	356,642	356,642
Unrestricted	1,743,535	980,441	1,067,691	346,132	647,436	137,803	69,501	(192,322)	(1,150,324)
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
<b>Primary Government</b>									
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
Restricted for debt service	-	-	-	-	-	-	-	356,642	356,642
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
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

Town of Rocky Mount, Virginia  
Changes in Net Assets  
Last Nine Fiscal Years (1)  
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
Governmental activities:									
General government administration	\$ 622,596	\$ 1,182,416	\$ 743,098	\$ 785,139	\$ 781,917	\$ 900,371	\$ 861,445	\$ 798,988	\$ 174,544
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
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
Parks, recreation and cultural	26,906	109,667	36,727	65,612	51,572	45,521	45,676	43,798	112,286
Community development	332,967	406,701	653,820	666,294	667,003	295,389	257,877	303,876	186,118
Interest on long-term debt	190,887	104,235	100,297	95,625	115,963	147,012	141,919	135,526	185,382
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
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
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
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
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:	\$ -	\$ -	\$ -	\$ -	\$ 19,833	\$ 13,350	\$ -	\$ -	\$ -
General government administration	3,038	5,440	39,669	31,835	26,456	71,740	49,926	33,858	38,121
Public Safety	100,727	58,374	75,132	68,882	104,706	76,398	86,812	89,694	91,463
Public Works	43,149	20,287	28,736	19,173	4,078	2,504	23,890	13,887	23,473
Other activities	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
Operating grants and contributions	-	-	161,180	450,603	282,524	112,137	630,066	789,122	760,818
Capital grants and contributions	\$ 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
Total governmental activities program revenues	\$ 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
Business-type activities:									
Charges for services:	\$ 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
Water & Sewer									
Total primary government program revenues	\$ 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
<b>Net (expense)/revenue:</b>									
Governmental activities	\$ (790,665)	\$ (1,569,405)	\$ (134,731)	\$ (270,390)	\$ (130,739)	\$ (290,115)	\$ (465,335)	\$ (474,499)	\$ (516,438)
Business-type activities	\$ (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)
Total primary government net expense									

Table 2

Town of Rocky Mount, Virginia  
Changes in Net Assets (continued)  
Last Nine Fiscal Years (1)  
(accrual basis of accounting)

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

(1) Accrual basis financial information is available back to fiscal year 2003 when the city implemented GASB 34.



Table 3

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

	Fiscal Year										2011 (1)
	2002	2003	2004	2005	2006	2007	2008	2009	2010		
<b>General Fund</b>											
Reserved	\$ -	\$ -	\$ -	\$ 60,445	\$ -	\$ 8,998,010	\$ 112,378	\$ 45,617	\$ 2,293	\$ -	
Unreserved	10,119,634	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
<b>Total general fund</b>	<b>\$ 10,119,634</b>	<b>\$ 10,250,442</b>	<b>\$ 10,960,414</b>	<b>\$ 11,124,800</b>	<b>\$ 8,712,713</b>	<b>\$ 8,998,010</b>	<b>\$ 10,423,479</b>	<b>\$ 10,920,078</b>	<b>\$ 10,801,355</b>	<b>\$ 11,897,728</b>	
<b>All other governmental funds</b>											
Reserved	\$ -	\$ -	\$ -	\$ 174,569	\$ 18,007	\$ 404,056	\$ 405,494	\$ 554,444	\$ 1,438,537	\$ -	
Unreserved, reported in:											
Capital Projects	1,729,605	1,385,061	(150,945)	(1,927,955)	(47,589)	-	-	149,074	(1,013,171)	-	
Unassigned, reported in:											
Capital Projects	-	-	-	-	-	-	-	-	-	-	(680,288)
<b>Total all other governmental funds</b>	<b>\$ 1,729,605</b>	<b>\$ 1,385,061</b>	<b>\$ (150,945)</b>	<b>\$ (1,753,386)</b>	<b>\$ (29,582)</b>	<b>\$ 404,056</b>	<b>\$ 405,494</b>	<b>\$ 703,518</b>	<b>\$ 425,366</b>	<b>\$ (680,288)</b>	

(1) The Town implement 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 (1)  
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 2,358,292	\$ 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
Other local taxes	54,361	56,001	64,096	28,736	19,173	21,447	14,178	21,890	13,387	14,788
Licenses and permits	24,651	26,769	26,801	35,853	26,620	24,527	68,423	46,676	28,709	32,263
Fines and forfeitures	646,501	566,173	378,310	310,122	179,074	476,029	564,770	481,979	221,229	320,196
Use of money & property	77,501	105,064	68,723	78,839	73,803	109,099	81,392	92,062	95,343	106,006
Charges for services	61,302	167,586	27,268	1,342	10,065	50,925	13,857	22,066	41,289	410,795
Other	1,049,495	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
Intergovernmental										
<b>Total revenues</b>	\$ 4,272,103	\$ 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
<b>Expenditures</b>										
General government administration	\$ 624,649	\$ 466,388	\$ 559,776	\$ 669,360	\$ 694,406	\$ 708,230	\$ 703,880	\$ 734,668	\$ 675,930	\$ 581,529
Public safety	1,003,132	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
Public works	844,433	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
Parks, recreation and cultural	55,539	26,906	37,017	32,486	58,017	44,023	37,757	70,730	75,782	107,660
Community development	217,364	332,967	242,887	202,628	337,640	264,438	186,456	226,764	263,795	271,900
Nondepartmental	316,625	347,095	554,134	224,008	182,099	182,804	218,550	206,272	132,627	201,300
Capital outlay(2)	16,156	20,297	180,444	-	1,675,133	1,439,615	226,902	484,432	1,066,717	1,817,788
Debt service:										
Principal	-	-	-	90,590	94,713	99,023	125,129	129,840	134,766	1,666,248
Interest	-	-	-	100,297	96,174	131,044	148,230	143,815	137,594	167,135
<b>Total Expenditures</b>	\$ 3,077,898	\$ 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
<b>Excess of revenues over (under) expenditures</b>	\$ 1,194,205	\$ 1,387,477	\$ 621,926	\$ 673,099	\$ (746,329)	\$ (221,155)	\$ 1,364,325	\$ 1,254,005	\$ 101,727	\$ (1,476,379)
<b>Other financing sources (uses)</b>										
Transfers in	\$ -	\$ -	\$ 602,324	\$ -	\$ 3,560,719	\$ 3,829,086	\$ 229,247	\$ 178,472	\$ 557	\$ -
Transfers out	(1,602,900)	(1,256,669)	(514,278)	(514,278)	(3,502,673)	(4,356,521)	(166,665)	(637,854)	(499,159)	(761,607)
Issuance of debt	-	-	-	-	-	1,347,437	-	-	-	1,640,000
Sale of capital assets	-	-	-	164,846	-	120,088	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	697,775
<b>Total other financing sources (uses)</b>	\$ (1,602,900)	\$ (1,256,669)	\$ 88,046	\$ (349,432)	\$ 58,046	\$ 940,090	\$ 62,582	\$ (459,382)	\$ (498,602)	\$ 1,576,168
<b>Net change in fund balances</b>	\$ (408,695)	\$ 130,808	\$ 709,972	\$ 323,667	\$ (688,283)	\$ 718,935	\$ 1,426,907	\$ 794,623	\$ (396,875)	\$ 99,789
<b>Debt service as a percentage of noncapital expenditures</b>	0.00%	0.00%	0.00%	4.88%	4.72%	5.43%	7.24%	6.61%	5.66%	28.01%

(1) Information available for eight years only.

(2) Capital outlay has been reclassified as a separate item for calculation of debt service as a percentage of noncapital expenditures.

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						
2011	\$ 249,922,100	\$ 18,205,800	\$ 190,568,700	\$ 3,184,700	\$ 39,741,741	\$ 60,122,533	\$ 21,769,051	583,514,625	\$	0.14
2010	247,373,500	18,205,800	189,646,700	3,631,600	36,599,174	64,006,873	23,530,708	582,994,355		0.14
2009	244,576,200	18,205,800	189,438,200	3,928,500	41,366,265	60,580,689	22,152,956	580,248,610		0.18
2008	177,369,800	14,052,600	166,125,300	2,420,300	38,620,252	57,168,380	15,834,646	471,591,278		0.15
2007	170,106,900	13,833,900	166,515,600	2,348,900	38,586,708	46,910,297	17,332,564	455,634,869		0.15
2006	160,854,911	13,506,600	141,146,500	2,427,989	35,428,426	45,725,163	19,869,910	418,959,499		0.16
2005	163,402,921	13,559,300	145,777,400	2,713,500	32,671,587	35,013,902	22,583,076	415,721,686		0.15
2004	125,748,700	13,399,000	112,404,900	2,222,500	33,337,893	30,444,763	22,079,727	339,637,483		0.16
2003	125,083,800	13,399,000	112,012,500	2,217,500	30,249,489	34,201,436	21,603,744	338,767,469		0.17
2002	124,000,700	13,399,000	111,399,600	2,313,600	45,181,493	31,696,400	22,905,522	350,896,315		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 2011			Fiscal Year 2001		
	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	2.26%	\$ 6,847,900	5	2.80%
Wal-Mart Real Estate Business Trust	9,985,400	2	2.16%	6,907,600	4	2.82%
Rocky Mount Development Company LLC	9,876,300	3	2.14%	2,701,100	10	1.10%
PG Multi-16 LP/M W Manufacturers Inc.	9,471,500	4	2.05%	8,156,100	1	3.33%
Franklin Memorial Hospital/Carilion	9,210,600	5	1.99%	-		0.00%
Lowes Home Centers Inc.	8,327,400	6	1.80%	-		0.00%
Trinity Packaging Corporation/Standard Register	6,305,800	7	1.37%	2,948,300	9	1.20%
Mod-U-Kraf Homes Inc.	6,290,900	8	1.36%	2,699,600	11	1.10%
Rocky Mount Orchard Avenue LLC	6,207,800	9	1.34%	7,081,500	3	2.89%
F-H Holding Inc. /Fleetwood Homes	5,206,200	10	1.13%	4,586,300	7	1.87%
L & M Properties LLC/The Lane Co.	5,142,900	11	1.11%	7,779,300	2	3.18%
Medical Facilities of Virginia/Franklin Health Care	5,084,800	12	1.10%	6,341,300	6	2.59%
Eldercare Inc. /Trinity Mission of Rocky Mount	4,286,900	13	0.93%	3,972,200	8	1.62%
Rocky Mount Limited Liability Co.	3,869,100	14	0.84%	1,819,900	18	0.74%
Franklin County Lodging	3,506,400	15	0.76%	-		0.00%
Danny Perdue	2,835,200	16	0.61%	1,227,300	23	0.50%
Newbold Construction	2,563,200	17	0.55%	2,320,200	13	0.95%
Windy Lane Associates Limited	2,559,900	18	0.55%	1,429,000	21	0.58%
Ferguson Land & Lumber Co. Inc.	2,517,300	19	0.55%	1,395,000	22	0.57%
Arrington Development Inc.	2,471,700	20	0.54%	-		0.00%
CVS #7565 (40W)	2,368,900	21	0.51%	-		0.00%
Branch Banking & Trust	2,352,200	22	0.51%	-		0.00%
Solomon Beacon Inn/Comfort Inn/Humphrey Hosp	2,329,900	23	0.50%	2,568,700	12	1.05%
TFG Properties	2,322,600	24	0.50%	-		0.00%
Tanyad Village Limited Partners	2,185,600	25	0.47%	1,479,300	20	0.60%
W-D Rocky Mount Va. Partners	-		0.00%	2,178,800	14	0.89%
Candlewood	1,706,400		0.37%	2,176,900	15	0.89%
Erath Veneer Inc.	2,022,000		0.44%	2,051,500	16	0.84%
Virginia Apparel Corp.	-		0.00%	1,964,200	17	0.80%
Rocky Top Wood Preservers, Inc.	-		0.00%	1,624,100	19	0.66%
Weaver Mirror Co., Inc.	634,700		0.14%	1,163,400	24	0.48%
Franklin Plaza Partners	1,882,400		0.41%	1,000,400	25	0.41%
	<u>\$ 133,946,700</u>		<u>28.46%</u>	<u>\$ 63,933,400</u>		<u>22.20%</u>

Source: Real estate tax assessments

Table 7

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
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%
2002	553,933	532,902	96.20%	546,835	98.72%

Source: Detailed Town property tax records.

Note: Amount collected includes any penalties and interest on late payments.

Table 8

Town of Rocky Mount, Virginia  
Principal Utility Customers  
(Largest Own-Source Revenue)  
Current Year and Ten Years Ago

Taxpayer	Fiscal Year 2011			Fiscal Year 2001		
	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption
Ronile	2,255,992	1	10.97%	631,050	2	2.99%
PlyGem Windows	909,463	2	4.42%	1,289,864	1	6.12%
Trinity Mission	719,808	3	3.50%	579,683	4	2.75%
Franklin County High School	385,850	4	1.88%			
Franklin County Middle School	378,910	5	1.84%			
Candlewood Apartments	374,673	6	1.82%			
Medical Facilities of America	342,717	7	1.67%	157,225	10	0.75%
Rocky Top	327,344	8	1.59%			
Home Town Ice	267,850	9	1.30%			
Southgate Shopping Center	186,648	10	0.91%			
Franklin County Courthouse Complex	159,925	11	0.78%			
All American Auto Spa	158,417	12	0.77%			
Rocky Mount Development	152,194	13	0.74%			
Carilion Franklin Memorial Hospital	149,833	14	0.73%	211,892	7	1.00%
Mountain View Apartments	147,026	15	0.71%			
Tanyard Village	141,833	16	0.69%			
Rocky Mount Comfort Inn	135,917	17	0.66%			
Holiday Inn Express	133,616	18	0.65%			
Franklin Car Wash	126,167	19	0.61%			
Ferguson Land & Lumber	124,426	20	0.60%	608,633	3	2.89%
Sheilee Laundry	87,317	-	0.42%	159,825	9	0.76%
Wal-mart	47,825	-	0.23%	228,957	6	1.09%
The Lane Company	-	-	0.00%	553,050	5	2.62%
Franklin Ready Mix	-	-	0.00%	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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 36,954,671	\$ 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
Total net debt applicable to limit	2,420,731	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
Legal debt margin	34,533,940	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
Total net debt applicable to the limit as a percentage of debt limit	7%	7%	7%	7%	7%	35%	33%	24%	22%	16.1%
Legal Debt Margin Calculated for Fiscal Year 2011										
Assessed value	\$ 461,881,300									
Debt limit (10% of assessed value)	\$ 46,188,130									
Debt applicable to limit:										
General Obligation Bonds	3,576,900									
Program Revenue Bonds	2,215,000									
Other Long-Term Obligations	1,640,000									
Total net applicable to limit	7,431,900									
Legal debt margin	\$ 38,756,230									

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			
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
2002	2,420,731	-	10,997,500	-	13,418,231	12.32%	2,969

Source: Note 7



Table 11

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
2011	4,799	\$ -	\$ -	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

Table 12

Town of Rocky Mount, Virginia  
Principal Employers  
Current Year and Six Years Ago

Employer	Fiscal Year 2011			Fiscal Year 2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Franklin County Public Schools	1,500	1	31.11%	1,094	2	23.30%
Ply Gem Manufacturers Inc.	800	2	16.59%	1,367	1	29.12%
Wal-mart	400	3	8.30%	343	3	7.31%
Franklin County	400	4	8.30%	272	6	5.79%
Trinity Packaging Inc.	305	5	6.33%	300	4	6.39%
Carilion Franklin Memorial Hospital	280	6	5.81%	270	7	5.75%
Trinity Mission Healthcare	220	7	4.56%	200	10	4.26%
Ronile Inc.	206	8	4.27%	289	5	6.16%
Arrington Enterprises	155	9	3.21%	-	-	0.00%
Mod-U-Kraf Homes Inc.	116	10	2.41%	245	8	5.22%
Lowe's	105	11	2.18%	-	-	0.00%
Kroger	100	12	2.07%	115	12	2.45%
YMCA	90	13	1.87%	-	-	0.00%
McDonald's	80	14	1.66%	-	-	0.00%
Fleetwood Homes of Virginia	65	15	1.35%	200	9	4.26%
	<u>4,822</u>			<u>4,695</u>		

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

Source: Virginia Employment Commission & employer human resource offices

Town of Rocky Mount, Virginia  
Full-Time Equivalent city Government Employees by Function/Program  
Last Ten Fiscal Years

Table 13

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	3	3	4	4	4	4	4	4	5	5
Police	1	1	1	1	1	1	1	1	0	0
Officers	15	15	15	15	15	17	20	20	20	20
Civilians	1	1	2	2	2	2	2	2	2	2
Other public works										
Other	18	18	18	18	18	18	18	17	17	17
Parks, recreation, and cultural										
Water	4	4	4	4	4	6	6	6	6	6
Sewer	4	4	4	4	4	4	4	4	4	4
Total	53	53	55	55	55	59	62	61	61	61

Source: Town's Adopted Operating Budget

Town of Rocky Mount, Virginia  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Fleet										
Pieces of equipment maintained	50	50	56	56	56	56	56	56	56	56
Public safety										
Police										
Criminal arrests	368	273	356	445	376	393	815	693	516	694
Parking violations	108	112	98	115	42	36	52	23	-	-
Traffic violations	956	850	810	991	756	908	1,658	820	653	730
Fire										
Emergency responses	-	237	259	283	312	343	328	289	308	379
Public works										
Other public works										
Street resurfacing (miles)	7	6	8	9	9	6	3	5	5	3
Water										
Number of customer accounts	2,396	2,538	2,608	2,636	2,697	2,727	2,799	2,801	2,813	2,824
Volume pumped (million gallons per day average)	856,443	799,853	841,163	987,000	1,098,713	976,739	1,002,931	917,166	858,556	866,694
Sewer										
Number of customer accounts	1,480	1,880	1,882	1,884	1,917	1,956	1,980	1,982	1,998	2,001
Waste/Water treated (million gallons per day)	509,333	907,000	769,000	680,000	798,000	837,685	773,034	816,199	856,844	738,611

Source: Council reports, utility reports, highway reports.

Town of Rocky Mount, Virginia  
Capital Assets and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years

Table 15

<u>Function/Program</u>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Law enforcement vehicles	12	12	12	13	13	13	14	14	14	15
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)	56	59	61	65	65	65	66	66	66	66
Sanitary sewers (miles)	60	60	64	64	64	64	64	64	64	64

Source: Equipment schedules, highway reports, GIS system.

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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*

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To the Town Council  
Town of Rocky Mount, Virginia  
Rocky Mount, Virginia

We have audited the 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, 2011, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of 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 the Town of Rocky Mount, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, 2011-1. 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the Town of Rocky Mount, Virginia in a separate letter dated November 18, 2011.

The Town of Rocky Mount, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Rocky Mount, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Rocky Mount Town Council, others within the entity, federal awarding agencies, and pass-through entities 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 18, 2011



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Town Council  
Town of Rocky Mount, Virginia  
Rocky Mount, Virginia

### Compliance

We have audited the Town of Rocky Mount, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Rocky Mount, Virginia's major federal programs for the year ended June 30, 2011. Town of Rocky Mount, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Rocky Mount, Virginia's management. Our responsibility is to express an opinion on the Town of Rocky Mount, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Rocky Mount, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Rocky Mount, Virginia's compliance with those requirements.

In our opinion, the Town of Rocky Mount, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-2 and 2011-3.

### Internal Control Over Compliance

Management of the Town of Rocky Mount, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Rocky Mount, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Rocky Mount, Virginia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or

### Internal Control Over Compliance (continued)

combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-2 and 2011-3. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Town of Rocky Mount, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Rocky Mount, Virginia's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Rocky Mount Town Council, others within the entity, federal awarding agencies, and pass-through entities 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 18, 2011

Town of Rocky Mount  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Direct payments:			
Department of Emergency Management:			
Assistance to Firefighters	97.044		\$ 212,219
Department of Transportation			
Pass-through Payments:			
Alcohol Open Container Requirements	20.607		\$ 6,989
Appalachian Region Commission:			
Pass Through Payments:			
Department of Housing and Urban Development:			
Community development block grant	14.228	50797	\$ 370,115
 Total Expenditures of Federal Awards			 <u>\$ 589,323</u>

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Rocky Mount, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Rocky Mount, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Rocky Mount, Virginia.

Note 2 -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

    Primary Government:

        General Fund total

\$ 219,208

        Capital Projects Fund total

370,115

    Total Primary Government

\$ 589,323

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 589,323

Town of Rocky Mount

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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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? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Circular A-133,  
Section .510 (a)? Yes

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**Town of Rocky Mount**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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**Section II - Financial Statement Findings**

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**2011-1**

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**Criteria:**

Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.

**Condition:**

The Town's 2011 adjusted trial balance required significant adjustments that were made by the auditors.

**Cause of Condition:**

The Town has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.

**Effect of Condition:**

There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

**Recommendation:**

Management should continue to implement and follow review procedures in order to make adjustments in a timely manner.

**Management's Response:**

Management is dedicated to complying with the concepts set forth by auditing standards and will make efforts in the future to eliminate material errors from its adjusted trial balance.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Status of Prior Audit Findings and Questioned Costs**

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