

**TOWN OF ROCKY MOUNT, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2013**

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Prepared by the Finance Director/Treasurer

TOWN OF ROCKY MOUNT, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2013

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TOWN OF ROCKY MOUNT, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2013

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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  
Billie W. Stockton

**APPOINTED OFFICIALS**

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C. James Ervin .....Town Manager  
John T. Boitnott ..... Town Attorney  
Linda P. Woody ..... Finance Director/Treasurer  
Patricia H. Keatts .....Town Clerk



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

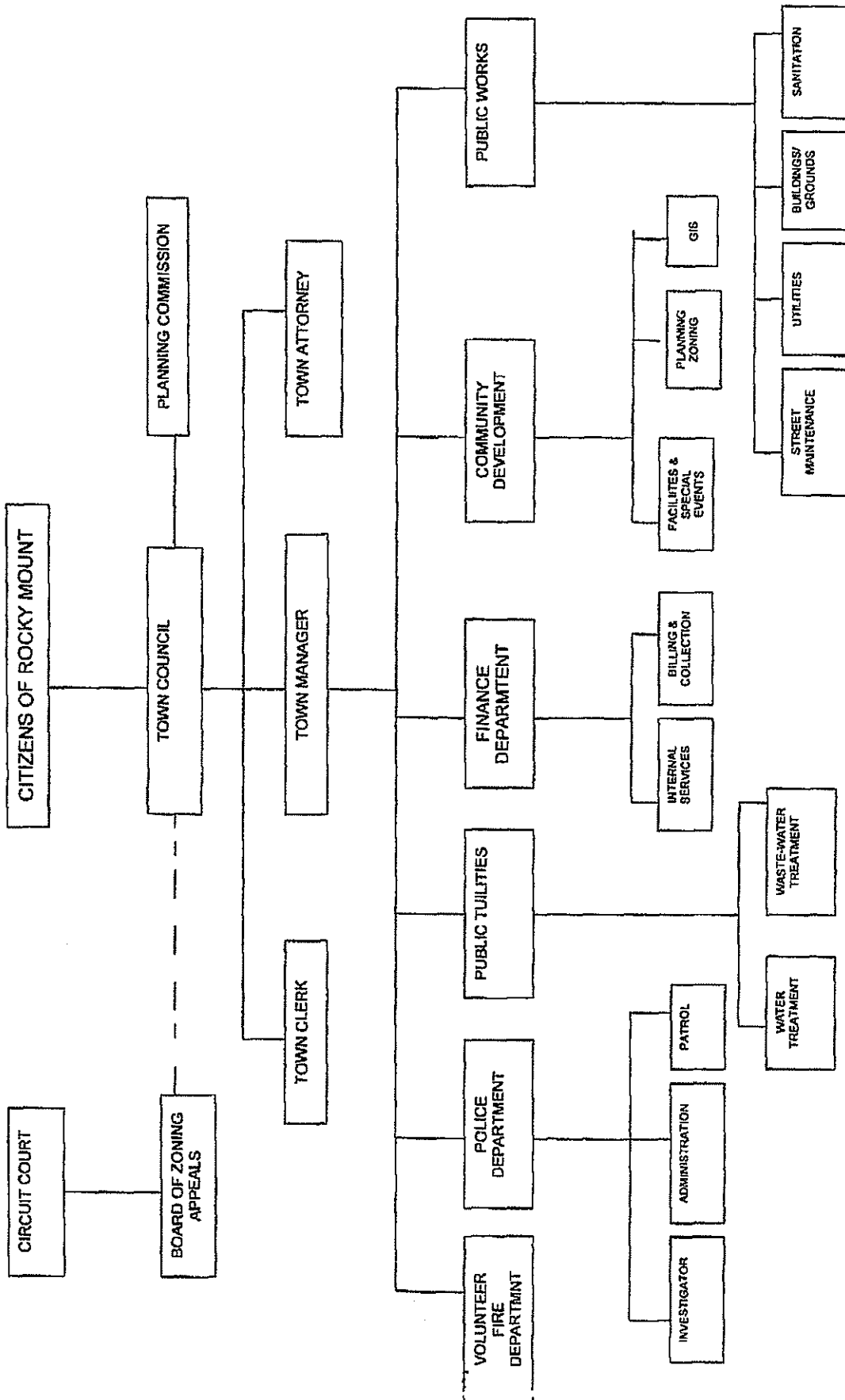
**Town of Rocky Mount  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

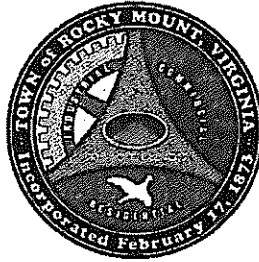
# TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART



Town of Rocky Mount  
345 Donald Avenue  
Rocky Mount, Virginia 24151

540.483.5243  
FAX 540.483.8830

E-mail: [jervin@rockymountva.org](mailto:jervin@rockymountva.org)  
[www.rockymountva.org](http://www.rockymountva.org)



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

Bobby M. Cundiff      P. Ann Love  
Jerry W. Greer, Sr.    Bobby L. Moyer  
Billie W. Stockton

C. James Ervin, Town Manager  
Linda Woody, Finance Director

March 12, 2014

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. We issued the Town's comprehensive annual financial report for the fiscal year ended June 30, 2013 late due to the delayed actuarial report on other post employment benefit (OPEB).

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, 2013, 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 unmodified opinion that the Town of Rocky Mount's financial statements for the fiscal year ended June 30, 2013, 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 increased the Town's budget by a modest 3.8% for fiscal year 2013 and presented no increases in taxes or fees to its citizens. A modest fee increase for water usage and a new fee for capital recovery based on meters sized 1" or higher for commercial customers was introduced to begin in February 2013.

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

The 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 2013 and fiscal year 2014 have been scaled back. Lilly's Leisure, a 44-unit residential facility located just outside the Town limits on Diamond Avenue Extended, has connected to the Town's water and sewer lines during the fiscal year 2013 construction. Occupancy will begin during fiscal year 2014.

The Virginia Department of Transportation has begun the replacement of the Pigg River bridge on South Main Street. This project is expected to take up to three years to complete. The Town is working with state and federal agencies, in conjunction with this project, to improve safety around the Pigg River dam at Veteran's Memorial Park. This safety work began in late fall 2013.

The Town of Rocky Mount is very excited to be an anchor on the Crooked Road - Virginia's Heritage Music Trail. It provides an opportunity to showcase the area's cultural assets. During fiscal year 2012 Town Council purchased the old Lynch Hardware Building in downtown Rocky Mount to house a community cultural venue to better showcase the talents of local citizens and activities associated with the Crooked Road's musical heritage and the 'Round the Mountain's artesian heritage. Renovation began in the summer of 2013 with a completion date in late spring 2014. Funding is being sought from state and federal agencies and foundations as well as using historic tax credits to fund more than half the costs to transform the building into the Harvester Performance Center. Performances are slated to begin in April 2014.

**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 90 days to 4 years. The average yield on investments was .96% 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 2012 and 2013, however, do not necessarily represent trends that will continue on investments the government intends to hold to maturity.

**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 12 of the notes to the financial statements.

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

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

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

Additional information on the Town of Rocky Mount's pension arrangements and post-employment benefits can be found in Notes 8 and 9 in the notes to the financial statements.

#### Awards and Acknowledgements

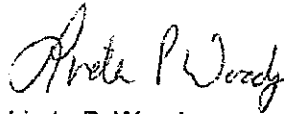
The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a locality's comprehensive annual financial report (CAFR). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently 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

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Rocky Mount, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Note 16 to the financial statements, in 2013, the Town adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11-18, 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 required supplementary information 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 information 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Rocky Mount, Virginia's basic financial statements. The introductory section, individual fund financial statement and supporting schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statement and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statement and supporting schedules are fairly stated in all material respects in relation to the basic 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.

## Report on Summarized Comparative Information

We have previously audited the Town of Rocky Mount, Virginia's 2012 financial statements, and our report dated November 2, 2012 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived, with the exception of the beginning balance adjustments described in Note 15.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014, on our consideration of 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* in considering Town of Rocky Mount, Virginia's internal control over financial reporting and compliance.

*Robinson, Turner, & Associates*

Blacksburg, Virginia  
March 12, 2014

## 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, 2013. 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 4 through 7 of this report.

### Financial Highlights

- The total assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$31,217,788 (net position). Of this amount, \$8,145,367 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$210,230. This decrease is due to the \$273,700 invested in the Uptown Revitalization Project during the fiscal year to finish the 4 year project.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$9,908,973, a decrease of \$638,458 in comparison with the prior year. 100% of the Town's fund balance, constitutes an unassigned fund balance, which is available for spending at the Town's discretion. (GASB 54)

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and 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 position presents information on all of the Town's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position 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 Town's net position changed during the most recent fiscal year. All changes in net position 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 Town'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.

**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 statements.

## Overview of the Financial Statements (Continued)

**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 position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows of resources by \$31,217,788 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position, \$22,792,403 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 position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,347,156	\$ 10,759,389	\$ 273,138	\$ 279,991	\$ 10,620,294	\$ 11,039,380
Capital assets	15,331,019	15,466,135	13,507,347	13,938,929	28,838,366	29,405,064
Total assets	25,678,175	26,225,524	13,780,485	14,218,920	39,458,660	40,444,444
Long-term liabilities						
Outstanding obligations	2,887,067	2,995,461	3,685,262	4,374,093	6,572,329	7,369,554
Other liabilities	432,973	225,013	1,226,664	1,394,510	1,659,637	1,619,523
Total liabilities	3,320,040	3,220,474	4,911,926	5,768,603	8,231,966	8,989,077
Deferred Inflows	8,906	-	-	-	8,906	-
Net investment in capital assets	12,824,596	12,768,337	9,967,807	9,685,215	22,792,403	22,480,901
Restricted for:						
debt service	-	-	280,018	280,018	280,018	280,018
Unrestricted	9,524,633	10,236,713	(1,379,266)	(1,514,916)	8,145,367	8,694,448
Total net position	\$ 22,349,229	\$ 23,005,050	\$ 8,868,559	\$ 8,450,317	\$ 31,217,788	\$ 31,455,367

## Government-wide Financial Analysis (Continued)

*Unrestricted net position* of \$8,145,367 may be used to meet the Town'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 position.

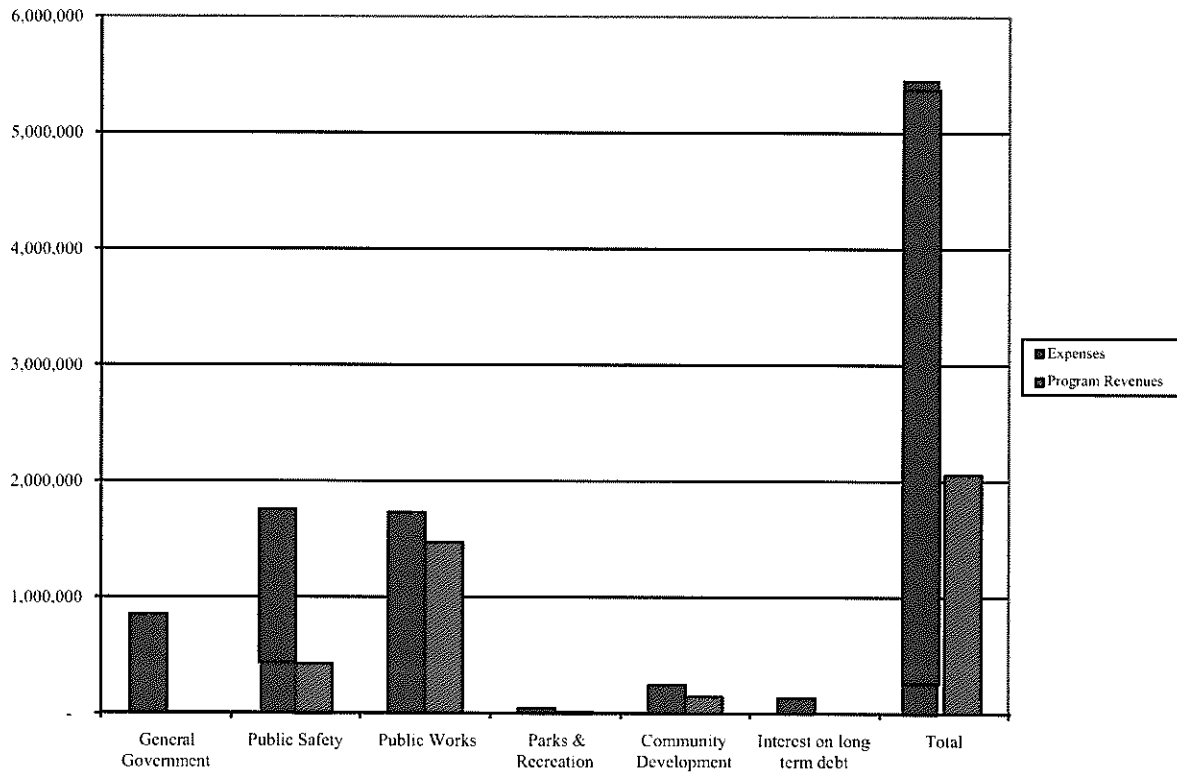
**Governmental activities** - Governmental activities decreased the Town's net position by \$628,472.

**Business-type activities** - Business-type activities increased the Town's net position by \$418,242.

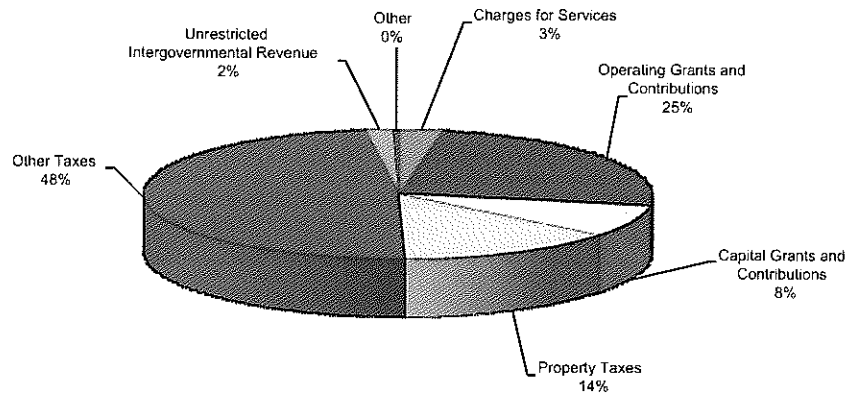
The Town's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 198,335	\$ 141,744	\$ 2,034,980	\$ 1,777,053	\$ 2,233,315	\$ 1,918,797
Operating grants and contributions	1,477,830	1,439,839	-	-	1,477,830	1,439,839
Capital grants and contributions	-	156,064	-	-	-	156,064
General revenues						
Property taxes	849,121	836,746	-	-	849,121	836,746
Other taxes	2,797,927	2,884,666	-	-	2,797,927	2,884,666
Intergovernmental revenue unrestricted	244,810	255,227	1,000	4,000	245,810	259,227
Investment earnings	69,353	81,198	36	18	69,389	81,216
Other	39,699	32,619	166,432	41,166	206,131	73,785
Total revenues	5,677,075	5,828,103	2,202,448	1,822,237	7,879,523	7,650,340
Expenses						
General government	894,183	1,310,661	-	-	894,183	1,310,661
Public safety	1,884,733	2,012,658	-	-	1,884,733	2,012,658
Public works	1,756,852	1,538,835	-	-	1,756,852	1,538,835
Parks, recreation, and cultural	125,182	54,320	-	-	125,182	54,320
Community development	752,701	581,132	-	-	752,701	581,132
Interest on long-term debt	108,331	116,630	-	-	108,331	116,630
Water and wastewater	-	-	2,567,771	2,285,055	2,567,771	2,285,055
Total expenses	5,521,982	5,614,236	2,567,771	2,285,055	8,089,753	7,899,291
Increase (decrease) in net position before transfers	155,093	213,867	(365,323)	(462,818)	(210,230)	(248,951)
Transfers	(783,565)	(454,138)	783,565	454,138	-	-
Change in net position	\$ (628,472)	\$ (240,271)	\$ 418,242	\$ (8,680)	\$ (210,230)	\$ (248,951)

## Government-wide Financial Analysis (Continued)

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



## Financial Analysis of the Town'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, *unassigned 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 \$9,908,973, a decrease of \$638,458 in comparison with the prior year. One hundred percent of the \$9,908,973, constitutes an unassigned fund balance, which is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$10,704,059. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 207% of total general fund expenditures.

The fund balance of the Town's general fund decreased by \$618,973 during the fiscal year. Factors to this decrease are a transfer from the general fund to the utility fund of \$169,287 to fund the balance due on the Water Treatment Plant electric replacement project and two transfers to the capital projects fund of \$201,421 for the Uptown project and \$193,925 for the Performance Venue project for fiscal year 2013.

The fund balance of the Town's capital projects fund decreased by \$19,485 during the year. The key factor to this decrease is related to finishing up Uptown project.

**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 position of the water and wastewater departments at the end of the year amounted to \$(1,379,266). The key factor in this deficit is the use of funds in fiscal year 2011 to retire a \$2,010,000 bond. The increase in net position for this fiscal year 2013 was \$418,242.

## General Fund Budgetary Highlights

There was an increase of \$147,366 and \$219,326 between the original budget and the final amended budget for both revenues and expenditures, respectively. This was due to the receipt and related expenditure of \$144,637 in carry-over funds from the previous year for a guardrail project (\$30,812) and a sidewalk project (\$83,825) as well as a grant of \$25,000 for 2 K-9 Police vehicles where the expenditures totaled \$67,149.

There were no significant variances between the final budget and the actual final results for the year.

## 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, 2013, amounts to \$28,838,366 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, infrastructure, machinery and equipment. The total decrease in the Town's investment in capital assets for the current fiscal year was 2% (a 1% decrease for governmental activities and a 3% 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:

Water Treatment Plant electric upgrade \$264,241

Wastewater Treatment Plant ultra-violet equipment upgrade \$68,386

Design work on the Performance Venue \$119,350

The Town's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,626,168	\$ 2,626,168	\$ 189,454	\$ 189,454	\$ 2,815,622	\$ 2,815,622
Buildings and improvements	7,383,778	7,153,999	-	-	7,383,778	7,153,999
Public domain infrastructure	11,757,595	11,463,782	-	-	11,757,595	11,463,782
Distribution/transmission systems	-	-	22,327,195	22,292,299	22,327,195	22,292,299
Water and wastewater plants	-	-	5,704,808	5,704,808	5,704,808	5,704,808
Machinery and equipment	4,543,812	4,489,146	1,249,693	870,336	5,793,505	5,359,482
Accumulated depreciation	(10,980,334)	(10,266,960)	(15,963,803)	(15,117,968)	(26,944,137)	(25,384,928)
Total	<u>\$ 15,331,019</u>	<u>\$ 15,466,135</u>	<u>\$ 13,507,347</u>	<u>\$ 13,938,929</u>	<u>\$ 28,838,366</u>	<u>\$ 29,405,064</u>

**Long-term debt** - At the end of the current fiscal year, the Town had total debt outstanding of \$5,955,363. Of this amount, \$4,735,963 comprises debt backed by the full faith and credit of the government, and \$1,310,000 is related to notes payable.

#### The Town's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation	\$ -	\$ -	\$ 2,265,063	\$ 2,931,568	\$ 2,265,063	\$ 2,931,568
Revenue bonds	1,147,500	1,171,800	977,500	998,200	2,125,000	2,170,000
Notes payable	1,310,000	1,475,000	-	-	1,310,000	1,475,000
Capital lease	-	-	255,300	280,500	255,300	280,500
	<u>\$ 2,457,500</u>	<u>\$ 2,646,800</u>	<u>\$ 3,497,863</u>	<u>\$ 4,210,268</u>	<u>\$ 5,955,363</u>	<u>\$ 6,857,068</u>

The Town's total debt decreased by \$811,105 (11.8%) during the fiscal year primarily from retiring the principal portion on existing debt. Additional information on the Town's long-term debt can be found in Note 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, 2013 is 5.7%, which is a decrease from the annual rate of 6.2% a year ago according to the Virginia Employment Commission. The state's average unemployment rate as of June 30, 2013 is 6.0% and the national average rate as of June 30, 2013 is 7.8%. The occupancy rate of the Town's central business district continues to remain high.

Inflationary trends in the region compare favorably to national indices.

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

#### Requests for Information

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

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## Basic Financial Statements

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Town of Rocky Mount, Virginia  
Statement of Net Position  
June 30, 2013

	Primary Government			
			Totals	
	Governmental	Business-type	(For comparative purposes only)	
	Activities	Activities	2013	2012
ASSETS				
Cash and cash equivalents	\$ 2,247,832	\$ -	\$ 2,247,832	\$ 2,472,385
Investments	7,509,182	-	7,509,182	7,460,822
Receivables (net of allowance for uncollectibles):				
Taxes receivable	54,719	-	54,719	49,994
Accounts receivable	262,645	160,328	422,973	398,923
Internal balances	233,035	(233,035)	-	-
Due from other governmental units	39,743	-	39,743	334,242
Inventories	-	39,527	39,527	42,996
Restricted assets:				
Cash and cash equivalents - customer deposits	-	26,300	26,300	-
Cash and cash equivalents	-	280,018	280,018	280,018
Capital assets (net of accumulated depreciation):				
Land	2,626,168	189,454	2,815,622	2,815,622
Buildings and improvements	4,354,684	1,411,188	5,765,872	4,680,836
Machinery and equipment	1,672,523	671,914	2,344,437	3,380,691
Infrastructure	6,677,644	11,234,791	17,912,435	18,527,915
Total assets	\$ 25,678,175	\$ 13,780,485	\$ 39,458,660	\$ 40,444,444
LIABILITIES				
Accounts payable	\$ 155,395	\$ 210,986	\$ 366,381	\$ 360,988
Reconciled overdraft	150,501	944,358	1,094,859	1,108,031
Accrued liabilities	82,569	9,589	92,158	39,217
Customers' deposits	-	26,300	26,300	29,275
Accrued interest payable	44,508	35,431	79,939	82,012
Long-term liabilities:				
Due within one year	351,194	543,879	895,073	1,073,751
Due in more than one year	2,535,873	3,141,383	5,677,256	6,295,803
Total liabilities	\$ 3,320,040	\$ 4,911,926	\$ 8,231,966	\$ 8,989,077
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 8,906	\$ -	\$ 8,906	\$ -
NET POSITION				
Net investment in capital assets	\$ 12,824,596	\$ 9,967,807	\$ 22,792,403	\$ 22,480,901
Restricted for:				
Debt service	-	280,018	280,018	280,018
Unrestricted	9,524,633	(1,379,266)	8,145,367	8,694,448
Total net position	\$ 22,349,229	\$ 8,868,559	\$ 31,217,788	\$ 31,455,367

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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Totals (For comparative purposes only) 2012
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	2013	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 894,183	\$ -	\$ 3,000	\$ -	\$ (891,183)	\$ -	\$ (891,183)	\$ (1,310,661)
Public safety	1,884,733	93,630	225,483	-	(1,565,620)	-	(1,565,620)	(1,788,267)
Public works	1,756,852	98,136	1,213,806	-	(444,910)	-	(444,910)	(236,740)
Parks, recreation, and cultural	125,182	2,000	10,541	-	(112,641)	-	(112,641)	(5,168)
Community development	752,701	4,569	25,000	-	(723,132)	-	(723,132)	(419,123)
Interest on long-term debt	108,331	-	-	-	(108,331)	-	(108,331)	(148,736)
Total governmental activities	\$ 5,521,982	\$ 198,335	\$ 1,477,830	\$ -	\$ (3,845,817)	\$ -	\$ (3,845,817)	\$ (3,908,695)
Business-type activities:								
Water and wastewater	\$ 2,567,771	\$ 2,034,980	\$ -	\$ -	\$ -	\$ (532,791)	\$ (532,791)	\$ (509,115)
Total primary government	\$ 8,089,753	\$ 2,233,315	\$ 1,477,830	\$ -	\$ (3,845,817)	\$ (532,791)	\$ (4,378,608)	\$ (4,417,810)
General revenues:								
General property taxes					\$ 849,121	\$ -	\$ 849,121	\$ 836,746
Other local taxes:								
Bank stock taxes					211,311	-	211,311	205,444
Business license taxes					626,570	-	626,570	727,126
Consumers' utility taxes					322,792	-	322,792	282,489
Consumption taxes					-	-	-	38,054
Local sales and use taxes					170,318	-	170,318	165,757
Lodging taxes					86,254	-	86,254	95,823
Motor vehicle licenses					87,651	-	87,651	83,426
Meals taxes					1,192,660	-	1,192,660	1,163,386
Tobacco taxes					100,371	-	100,371	123,161
Unrestricted revenues from the use of money and property					69,353	36	69,389	81,216
Miscellaneous					39,699	166,432	206,131	73,785
Grants and contributions not restricted to specific programs					244,810	1,000	245,810	259,227
Transfers					(783,565)	783,565	-	-
Total general revenues and transfers					\$ 3,217,345	\$ 951,033	\$ 4,168,378	\$ 4,135,640
Change in net position					\$ (628,472)	\$ 418,242	\$ (210,230)	\$ (282,170)
Net position - beginning, as restated					22,977,701	8,450,317	31,428,018	31,737,537
Net position - ending					\$ 22,349,229	\$ 8,868,559	\$ 31,217,788	\$ 31,455,367

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

Town of Rocky Mount, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2013

			Totals	
			Governmental Funds	
			(For Comparative Purposes Only)	
	<u>General</u>	<u>Capital Projects</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,247,832	\$ -	\$ 2,247,832	\$ 2,443,110
Investments	7,509,182	-	7,509,182	7,460,822
Receivables (net of allowance for uncollectibles):				
Taxes receivable	54,719	-	54,719	49,994
Accounts receivable	233,895	28,750	262,645	238,186
Due from other funds	861,425	-	861,425	861,425
Due from other governmental units	39,743	-	39,743	334,242
Total assets	<u>\$ 10,946,796</u>	<u>\$ 28,750</u>	<u>\$ 10,975,546</u>	<u>\$ 11,387,779</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 110,450	\$ 44,945	\$ 155,395	\$ 147,332
Reconciled overdraft	-	150,501	150,501	-
Accrued payroll and related liabilities	82,569	-	82,569	30,611
Due to other funds	-	628,390	628,390	628,390
Total liabilities	<u>\$ 193,019</u>	<u>\$ 823,836</u>	<u>\$ 1,016,855</u>	<u>\$ 806,333</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>\$ 49,718</u>	<u>\$ -</u>	<u>\$ 49,718</u>	<u>\$ 34,015</u>
<b>FUND BALANCES</b>				
Unassigned, reported in:				
General fund	\$ 10,704,059	\$ -	\$ 10,704,059	\$ 11,323,032
Capital projects funds	-	(795,086)	(795,086)	(775,601)
Total fund balances (deficits)	<u>\$ 10,704,059</u>	<u>\$ (795,086)</u>	<u>\$ 9,908,973</u>	<u>\$ 10,547,431</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,946,796</u>	<u>\$ 28,750</u>	<u>\$ 10,975,546</u>	<u>\$ 11,387,779</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 Position  
June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,908,973
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 2,626,168		
Buildings and system	4,354,684		
Machinery and equipment	1,672,523		
Infrastructure	<u>6,677,644</u>		15,331,019

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		40,812
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	\$ (1,147,500)		
Plus: premium on issuance	(48,923)		
Notes payable	(1,310,000)		
Accrued interest payable	(44,508)		
Net OPEB obligation	(168,386)		
Compensated absences	<u>(212,258)</u>		(2,931,575)

Net position of governmental activities	\$	<u><u>22,349,229</u></u>
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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, 2013

	Totals			
	Governmental Funds			
	(For Comparative Purposes Only)			
	General	Capital Projects	2013	2012
<b>REVENUES</b>				
General property taxes	\$ 842,324	\$ -	\$ 842,324	\$ 835,312
Other local taxes	2,797,927	-	2,797,927	2,884,666
Permits, privilege fees, and regulatory licenses	12,861	-	12,861	5,945
Fines and forfeitures	53,037	-	53,037	28,467
Revenue from the use of money and property	69,353	-	69,353	81,198
Charges for services	132,437	-	132,437	107,332
Miscellaneous	6,193	33,506	39,699	32,619
Contributions	-	-	-	156,064
Recovered costs	3,814	-	3,814	613
Intergovernmental revenues:				
Commonwealth	1,669,536	-	1,669,536	1,695,066
Federal	53,104	-	53,104	-
Total revenues	\$ 5,640,586	\$ 33,506	\$ 5,674,092	\$ 5,827,282
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 627,291	\$ -	\$ 627,291	\$ 824,164
Public safety	1,891,726	-	1,891,726	1,764,573
Public works	1,587,437	-	1,587,437	1,457,358
Parks, recreation, and cultural	118,091	-	118,091	69,802
Community development	477,166	-	477,166	374,620
Nondepartmental	176,669	-	176,669	398,734
Capital outlay	-	348,337	348,337	845,734
Debt service:				
Principal retirement	189,300	-	189,300	189,300
Interest and other fiscal charges	112,968	-	112,968	126,381
Total expenditures	\$ 5,180,648	\$ 348,337	\$ 5,528,985	\$ 6,050,666
Excess (deficiency) of revenues over (under) expenditures	\$ 459,938	\$ (314,831)	\$ 145,107	\$ (223,384)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 395,346	\$ 395,346	\$ 592,219
Transfers out	(1,078,911)	(100,000)	(1,178,911)	(1,046,357)
Total other financing sources (uses)	\$ (1,078,911)	\$ 295,346	\$ (783,565)	\$ (454,138)
Net change in fund balances	\$ (618,973)	\$ (19,485)	\$ (638,458)	\$ (677,522)
Fund balances - beginning	11,323,032	(775,601)	10,547,431	11,224,953
Fund balances (deficit) - ending	\$ 10,704,059	\$ (795,086)	\$ 9,908,973	\$ 10,547,431

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, 2013

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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	\$	(638,458)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$ 598,258	
Depreciation expense	<u>(733,374)</u>	(135,116)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6,797
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.

Principal repayments:		
Revenue bonds	\$ 24,300	
Notes payable	<u>165,000</u>	189,300

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.

Compensated absences	\$ (47,693)	
Net OPEB obligation	(7,939)	
Amortization of premium on bond issuance	2,075	
Accrued interest	<u>2,562</u>	(50,995)

Change in net position of governmental activities	\$	<u>(628,472)</u>
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The notes to the financial statements are an integral part of this statement.

Town of Rocky Mount, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Water and Wastewater Fund	
		(For comparative purposes only)
	2013	2012
<b>ASSETS</b>		
Current assets:		
Accounts receivable	\$ 160,328	\$ 160,737
Due from other funds	628,390	628,390
Inventories	39,527	42,996
Total current assets	<u>\$ 828,245</u>	<u>\$ 832,123</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	\$ 280,018	\$ 280,018
Customer deposits - cash and cash equivalents	26,300	29,275
Total restricted assets	<u>\$ 306,318</u>	<u>\$ 309,293</u>
Capital assets, net of accumulated depreciation:		
Land	\$ 189,454	\$ 189,454
Distribution systems	11,234,791	11,857,760
Machinery and equipment	671,914	1,543,236
Water and wastewater plants	1,411,188	348,479
Total capital assets	<u>\$ 13,507,347</u>	<u>\$ 13,938,929</u>
Total noncurrent assets	<u>\$ 13,813,665</u>	<u>\$ 14,248,222</u>
Total assets	<u>\$ 14,641,910</u>	<u>\$ 15,080,345</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 210,986	\$ 213,656
Accrued payroll and related liabilities	9,589	8,606
Reconciled overdraft	944,358	1,108,031
Customer deposits	26,300	29,275
Accrued interest payable	35,431	34,942
Due to other funds	861,425	861,425
Compensated absences - current portion	63,831	48,620
Bonds payable - current portion	480,048	712,407
Total current liabilities	<u>\$ 2,631,968</u>	<u>\$ 3,016,962</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 21,277	\$ 16,206
Bonds payable - net of current portion	3,059,492	3,541,307
Net OPEB liability	60,614	55,553
Total noncurrent liabilities	<u>\$ 3,141,383</u>	<u>\$ 3,613,066</u>
Total liabilities	<u>\$ 5,773,351</u>	<u>\$ 6,630,028</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 9,967,807	\$ 9,685,215
Restricted for debt service	280,018	280,018
Unrestricted	(1,379,266)	(1,514,916)
Total net position	<u>\$ 8,868,559</u>	<u>\$ 8,450,317</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 Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Water and Wastewater Fund	
		(For comparative purposes only)
	2013	2012
<b>OPERATING REVENUES</b>		
Charges for services:		
Water service charges and fees	\$ 1,215,212	\$ 1,095,171
Sewer service charges and fees	760,571	661,731
Capital fund water service charges and fees	13,128	-
Capital fund sewer service charges and fees	26,493	-
Water/sewer penalties	19,576	20,151
Other revenues	72,847	41,166
Total operating revenues	<u>\$ 2,107,827</u>	<u>\$ 1,818,219</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 581,843	\$ 537,202
Fringe benefits	288,044	308,667
Maintenance	31,876	21,179
Utilities and insurance	207,016	156,076
Materials and supplies	152,794	143,216
Contractual Services	86,149	113,720
Other	189,876	101,596
Depreciation	845,835	730,616
Total operating expenses	<u>\$ 2,383,433</u>	<u>\$ 2,112,272</u>
Operating income (loss)	<u>\$ (275,606)</u>	<u>\$ (294,053)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental revenue	\$ 1,000	\$ 4,000
Other nonoperating revenue	93,585	-
Interest revenue	36	18
Interest and fiscal charges	(184,338)	(172,783)
Total nonoperating revenues (expenses)	<u>\$ (89,717)</u>	<u>\$ (168,765)</u>
Income (loss) before transfers	<u>\$ (365,323)</u>	<u>\$ (462,818)</u>
Transfers in	\$ 783,565	\$ 454,138
Change in net position	<u>\$ 418,242</u>	<u>\$ (8,680)</u>
Total net position - beginning, as restated	8,450,317	8,458,997
Total net position - ending	<u>\$ 8,868,559</u>	<u>\$ 8,450,317</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, 2013

	Water and Wastewater Fund	
		(For comparative purposes only)
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 2,104,443	\$ 1,829,567
Payments to suppliers	(673,850)	(349,099)
Payments to employees	(843,561)	(842,595)
Payments for interfund services used	(163,673)	1,108,031
Net cash provided by (used for) operating activities	\$ 423,359	\$ 1,745,904
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ 783,565	\$ 454,138
Intergovernmental funds	1,000	5,593
Net cash provided by (used for) noncapital financing activities	\$ 784,565	\$ 459,731
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset additions	\$ (414,253)	\$ (265,090)
Proceeds from issuance of debt	-	280,500
Other nonoperating revenue	93,585	-
Principal payments on bonds	(712,405)	(666,685)
Interest payments	(177,862)	(175,337)
Net cash provided by (used for) capital and related financing activities	\$ (1,210,935)	\$ (826,612)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends received	\$ 36	\$ 18
Net cash provided by (used for) investing activities	\$ 36	\$ 18
Net increase (decrease) in cash and cash equivalents	\$ (2,975)	\$ 1,379,041
Cash and cash equivalents - beginning	309,293	(1,069,748)
Cash and cash equivalents - ending	\$ 306,318	\$ 309,293
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (275,606)	\$ (294,053)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 845,835	\$ 730,616
(Increase) decrease in accounts receivable	(409)	9,073
(Increase) decrease in inventories	(3,469)	2,525
(Increase) decrease in prepaid items	-	999
Increase (decrease) in customer deposits	(2,975)	2,275
Increase (decrease) in accounts payable	(2,670)	183,164
Increase (decrease) in accrued payroll and related liabilities	983	(17,242)
Increase (decrease) in OPEB liability	5,061	19,420
Increase (decrease) in compensated absences	20,282	1,096
Increase (decrease) in reconciled overdraft	(163,673)	1,108,031
Total adjustments	\$ 698,965	\$ 2,039,957
Net cash provided by (used for) operating activities	\$ 423,359	\$ 1,745,904

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, 2013

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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. Financial Reporting Entity:**

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

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

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

**B. Government-wide and fund financial statements:**

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

The statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

B. Government-wide and fund financial statements: (continued)

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and 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 45 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

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

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 Town reports the following major governmental funds:

The *general fund* is the Town'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.

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 Town'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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 nonoperating revenues and expenses.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

D. Assets, liabilities, deferred outflows/inflows, and net position or fund balance:

1. Deposits and Investments

The Town'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 Town 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

3. Inventories

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

4. Prepaid items

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

5. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on February 28. The Town bills and collects its own property taxes.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

**D. Assets, liabilities, deferred outflows/inflows, and net position or fund balance: (continued)**

**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 \$13,085 for property taxes at June 30, 2013. 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.

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

D. Assets, liabilities, deferred outflows/inflows, and net position or fund balance: (continued)

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources.

10. 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 only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement). 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.

11. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts 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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

D. Assets, liabilities, deferred outflows/inflows, and net position or fund balance: (continued)

11. Long-term Obligations: (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

12. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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

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

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).



TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

D. Assets, liabilities, deferred outflows/inflows, and net position or fund balance: (continued)

13. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

14. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

15. Comparative Data

Comparative total data for the year ended June 30, 2012 has been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations.

**Note 2-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 Resolution. Town Council may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Management can over-expend at the line item level without approval of Town Council.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 2-Stewardship, Compliance, and Accountability: (continued)**

A. Budgetary information: (continued)

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 budgetary data presented is the final revised budget.
9. No functions overspent budgeted amounts during fiscal year 2013.

B. Deficit fund equity

At June 30, 2013, the Capital Projects Fund had deficit fund equity of \$(795,086).

**Note 3-Deposits and Investments:**

Deposits

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

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

Investments:

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

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the Town's investment policy (Policy) permits investments in U.S. treasury securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U.S. treasury/agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a2a-7 like pool). Pursuant to Sec.2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool share (i.e., the LGIP

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 3-Deposits and Investments: (Continued)**

maintains a stable net position 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.

As of June 30, 2013, issuers that equal or exceed 5% of the total portfolio are as follows:

	<u>% of Portfolio</u>
Certificates of Deposit	71%
Federal National Mortgage Association	10%
LGIP	19%

The Town's rated debt investments as of June 30, 2013 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<b>Town's Rated Debt Investment Value</b>		
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	Aaa	Unrated
Certificates of Deposit	\$ -	\$ 5,306,140
Federal National Mortgage Association	740,623	-
LGIP	1,462,420	-
	<u>\$ 2,203,043</u>	<u>\$ 5,306,140</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 3-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	\$ 5,306,140	\$ 1,236,362	\$ 4,069,778	None
Federal National Mortgage Association	488,300	-	488,300	12/26/2013
Federal National Mortgage Association	252,323	-	252,323	9/27/2013
LGIP	1,462,420	1,462,420	-	None
Total	<u>\$ 7,509,183</u>	<u>\$ 2,698,782</u>	<u>\$ 4,810,401</u>	

**Custodial Credit Risk**

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

**Note 4-Due from Other Governmental Units:**

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

	General Fund
Local Governments:	
Franklin County Fire	\$ 7,500
Commonwealth of Virginia:	
Categorical aid	2,141
Federal Government:	
Categorical aid	30,102
Total	<u>\$ 39,743</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 5-Interfund Transfers and Due to/from Other Funds:**

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,078,911
Capital Projects Fund	395,346	100,000
Water and Wastewater Fund	783,565	-
Total	<u>\$ 1,178,911</u>	<u>\$ 1,178,911</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, 2013 consisted of the following:

<u>Fund</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
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, 2013

**Note 6-Capital Assets:**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,626,168	\$ -	\$ -	\$ 2,626,168
Capital assets, being depreciated:				
Public Domain Infrastructure	\$ 11,463,782	\$ 293,813	\$ -	\$ 11,757,595
Buildings and improvements	7,153,999	229,779	-	7,383,778
Machinery and equipment	4,489,146	74,666	(20,000)	4,543,812
Total capital assets being depreciated	\$ 23,106,927	\$ 598,258	\$ (20,000)	\$ 23,685,185
Less: accumulated depreciation for:				
Public Domain Infrastructure	\$ (4,793,627)	\$ (286,324)	\$ -	\$ (5,079,951)
Buildings and improvements	(2,821,642)	(207,452)	-	(3,029,094)
Machinery and equipment	(2,651,691)	(239,598)	20,000	(2,871,289)
Total accumulated depreciation	\$ (10,266,960)	\$ (733,374)	\$ 20,000	\$ (10,980,334)
Total capital assets being depreciated, net	\$ 12,839,967	\$ (135,116)	\$ -	\$ 12,704,851
Governmental activities capital assets, net	\$ 15,466,135	\$ (135,116)	\$ -	\$ 15,331,019

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 6-Capital Assets: (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 189,454	\$ -	\$ -	\$ 189,454
Capital assets being depreciated:				
Distributions/transmission systems	\$ 22,292,299	\$ 34,896	\$ -	\$ 22,327,195
Water and wastewater plants	5,704,808	-	-	5,704,808
Machinery and equipment	870,336	379,357	-	1,249,693
Total capital assets being depreciated	<u>\$ 28,867,443</u>	<u>\$ 414,253</u>	<u>\$ -</u>	<u>\$ 29,281,696</u>
Less: accumulated depreciation:				
Distributions/transmission systems	\$ (10,434,539)	\$ (657,865)	\$ -	\$ (11,092,404)
Water and wastewater plants	(4,161,572)	(132,048)	-	(4,293,620)
Machinery and equipment	(521,857)	(55,922)	-	(577,779)
Total accumulated depreciation	<u>\$ (15,117,968)</u>	<u>\$ (845,835)</u>	<u>\$ -</u>	<u>\$ (15,963,803)</u>
Total capital assets being depreciated, net	<u>\$ 13,749,475</u>	<u>\$ (431,582)</u>	<u>\$ -</u>	<u>\$ 13,317,893</u>
Business-type Activities capital assets, net	<u>\$ 13,938,929</u>	<u>\$ (431,582)</u>	<u>\$ -</u>	<u>\$ 13,507,347</u>

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

Governmental activities:	
General government administration	\$ 93,593
Public safety	229,608
Public works	283,242
Parks, recreation, and culture	7,091
Community development	119,840
Total depreciation expense-governmental activities	<u>\$ 733,374</u>
Business-type activities:	
Water	\$ 301,973
Wastewater	543,862
Total depreciation expense-business type activities	<u>\$ 845,835</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 7-Long-term Obligations:**

**Primary Government - Governmental Activity Liabilities:**

The following is a summary of long-term obligations transactions of the Town for the year ended June 30, 2013:

	Balance July 1, 2012	Issuances	Retirements	Balance June 30, 2013
Revenue Bonds	\$ 1,171,800	\$ -	\$ (24,300)	\$ 1,147,500
Issuance premium	50,998	-	(2,075)	48,923
Notes Payable	1,475,000	-	(165,000)	1,310,000
Compensated absences	164,565	171,117	(123,424)	212,258
OPEB liability	160,447	27,206	(19,267)	168,386
	<u>3,022,810</u>	<u>198,323</u>	<u>(334,066)</u>	<u>2,887,067</u>
Total	\$ 3,022,810	\$ 198,323	\$ (334,066)	\$ 2,887,067

The general government compensated absences, pension obligations and post-employment benefits are generally liquidated by the general fund.

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
2014	\$ 27,000	\$ 56,417	\$ 165,000	\$ 50,404
2015	27,000	55,404	165,000	45,289
2016	29,700	54,324	165,000	40,174
2017	29,700	53,136	165,000	35,059
2018	29,700	51,948	165,000	28,294
2019-2023	180,900	234,212	485,000	44,296
2024-2028	232,200	183,735	-	-
2029-2033	297,000	119,475	-	-
2034-2037	294,300	37,665	-	-
Totals	<u>\$ 1,147,500</u>	<u>\$ 846,316</u>	<u>\$ 1,310,000</u>	<u>\$ 243,516</u>

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 7-Long-term Obligations: (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	\$ 1,147,500	\$ 27,000
Add bond premium	n/a	n/a	n/a	n/a	48,923	-
Total Revenue Bonds					<u>\$ 1,196,423</u>	<u>\$ 27,000</u>
<b>Notes Payable:</b>						
Emergency Services Building	3.70%	12/10	12/21	\$ 1,640,000	<u>\$ 1,310,000</u>	<u>\$ 165,000</u>
<b>Other Long-term Obligations:</b>						
OPEB liability	n/a	n/a	n/a	n/a	\$ 168,386	\$ -
Compensated absences	n/a	n/a	n/a	n/a	212,258	159,194
Total Other Obligations					<u>\$ 380,644</u>	<u>\$ 159,194</u>
Total Long-term Obligations					<u>\$ 2,887,067</u>	<u>\$ 351,194</u>

**Primary Government-Enterprise Activity Obligations:**

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2013:

	Balance July 1, 2012	Issuances	Retirements	Balance June 30, 2013
Revenue bonds	\$ 998,200	\$ -	\$ (20,700)	\$ 977,500
Issuance premium	43,444	-	(1,767)	41,677
General obligation bonds	2,931,568	-	(666,505)	2,265,063
Capital lease	280,500	-	(25,200)	255,300
Compensated absences	64,826	68,902	(48,620)	85,108
OPEB liability	55,553	9,794	(4,733)	60,614
Total	<u>\$ 4,374,091</u>	<u>\$ 78,696</u>	<u>\$ (767,525)</u>	<u>\$ 3,685,262</u>

The enterprise activities' compensated absences, pension obligations and post-employment benefits are generally liquidated by the enterprise fund.

**TOWN OF ROCKY MOUNT, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**Note 7-Long-term Obligations: (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
2014	\$ 23,000	\$ 48,059	\$ 431,254	\$ 82,507
2015	23,000	47,196	185,103	71,520
2016	25,300	46,276	192,581	64,041
2017	25,300	45,264	200,361	56,261
2018	25,300	44,252	208,456	48,167
2019-2023	154,100	199,513	1,047,308	107,495
2024-2028	197,800	156,515	-	-
2029-2033	253,000	101,775	-	-
2034-2037	250,700	32,085	-	-
Totals	<u>\$ 977,500</u>	<u>\$ 720,935</u>	<u>\$ 2,265,063</u>	<u>\$ 429,991</u>

**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	\$ 977,500	\$ 23,000
Add bond premium	n/a	n/a	n/a	n/a	41,677	-
Total Revenue Bonds					<u>\$ 1,019,177</u>	<u>\$ 23,000</u>
<b>General Obligation Bonds:</b>						
Virginia Resource Authority	3.00%	06/92	01/14	\$ 7,931,455	\$ 253,339	\$ 253,339
Virginia Resource Authority	4.00%	07/01	11/23	3,451,906	2,011,724	177,915
Total General Obligation Bonds					<u>\$ 2,265,063</u>	<u>\$ 431,254</u>
<b>Capital Lease:</b>						
Stafford County, Virginia IDA	2.345%	07/01	3/22	\$ 280,500	\$ 255,300	\$ 25,794
<b>Other Long-term Obligations:</b>						
OPEB liability	n/a	n/a	n/a	n/a	\$ 60,614	\$ -
Compensated absences	n/a	n/a	n/a	n/a	85,108	63,831
Total Other Obligations					<u>\$ 145,722</u>	<u>\$ 63,831</u>
Total Long-term Obligations					<u>\$ 3,685,262</u>	<u>\$ 543,879</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 8-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 service 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 were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 8-Employee Retirement System and Pension Plans: (continued)**

**A. Plan Description: (continued)**

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2013 was 12.75% of annual covered payroll.

**C. Annual Pension Cost**

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employee, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 8-Employee Retirement System and Pension Plans: (continued)**

**C. Annual Pension Cost (continued)**

For fiscal year 2013, the Town of Rocky Mount's annual pension cost of \$336,913 for VRS was equal to the required and actual contributions.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:	6/30/2013	\$ 336,913	100.00%	-
	6/30/2012	359,583	100.00%	-
	6/30/2011	353,217	100.00%	-

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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 for Plan1 employees and 2.25% for Plan 2 employees. 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 payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

**D. Funded Status and Funding Progress**

As of June 30, 2012, the most recent actuarial valuation date, the plan was 67.86% funded. The actuarial accrued liability for benefits was \$9,611,069, and the actuarial value of assets was \$6,522,491, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,088,578. The covered payroll (annual payroll of active employees covered by the plan) was \$1,990,706, and ratio of the UAAL to the covered payroll was 155.15%.

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 9-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	\$ 37,000
Interest on net OPEB obligation	9,000
Adjustment to annual required contribution	<u>(9,000)</u>
Annual OPEB cost (expense)	\$ 37,000
Contributions made	<u>(24,000)</u>
Increase in net OPEB obligation	\$ 13,000
Net OPEB obligation - beginning of year	216,000
Net OPEB obligation - end of year	<u><u>\$ 229,000</u></u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 9-Other Post-Employment Benefits (OPEB): (continued)**

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 90,000	9%	\$ 133,000
6/30/2012	94,000	12%	216,000
6/30/2013	37,000	65%	229,000

**Funded Status and Funding Progress**

The funded status of the Plan as of July 1, 2012, the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 350,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 350,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 3,305,565
UAAL as a percentage of covered payroll	10.59%

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.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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**Note 9-Other Post-Employment Benefits (OPEB): (continued)**

In the July 1, 2012 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 9.0% graded to 5.0% over 10 years. The unfunded accrued liability is being amortized as a level percent over 30 years. Amortizations are open ended in that they begin anew at each valuation date.

**Note 10-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	\$ 0.13
Personal Property	\$ 0.51
Machinery and Tools	\$ 0.17

**Note 11-Unavailable Revenue:**

Unavailable 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. Unavailable revenue totaling \$40,812 is comprised of the following:

Property Taxes - Property tax revenue representing uncollected tax billings not available for funding current expenditures totaled \$31,906.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$8,906.



TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

**Note 12-Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town 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 13-Surety Bonds:**

<i>VML Insurance Programs</i>	
Employee Dishonesty	\$ 1,000,000

**Note 14-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. On July 25, 2012 the house was sold for \$25,292 at 4.00% interest for 10 years per CDBG to a low to moderate income family.

**Note 15-Restatement of Beginning Balances:**

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

<b>Restatement of beginning net position:</b>	<b>General Fund</b>
Net position, as previously reported	\$ 23,009,807
Removal of bond issuance costs	(32,106)
Beginning net position, as restated	<u>\$ 22,977,701</u>
	<b>Business-type</b>
	<b>Activities</b>
Restatement of beginning net position:	
Net position, as previously reported	\$ 8,477,666
Removal of bond issuance costs	(27,349)
Beginning net position, as restated	<u>\$ 8,450,317</u>

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 16-Adoption of Accounting Principles:**

**Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:**

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

**Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board:**

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this Statement resulted in the restatement of net position details of which are provided at Note 15.

**Note 17-Upcoming Pronouncements:**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Town has not determined the impact of this pronouncement on its financial statements.

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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, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 829,077	\$ 829,077	\$ 842,324	\$ 13,247
Other local taxes	2,622,079	2,622,079	2,797,927	175,848
Permits, privilege fees, and regulatory licenses	27,600	27,600	12,861	(14,739)
Fines and forfeitures	22,410	22,410	53,037	30,627
Revenue from the use of money and property	97,238	97,238	69,353	(27,885)
Charges for services	103,696	103,696	132,437	28,741
Miscellaneous	1,140	1,140	6,193	5,053
Recovered costs	1,500	1,500	3,814	2,314
Intergovernmental revenues:				
Commonwealth	1,608,478	1,730,844	1,669,536	(61,308)
Federal	-	25,000	53,104	28,104
Total revenues	\$ 5,313,218	\$ 5,460,584	\$ 5,640,586	\$ 180,002
EXPENDITURES				
Current:				
General government administration	\$ 650,015	\$ 650,016	\$ 627,291	\$ 22,725
Public safety	1,816,402	1,904,627	1,891,726	12,901
Public works	1,464,493	1,595,594	1,587,437	8,157
Parks, recreation, and cultural	171,728	171,728	118,091	53,637
Community development	658,121	658,121	477,166	180,955
Nondepartmental	187,913	187,912	176,669	11,243
Debt service:				
Principal retirement	189,300	189,300	189,300	-
Interest and other fiscal charges	112,968	112,968	112,968	-
Total expenditures	\$ 5,250,940	\$ 5,470,266	\$ 5,180,648	\$ 289,618
Excess (deficiency) of revenues over (under) expenditures	\$ 62,278	\$ (9,682)	\$ 459,938	\$ 469,620
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (514,278)	\$ -	\$ (1,078,911)	\$ (1,078,911)
Issuance of bonds	275,000	275,000	-	(275,000)
Total other financing sources (uses)	\$ (239,278)	\$ 275,000	\$ (1,078,911)	\$ (1,353,911)
Net change in fund balances	\$ (177,000)	\$ 265,318	\$ (618,973)	\$ (884,291)
Fund balances - beginning	177,000	418,247	11,323,032	10,904,785
Fund balances - ending	\$ -	\$ 683,565	\$ 10,704,059	\$ 10,020,494

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, 2013

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, 2012	\$ 6,522,491	\$ 9,611,069	\$ 3,088,578	67.86%	\$ 1,990,706	155.15%
June 30, 2011	6,494,391	8,924,105	2,429,714	72.77%	1,945,330	124.90%
June 30, 2010	6,304,482	8,803,126	2,498,644	71.62%	2,081,530	120.04%

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, 2012	\$ -	\$ 350,000	\$ 350,000	0.00%	\$ 3,305,565	10.59%
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%

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## **Supplementary Financial Statements**

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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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 1,200,000	\$ 33,506	\$ (1,166,494)
Intergovernmental revenues:				
Commonwealth	-	500,000	-	(500,000)
Total revenues	\$ -	\$ 1,700,000	\$ 33,506	\$ (1,666,494)
<b>EXPENDITURES</b>				
Capital outlay	\$ -	\$ 2,600,000	\$ 348,337	\$ 2,251,663
Total expenditures	\$ -	\$ 2,600,000	\$ 348,337	\$ 2,251,663
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (900,000)	\$ (314,831)	\$ 585,169
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 395,346	\$ 395,346
Transfers out	-	-	(100,000)	(100,000)
Total other financing sources (uses)	\$ -	\$ -	\$ 295,346	\$ 295,346
Net change in fund balances	\$ -	\$ (900,000)	\$ (19,485)	\$ 880,515
Fund balances - beginning	-	900,000	(775,601)	(1,675,601)
Fund balances - ending	\$ -	\$ -	\$ (795,086)	\$ (795,086)

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

## **SUPPORTING SCHEDULES**



Town of Rocky Mount, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 1  
Page 1 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 569,689	\$ 569,689	\$ 566,678	\$ (3,011)
Public service corporation taxes	25,822	25,822	27,803	1,981
Personal Property Tax	137,603	137,603	136,312	(1,291)
Machinery and tools tax	92,733	92,733	103,177	10,444
Penalties	2,730	2,730	5,084	2,354
Interest	500	500	3,270	2,770
Total general property taxes	<u>\$ 829,077</u>	<u>\$ 829,077</u>	<u>\$ 842,324</u>	<u>\$ 13,247</u>
Other local taxes:				
Local sales and use taxes	\$ 164,637	\$ 164,637	\$ 170,318	\$ 5,681
Consumers' utility taxes	332,100	332,100	322,792	(9,308)
Business license taxes	527,950	527,950	626,570	98,620
Motor vehicle licenses	87,310	87,310	87,651	341
Bank stock taxes	203,877	203,877	211,311	7,434
Lodging taxes	84,596	84,596	86,254	1,658
Meals taxes	1,081,609	1,081,609	1,192,660	111,051
Cigarette taxes	140,000	140,000	100,371	(39,629)
Total other local taxes	<u>\$ 2,622,079</u>	<u>\$ 2,622,079</u>	<u>\$ 2,797,927</u>	<u>\$ 175,848</u>
Permits, privilege fees, and regulatory licenses:				
Farmers Market permits	\$ 2,600	\$ 2,600	\$ 2,496	\$ (104)
Welcome Center fees	5,500	5,500	3,950	(1,550)
Planning and zoning	9,500	9,500	6,415	(3,085)
Music venue fees	10,000	10,000	-	(10,000)
Total permits, privilege fees, and regulatory licenses	<u>\$ 27,600</u>	<u>\$ 27,600</u>	<u>\$ 12,861</u>	<u>\$ (14,739)</u>
Fines and forfeitures:				
Court fines	\$ 22,160	\$ 22,160	\$ 52,567	\$ 30,407
Parking fines	250	250	470	220
Total fines and forfeitures	<u>\$ 22,410</u>	<u>\$ 22,410</u>	<u>\$ 53,037</u>	<u>\$ 30,627</u>
Revenue from use of money and property:				
Interest earned	\$ 96,818	\$ 96,818	\$ 87,451	\$ (9,367)
Revenue from use of property	420	420	420	-
Gains (Losses) on investments	-	-	(18,518)	(18,518)
Total revenue from use of money and property	<u>\$ 97,238</u>	<u>\$ 97,238</u>	<u>\$ 69,353</u>	<u>\$ (27,885)</u>
Charges for services:				
Waste collection charges	\$ 88,170	\$ 88,170	\$ 98,136	\$ 9,966
Grave preparation	2,300	2,300	2,000	(300)
Police reports	1,300	1,300	1,171	(129)

Town of Rocky Mount, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 1  
Page 2 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Security services	\$ 3,400	\$ 3,400	\$ 11,160	\$ 7,760
Passport services	8,046	8,046	15,401	7,355
Miscellaneous services	480	480	4,569	4,089
Total charges for services	\$ 103,696	\$ 103,696	\$ 132,437	\$ 28,741
Miscellaneous revenue:				
Donations	\$ -	\$ -	\$ 656	\$ 656
Miscellaneous	1,140	1,140	5,537	4,397
Total miscellaneous revenue	\$ 1,140	\$ 1,140	\$ 6,193	\$ 5,053
Recovered costs:				
Other recovered costs	\$ 1,500	\$ 1,500	\$ 3,814	\$ 2,314
Total recovered costs	\$ 1,500	\$ 1,500	\$ 3,814	\$ 2,314
Total revenue from local sources	\$ 3,704,740	\$ 3,704,740	\$ 3,917,946	\$ 213,206
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Personal property tax relief funds	\$ 53,861	\$ 53,861	\$ 53,861	\$ -
Telecommunications tax	180,668	180,668	184,359	3,691
Litter tax	1,746	1,746	2,964	1,218
Rolling Stock	3,000	3,000	3,626	626
Total noncategorical aid	\$ 239,275	\$ 239,275	\$ 244,810	\$ 5,535
Categorical aid:				
Fire programs	\$ 40,000	\$ 40,000	\$ 44,776	\$ 4,776
Highway maintenance	1,191,111	1,191,111	1,213,806	22,695
Law enforcement block grant	-	-	4,272	4,272
COPS grant	-	4,729	-	(4,729)
Drug asset forfeiture	-	-	10,239	10,239
Law enforcement aid	108,460	108,460	108,460	-
Department of Conservation and Recreation grant	-	-	10,541	10,541
VDOT grant	-	114,637	-	(114,637)
School resource office	29,632	29,632	29,632	-
Other categorical aid	-	3,000	3,000	-
Total other categorical aid	\$ 1,369,203	\$ 1,491,569	\$ 1,424,726	\$ (66,843)
Total revenue from the Commonwealth	\$ 1,608,478	\$ 1,730,844	\$ 1,669,536	\$ (61,308)

Town of Rocky Mount, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 1  
Page 3 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
FEMA grants	\$ -	\$ -	\$ 7,613	\$ 7,613
DMV mini grant	-	-	20,491	20,491
USDA grant	-	25,000	25,000	-
Total categorical aid	\$ -	\$ 25,000	\$ 53,104	\$ 28,104
Total revenue from the federal government	\$ -	\$ 25,000	\$ 53,104	\$ 28,104
Total General Fund	\$ 5,313,218	\$ 5,460,584	\$ 5,640,586	\$ 180,002
<b>Capital Projects Fund:</b>				
Capital Projects:				
Revenue from local sources:				
Miscellaneous revenue:				
Contributions and private grants	\$ -	\$ 1,200,000	\$ 33,506	\$ (1,166,494)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco grant	\$ -	\$ 500,000	\$ -	\$ (500,000)
Total Capital Projects Fund	\$ -	\$ 1,700,000	\$ 33,506	\$ (1,666,494)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 2  
Page 1 of 12

<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	\$ 2,500	\$ 2,500	\$ 2,450	\$ 50
Wages - contractual services	35,000	35,000	31,175	3,825
Fringes/benefits	9,710	9,710	7,715	1,995
Contractual services	3,350	3,350	2,381	969
Advertising	1,100	1,100	2,804	(1,704)
Printing and binding	350	350	119	231
Postage and delivery services	200	200	176	24
Communication	3,360	3,360	4,348	(988)
Uniforms and clothing	-	-	89	(89)
Travel, training, and education	3,800	3,800	6,790	(2,990)
Meeting expenses	1,050	1,050	950	100
Stipends	1,100	1,100	850	250
Dues and professional memberships	9,424	9,424	9,469	(45)
Books and subscriptions	500	500	362	138
Office supplies	250	250	2,739	(2,489)
Miscellaneous	10,000	10,000	12,365	(2,365)
Furniture and fixtures	-	-	630	(630)
Data processing equipment	-	-	109	(109)
Total Mayor and Town Council	\$ 81,694	\$ 81,694	\$ 85,521	\$ (3,827)
Town Manager:				
Wages	\$ 122,367	\$ 122,367	\$ 129,864	\$ (7,497)
Fringes/benefits	53,279	53,279	49,662	3,617
Contractual services	716	716	1,123	(407)
Printing and binding	25	25	77	(52)
Postage and delivery services	400	400	245	155
Motor fuel expense	590	590	548	42
Motor vehicle expense	250	250	403	(153)
Communication	5,500	5,500	6,039	(539)
Travel, training, and education	3,000	3,000	6,803	(3,803)
Dues and professional memberships	850	850	865	(15)
Books and subscriptions	350	350	212	138
Office supplies	2,000	2,000	3,051	(1,051)
Capital outlay	4,000	4,000	-	4,000
Furniture and fixtures	-	-	630	(630)
Data processing equipment	-	-	2,449	(2,449)
Total Town Manager	\$ 193,327	\$ 193,327	\$ 201,971	\$ (8,644)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 2  
Page 2 of 12

<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)				
Town Attorney/Legal Services:				
Contractual services	\$ 3,500	\$ 3,500	\$ 5,039	\$ (1,539)
Retainer	15,750	15,750	18,600	(2,850)
Professional services	25,163	25,163	5,193	19,970
Dues and professional memberships	240	240	240	-
Books and subscriptions	400	400	391	9
Total Town Attorney/Legal Services	\$ 45,053	\$ 45,053	\$ 29,463	\$ 15,590
Finance:				
Wages	\$ 140,190	\$ 140,190	\$ 148,831	\$ (8,641)
Fringes/benefits	73,190	73,191	63,241	9,950
Contractual services	77,066	77,066	62,573	14,493
Advertising	375	375	301	74
Printing and binding	14,150	14,150	8,526	5,624
Postage and delivery services	6,000	6,000	6,945	(945)
Communications	4,350	4,350	5,129	(779)
Travel, training, and education	4,500	4,500	4,167	333
Dues and professional memberships	1,270	1,270	1,295	(25)
Books and subscriptions	100	100	210	(110)
Miscellaneous	-	-	29	(29)
Office Supplies	8,750	8,750	6,014	2,736
Data processing	-	-	3,075	(3,075)
Total Finance	\$ 329,941	\$ 329,942	\$ 310,336	\$ 19,606
Total General Government Administration	\$ 650,015	\$ 650,016	\$ 627,291	\$ 22,725
Public safety:				
Police Department:				
Wages	\$ 960,553	\$ 960,553	\$ 1,003,854	\$ (43,301)
Fringes/benefits	526,338	526,338	432,080	94,258
Contractual services	10,000	10,000	18,865	(8,865)
Repairs and maintenance	500	500	186	314
Advertising	1,000	1,000	1,403	(403)
Printing and binding	1,000	1,000	-	1,000
Postage and delivery services	850	850	322	528
Motor fuel expense	49,483	49,483	56,899	(7,416)
Motor vehicle expense	15,000	15,000	25,218	(10,218)
Communications	20,000	20,000	23,328	(3,328)
Grant expenses	-	-	4,983	(4,983)
Purchases-DMV Grants	-	-	945	(945)
Asset forfeiture expenses	1,000	1,000	3,662	(2,662)
Police K-9 unit	4,000	4,000	4,026	(26)

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 2  
Page 3 of 12

<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 safety: (continued)				
Police Department:(continued)				
SWAT/warrant expenses	\$ -	\$ -	\$ 246	\$ (246)
Uniforms	10,000	10,000	11,986	(1,986)
Travel, training, and education	9,500	9,500	5,031	4,469
Uniform stipend	11,600	11,600	11,600	-
Dues and professional memberships	550	550	1,040	(490)
Books and subscriptions	400	400	108	292
Miscellaneous	300	300	264	36
Office supplies	5,000	5,000	3,783	1,217
Police supplies	15,000	15,000	15,472	(472)
Capital outlay	7,400	7,400	6,617	783
Furniture and fixtures	800	800	2,070	(1,270)
Data processing	5,000	5,000	8,480	(3,480)
Motor vehicles	2,200	69,349	72,445	(3,096)
Motor vehicle lease	27,272	27,272	27,858	(586)
Audio and video equipment	27,000	35,254	24,265	10,989
Total Police Department	\$ 1,711,746	\$ 1,787,149	\$ 1,767,036	\$ 20,113
Volunteer Fire Department:				
Fringes/benefits	\$ 3,490	\$ 3,490	\$ 2,887	\$ 603
Contractual services	2,000	2,000	2,375	(375)
Repairs and maintenance	2,500	2,500	1,616	884
Advertising	-	-	1,193	(1,193)
Printing and binding	250	250	20	230
Postage and delivery services	150	150	-	150
Motor fuel expense	10,516	10,516	6,722	3,794
Motor vehicle expense	12,000	12,000	22,510	(10,510)
Small equipment expense	350	350	618	(268)
Communications	3,000	3,000	2,384	616
Insurance	6,500	6,500	6,841	(341)
Uniforms/turnout gear	6,500	6,500	7,574	(1,074)
Travel, training, and education	1,500	1,500	-	1,500
Stipends	44,000	44,000	45,590	(1,590)
Dues and professional memberships	1,000	1,000	565	435
Books and subscriptions	1,000	1,000	855	145
Office supplies	600	600	273	327
Equipment-replacement truck	-	12,822	8,831	3,991
Furniture and fixtures	-	-	370	(370)
Fire department supplies	7,800	7,800	3,194	4,606
Data processing	1,500	1,500	144	1,356

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 2  
Page 4 of 12

<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 safety: (continued)				
Volunteer Fire Department: (continued)				
Safety equipment	\$ -	\$ -	\$ 761	\$ (761)
Acquisitions - grant funded	-	-	9,367	(9,367)
Total Volunteer Fire Department	\$ 104,656	\$ 117,478	\$ 124,690	\$ (7,212)
Total public safety	\$ 1,816,402	\$ 1,904,627	\$ 1,891,726	\$ 12,901
Public works:				
Administration:				
Fringes/benefits	\$ 420	\$ 420	\$ 754	\$ (334)
Contractual services	800	800	607	193
Permits, licenses and fees	-	-	148	(148)
Communications	1,620	1,620	1,620	-
Uniforms	15,625	15,625	11,653	3,972
Books and subscriptions	-	-	210	(210)
Office supplies	450	450	141	309
Total Public Works Administration	\$ 18,915	\$ 18,915	\$ 15,133	\$ 3,782
PW Non-VDOT Highway Eligible:				
Uniforms	\$ -	\$ -	\$ 1,952	\$ (1,952)
Street Lights:				
Wages	\$ -	\$ -	\$ 2,100	\$ (2,100)
Fringes/benefits	-	-	1,646	(1,646)
Contractual services	1,000	1,000	1,577	(577)
Utilities	92,000	92,000	103,507	(11,507)
Streets, street lights, sidewalks	150	150	2,100	(1,950)
Total Street Lights	\$ 93,150	\$ 93,150	\$ 110,930	\$ (17,780)
Traffic Control and Parking:				
Wages	\$ 7,785	\$ 7,785	\$ 8,320	\$ (535)
Fringes/benefits	5,149	5,149	4,697	452
Contractual services	30,000	30,000	32,468	(2,468)
Utilities	8,600	8,600	9,183	(583)
Motor fuel expense	820	820	620	200
Motor vehicle expense	200	200	168	32
Lights for Life expenses	-	-	483	(483)
Traffic control/parking supplies	7,000	7,000	8,888	(1,888)
Lights for Life/Opticom	-	16,464	-	16,464
Total Traffic Control and Parking	\$ 59,554	\$ 76,018	\$ 64,827	\$ 11,191

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Schedule 2  
Page 5 of 12

<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)				
Streets:				
Wages	\$ 276,098	\$ 276,098	\$ 277,830	\$ (1,732)
Fringes/benefits	181,965	181,965	157,763	24,202
Contractual services	300,000	300,000	474,181	(174,181)
Repairs and maintenance	250	250	250	-
Advertising	-	-	413	(413)
Permits, licenses, fees	750	750	-	750
Motor fuel expense	33,000	33,000	30,774	2,226
Motor vehicle expense	12,000	12,000	15,664	(3,664)
Small equipment expense	3,500	3,500	4,623	(1,123)
Miscellaneous	100	100	-	100
Agricultural supplies	350	350	223	127
Chemicals and materials	3,100	3,100	3,150	(50)
Streets, street lights, sidewalk supplies	20,000	20,000	28,188	(8,188)
Motor vehicles	-	-	1,328	(1,328)
Machinery and equipment	2,500	2,500	-	2,500
Total Streets	\$ 833,613	\$ 833,613	\$ 994,387	\$ (160,774)
Sidewalks, curbs, and guttering:				
Wages	\$ 7,785	\$ 7,785	\$ 3,350	\$ 4,435
Fringes/benefits	5,149	5,149	1,519	3,630
Travel, training, and educations	90	90	178	(88)
Street and sidewalk supplies	4,000	4,000	2,070	1,930
Total Sidewalks, curbs, and guttering	\$ 17,024	\$ 17,024	\$ 7,117	\$ 9,907
Street Cleaning:				
Wages	\$ 7,785	\$ 7,785	\$ 7,454	\$ 331
Fringes/benefits	5,149	5,149	4,557	592
Motor fuel expense	1,100	1,100	1,044	56
Motor vehicle expense	2,500	2,500	3,047	(547)
Total Street Cleaning	\$ 16,534	\$ 16,534	\$ 16,102	\$ 432



Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
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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>				
Refuse Collection:				
Wages	\$ 83,348	\$ 83,348	\$ 85,843	\$ (2,495)
Fringes/benefits	51,934	51,934	45,468	6,466
Advertising	300	300	371	(71)
Motor fuel expense	8,600	8,600	11,450	(2,850)
Motor vehicle expense	6,000	6,000	4,905	1,095
Refuse collection supplies	400	400	75	325
Total Refuse Collection	<u>\$ 150,582</u>	<u>\$ 150,582</u>	<u>\$ 148,112</u>	<u>\$ 2,470</u>
Snow Removal:				
Wages	\$ 6,391	\$ 6,391	\$ 7,188	\$ (797)
Fringes/benefits	3,523	3,523	4,845	(1,322)
Motor fuel expense	2,000	2,000	752	1,248
Motor vehicle expense	2,000	2,000	64	1,936
Chemicals, materials, supplies	10,000	10,000	4,466	5,534
Streets, street lights, cleaning, and sidewalk supplies	1,000	1,000	778	222
Total Snow Removal	<u>\$ 24,914</u>	<u>\$ 24,914</u>	<u>\$ 18,093</u>	<u>\$ 6,821</u>
Grassy Hill Guardrails:				
Contractual services	\$ -	\$ -	\$ 5,395	\$ (5,395)
Capital outlay	30,812	30,812	-	30,812
Infrastructure	-	30,812	-	30,812
Total Grassy Hill Guardrails	<u>\$ 30,812</u>	<u>\$ 61,624</u>	<u>\$ 5,395</u>	<u>\$ 56,229</u>
40 East Sidewalk/Crosswalks:				
Contractual services	\$ -	\$ -	\$ 19,375	\$ (19,375)
Capital Outlay	83,825	83,825	-	83,825
Infrastructure	-	83,825	-	83,825
Total East Sidewalk/Crosswalk	<u>\$ 83,825</u>	<u>\$ 167,650</u>	<u>\$ 19,375</u>	<u>\$ 148,275</u>
Municipal Building:				
Wages	\$ -	\$ -	\$ 3,077	\$ (3,077)
Fringes/benefits	-	-	1,949	(1,949)
Contractual services	30,000	30,000	36,860	(6,860)
Repairs and maintenance	500	500	1,585	(1,085)
Advertising	-	-	250	(250)
Utilities	28,000	28,000	26,033	1,967
Communications	400	400	487	(87)
Municipal building supplies	1,800	1,800	1,402	398
Agricultural supplies	500	500	73	427
Janitorial supplies	1,500	1,500	2,354	(854)

Town of Rocky Mount, Virginia  
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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)				
Municipal Building:				
Data processing	\$ -	\$ -	\$ 1,725	\$ (1,725)
Audio and video equipment	-	-	1,472	(1,472)
Total Municipal Building	\$ 62,700	\$ 62,700	\$ 77,267	\$ (14,567)
Emergency Services Building:				
Wages	\$ -	\$ -	\$ 4,096	\$ (4,096)
Fringes/benefits	-	-	1,308	(1,308)
Contractual services	17,000	17,000	18,712	(1,712)
Repairs and maintenance	4,000	4,000	5,031	(1,031)
Utilities	16,500	16,500	16,925	(425)
Heating fuel expense	14,000	14,000	13,541	459
Small equipment expense	-	-	621	(621)
Communications	1,220	1,220	1,938	(718)
Agricultural supplies	250	250	73	177
Janitorial supplies	2,500	2,500	4,638	(2,138)
ES building supplies	550	550	569	(19)
Capital outlay	-	-	1,000	(1,000)
Total Emergency Services Building	\$ 56,020	\$ 56,020	\$ 68,452	\$ (12,432)
Public Works Building:				
Wages	\$ -	\$ -	\$ 1,725	\$ (1,725)
Fringes/benefits	-	-	915	(915)
Contractual services	1,800	1,800	1,448	352
Repairs and maintenance	250	250	1,125	(875)
Utilities	5,000	5,000	4,010	990
Heating fuel expense	2,000	2,000	2,928	(928)
Communications	2,500	2,500	2,539	(39)
Office supplies	100	100	138	(38)
Janitorial supplies	1,700	1,700	1,125	575
Shop supplies	2,500	2,500	3,155	(655)
Capital outlay	1,000	1,000	21,187	(20,187)
Total Public Works Building	\$ 16,850	\$ 16,850	\$ 40,295	\$ (23,445)
Total public works	\$ 1,464,493	\$ 1,595,594	\$ 1,587,437	\$ 8,157

Town of Rocky Mount, Virginia  
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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>				
Parks, recreation, and cultural:				
Cemetery Maintenance:				
Wages	\$ 7,785	\$ 7,785	\$ 9,826	\$ (2,041)
Fringes/benefits	5,149	5,149	4,849	300
Contractual services	1,000	1,000	-	1,000
Motor fuel expense	800	800	1,162	(362)
Small equipment expense	700	700	185	515
Agricultural supplies	200	200	340	(140)
Parks, recreation, cemetery supplies	100	100	70	30
Total Cemetery Maintenance	\$ 15,734	\$ 15,734	\$ 16,432	\$ (698)
Playgrounds and Parks:				
Wages	\$ 10,381	\$ 10,381	13,576	\$ (3,195)
Fringes/benefits	6,863	6,863	7,333	(470)
Contractual services	800	800	1,600	(800)
Repairs and maintenance	200	200	1,222	(1,022)
Utilities	2,400	2,400	1,947	453
Motor fuel expense	750	750	1,256	(506)
Motor vehicle expense	200	200	-	200
Small equipment expense	200	200	54	146
Agricultural supplies	200	200	315	(115)
Parks, recreation, cemetery supplies	2,000	2,000	395	1,605
Machinery and equipment	5,000	5,000	5,445	(445)
Total Playgrounds and Parks	\$ 28,994	\$ 28,994	\$ 33,143	\$ (4,149)
Celeste Park:				
Land improvements	\$ 97,000	\$ 97,000	\$ 67,621	\$ 29,379
Pigg River Dam Safety Improvements				
Contractual services	\$ 30,000	\$ 30,000	\$ 895	\$ 29,105
Total parks, recreation, and cultural	\$ 171,728	\$ 171,728	\$ 118,091	\$ 53,637

Town of Rocky Mount, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Community development:				
Planning and Zoning:				
Wages	\$ 55,807	\$ 55,807	\$ 59,231	\$ (3,424)
Fringes/benefits	27,300	27,300	25,380	1,920
Contractual services	10,000	10,000	2,961	7,039
Advertising	2,000	2,000	2,011	(11)
Printing and binding	2,500	2,500	-	2,500
Postage and delivery services	1,000	1,000	522	478
Motor fuel expense	520	520	656	(136)
Motor vehicle expense	500	500	177	323
Communications	3,000	3,000	4,254	(1,254)
Travel	3,000	3,000	869	2,131
Meeting expenses	300	300	1,178	(878)
Stipends	8,500	8,500	7,850	650
Dues and professional memberships	450	450	425	25
Books and subscriptions	300	300	313	(13)
Office Supplies	1,750	1,750	2,838	(1,088)
Furniture and fixtures	-	-	200	(200)
Data processing equipment	5,000	5,000	6,883	(1,883)
Total Planning and Zoning	\$ 121,927	\$ 121,927	\$ 115,748	\$ 6,179
Community and Economic Development:				
Wages	\$ 79,213	\$ 79,213	\$ 85,106	\$ (5,893)
Fringes/benefits	29,263	29,263	25,007	4,256
Contractual services	35,000	35,000	27,953	7,047
Advertising	4,000	4,000	4,783	(783)
Printing and binding	1,950	1,950	63	1,887
Postage and delivery services	475	475	669	(194)
Motor fuel expense	900	900	995	(95)
Motor vehicle expense	400	400	129	271
Communications	1,700	1,700	2,933	(1,233)
Uniforms and clothing	-	-	305	(305)
Travel, training, and education	4,800	4,800	4,793	7
Dues and professional memberships	1,000	1,000	1,007	(7)
Books and subscriptions	250	250	2,481	(2,231)
Miscellaneous	-	-	176	(176)
Special events/promotions	16,000	16,000	13,720	2,280
Office supplies	2,500	2,500	3,964	(1,464)
Community development, P&Z, GIS supplies	-	-	300	(300)
Capital outlay	2,500	2,500	1,401	1,099
Furniture and fixtures	1,000	1,000	2,725	(1,725)
Data processing equipment	1,500	1,500	3,081	(1,581)
Audio and video equipment	900	900	-	900

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Community development: (continued)				
Community and Economic Development: (continued)				
Town decorations	\$ 2,000	\$ 2,000	\$ 4,277	\$ (2,277)
Total Community and Economic Development	\$ 185,351	\$ 185,351	\$ 185,868	\$ (517)
Citizens' Square:				
Wages	\$ -	\$ -	\$ 2,028	\$ (2,028)
Fringes/benefits	-	-	716	(716)
Contractual services	8,000	8,000	7,655	345
Repairs and maintenance	800	800	894	(94)
Advertising	1,200	1,200	241	959
Permits, licenses, fees	150	150	40	110
Utilities	2,000	2,000	1,625	375
Special events/promotions	1,500	1,500	-	1,500
Agricultural supplies	-	-	24	(24)
Janitorial supplies	700	700	123	577
Citizens' Square/Depot supplies	50	50	-	50
Audio and video equipment	-	-	180	(180)
Total Citizens' Square	\$ 14,400	\$ 14,400	\$ 13,526	\$ 874
Community and Hospitality Center:				
Wages	\$ 15,470	\$ 15,470	\$ 9,511	\$ 5,959
Fringes/benefits	1,183	1,183	760	423
Contractual services	4,000	4,000	3,280	720
Repairs and maintenance	1,000	1,000	1,187	(187)
Advertising	1,500	1,500	125	1,375
Printing and binding	-	-	590	(590)
Utilities	5,900	5,900	5,133	767
Communications	1,200	1,200	828	372
Special events/promotions	-	-	225	(225)
Office supplies	100	100	1,188	(1,088)
Agricultural supplies	100	100	-	100
Janitorial supplies	700	700	274	426
Merchandise for resale	-	-	338	(338)
Citizens' Square/Depot supplies	550	550	55	495
Furniture and fixtures	-	-	1,592	(1,592)
Total Community and Hospitality Center	\$ 31,703	\$ 31,703	\$ 25,086	\$ 6,617

Town of Rocky Mount, Virginia  
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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)				
Passport Program:				
Postage and delivery services	\$ 1,300	\$ 1,300	\$ 1,679	\$ (379)
Office supplies	500	500	645	(145)
Passport supplies	-	-	160	(160)
Total Passport Program	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 2,484</u>	<u>\$ (684)</u>
Harvester Center Operations				
Wages	\$ -	\$ -	\$ 6,555	\$ (6,555)
Fringes/benefits	-	-	2,442	(2,442)
Contractual services	20,000	20,000	115,329	(95,329)
Advertising	2,750	2,750	1,734	1,016
Printing and duplicating	-	-	454	(454)
Permits	-	-	1,413	(1,413)
Utilities	5,190	5,190	636	4,554
Land and buildings	275,000	275,000	-	275,000
Data processing equipment	-	-	1,126	(1,126)
Total Harvester Center Operation	<u>\$ 302,940</u>	<u>\$ 302,940</u>	<u>\$ 129,689</u>	<u>\$ 173,251</u>
Economic Development Authority:				
Wages	\$ -	\$ -	\$ 200	\$ (200)
Fringes/benefits	-	-	47	(47)
Contractual services	-	-	4,203	(4,203)
Advertising	-	-	81	(81)
Office supplies	-	-	234	(234)
Total Economic Development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,765</u>	<u>\$ (4,765)</u>
Total Community Development	<u>\$ 658,121</u>	<u>\$ 658,121</u>	<u>\$ 477,166</u>	<u>\$ 180,955</u>
Nondepartmental:				
Fringes/benefits	\$ 49,055	\$ 49,054	\$ 60,267	\$ (11,213)
Insurance	65,891	65,891	65,093	798
Contributions to other entities	42,756	52,756	51,309	1,447
Contingency	30,211	20,211	-	20,211
Total Non-departmental	<u>\$ 187,913</u>	<u>\$ 187,912</u>	<u>\$ 176,669</u>	<u>\$ 11,243</u>
Debt service:				
Principal retirement	\$ 189,300	\$ 189,300	\$ 189,300	\$ -
Interest and fiscal charges	112,968	112,968	112,968	-
Total debt service	<u>\$ 302,268</u>	<u>\$ 302,268</u>	<u>\$ 302,268</u>	<u>\$ -</u>
Total General Fund	<u>\$ 5,250,940</u>	<u>\$ 5,470,266</u>	<u>\$ 5,180,648</u>	<u>\$ 289,618</u>

Town of Rocky Mount, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Capital Projects:				
Community development:				
Capital outlay	\$ -	\$ 2,600,000	\$ 348,337	\$ 2,251,663

## STATISTICAL SECTION



## 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 performance and well-being have changed over time.</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.

Table 1

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 7,304,254	\$ 7,256,721	\$ 8,684,358	\$ 8,993,343	\$ 8,691,806	\$ 8,949,640	\$ 9,938,639	\$ 12,308,493	\$ 12,768,337	\$ 12,824,596
Unrestricted	10,679,179	9,211,250	8,520,171	8,650,317	10,250,528	11,126,647	10,998,693	10,934,072	10,241,470	9,524,633
Total governmental activities net position	\$ 17,983,433	\$ 16,467,971	\$ 17,204,529	\$ 17,643,660	\$ 18,942,334	\$ 20,076,287	\$ 20,937,332	\$ 23,242,565	\$ 23,009,807	\$ 22,349,229
Business-type activities										
Net investment in capital assets	\$ 7,484,666	\$ 6,807,564	\$ 7,200,687	\$ 7,296,079	\$ 7,499,720	\$ 7,619,260	\$ 7,601,301	\$ 9,435,263	\$ 9,712,564	\$ 9,967,807
Restricted for debt service	-	-	-	-	-	-	356,642	356,642	280,018	280,018
Unrestricted	980,441	1,067,691	346,132	647,436	137,803	69,501	(192,322)	(1,150,324)	(1,514,916)	(1,379,266)
Total business-type activities	\$ 8,465,107	\$ 7,875,255	\$ 7,546,819	\$ 7,943,515	\$ 7,637,523	\$ 7,688,761	\$ 7,765,621	\$ 8,641,581	\$ 8,477,666	\$ 8,868,559
Primary Government										
Net investment in capital assets	\$ 14,788,920	\$ 14,064,285	\$ 15,885,045	\$ 16,289,422	\$ 16,191,526	\$ 16,568,900	\$ 17,539,940	\$ 21,743,756	\$ 22,480,901	\$ 22,792,403
Restricted for debt service	-	-	-	-	-	-	356,642	356,642	280,018	280,018
Unrestricted	11,659,620	10,278,941	8,866,303	9,297,753	10,388,331	11,196,148	10,806,371	9,783,748	8,726,554	8,145,367
Total primary government net position	\$ 26,448,540	\$ 24,343,226	\$ 24,751,348	\$ 25,587,175	\$ 26,579,857	\$ 27,765,048	\$ 28,702,953	\$ 31,884,146	\$ 31,487,473	\$ 31,217,788

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 1,182,416	\$ 743,098	\$ 785,139	\$ 781,917	\$ 900,371	\$ 861,445	\$ 798,988	\$ 174,544	\$ 1,310,661	\$ 894,183
Public Safety	1,137,657	1,384,718	1,392,997	1,537,911	1,768,618	1,807,691	1,713,977	2,157,429	2,012,658	1,884,733
Public Works	1,008,084	1,422,522	1,315,391	1,358,733	1,370,547	1,733,026	1,892,605	1,555,182	1,538,835	1,756,852
Parks, recreation and cultural	109,667	36,727	65,612	51,572	45,521	45,676	43,798	112,286	54,320	125,182
Community development	406,701	653,820	666,294	667,003	295,389	257,877	303,876	186,118	581,132	752,701
Interest on long-term debt	104,235	100,297	95,625	115,963	147,012	141,919	135,526	185,382	116,630	108,331
Total governmental activities expenses	\$ 3,948,760	\$ 4,503,890	\$ 4,407,444	\$ 4,513,099	\$ 4,527,458	\$ 4,847,634	\$ 4,888,770	\$ 4,370,941	\$ 5,614,236	\$ 5,521,982
Business-type activities:										
Water and Sewage	\$ 3,161,731	\$ 2,200,532	\$ 2,330,510	\$ 2,332,418	\$ 2,436,316	\$ 2,403,437	\$ 2,304,052	\$ 2,293,343	\$ 2,286,168	\$ 2,567,771
Total business-type activities expenses	\$ 3,161,731	\$ 2,200,532	\$ 2,330,510	\$ 2,332,418	\$ 2,436,316	\$ 2,403,437	\$ 2,304,052	\$ 2,293,343	\$ 2,286,168	\$ 2,567,771
Total primary government expenses	\$ 7,110,491	\$ 6,704,422	\$ 6,737,954	\$ 6,845,517	\$ 6,963,774	\$ 7,251,071	\$ 7,192,822	\$ 6,664,284	\$ 7,900,404	\$ 8,089,753
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ -	\$ -	\$ 19,833	\$ 13,350	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	5,440	39,669	31,835	26,456	71,740	49,926	33,858	38,121	34,393	93,630
Public Works	58,374	75,132	68,882	104,706	76,398	86,812	89,694	91,463	91,874	98,136
Other activities	20,287	28,736	19,173	4,078	2,504	23,890	13,887	23,473	15,477	6,569
Operating grants and contributions	1,086,178	1,167,909	1,115,737	1,171,642	1,251,767	1,447,387	1,488,707	1,587,192	1,439,839	1,477,830
Capital grants and contributions	-	161,180	450,603	282,524	112,137	630,066	789,122	760,818	156,064	-
Total governmental activities program revenues	\$ 1,170,279	\$ 1,472,626	\$ 1,686,230	\$ 1,609,239	\$ 1,527,896	\$ 2,238,081	\$ 2,415,268	\$ 2,501,067	\$ 1,737,647	\$ 1,676,165
Business-type activities:										
Charges for services:										
Water & Sewer	\$ 1,597,326	\$ 2,065,801	\$ 2,060,120	\$ 2,201,679	\$ 2,146,201	\$ 1,938,102	\$ 1,829,553	\$ 1,776,905	\$ 1,777,053	\$ 2,034,980
Total primary government program revenues	\$ 2,767,605	\$ 3,538,427	\$ 3,746,350	\$ 3,810,918	\$ 3,674,097	\$ 4,176,183	\$ 4,244,821	\$ 4,277,972	\$ 3,514,700	\$ 3,711,145
Net (expense)/revenue:										
Governmental activities	\$ (2,778,481)	\$ (3,031,264)	\$ (2,721,214)	\$ (2,903,860)	\$ (2,999,562)	\$ (2,609,553)	\$ (2,473,502)	\$ (1,869,874)	\$ (3,876,589)	\$ (3,845,817)
Business-type activities	(1,569,405)	(134,731)	(270,390)	(130,739)	(290,115)	(465,335)	(474,499)	(516,438)	(509,115)	(532,791)
Total primary government net expense	\$ (4,347,886)	\$ (3,165,995)	\$ (2,991,604)	\$ (3,034,599)	\$ (3,289,677)	\$ (3,074,888)	\$ (2,948,001)	\$ (2,386,312)	\$ (4,385,704)	\$ (4,378,608)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 474,969	\$ 559,560	\$ 695,450	\$ 721,612	\$ 755,957	\$ 807,283	\$ 791,374	\$ 818,866	\$ 836,746	\$ 849,121
Sales tax	234,236	159,916	176,670	183,684	179,058	176,134	184,303	162,650	165,757	170,318
Business licenses taxes	446,553	527,936	535,410	570,178	558,239	582,774	563,079	566,498	727,126	626,570
Meals tax	737,520	764,505	801,058	850,261	1,092,531	1,075,767	1,057,284	1,093,932	1,163,386	1,192,660
Lodging tax	-	48,000	69,643	190,129	103,205	83,114	84,890	89,232	95,823	86,254
Bank stock tax	-	203,750	256,295	95,338	227,005	219,726	207,793	215,996	205,444	211,311
Other local taxes	381,914	95,351	95,588	164,415	99,734	94,061	89,619	86,873	83,426	87,651
Consumers' utility taxes	374,710	526,386	525,833	448,272	558,085	557,220	526,582	330,044	282,489	322,792
Consumption tax	-	-	-	-	-	-	-	-	38,054	-
Tobacco tax	-	-	-	-	-	-	-	-	123,161	100,371
Intergovernmental revenue, unrestricted	24,495	63,608	61,842	99,055	83,213	102,764	65,707	266,795	255,227	244,810
Unrestricted revenues from use of money and property	268,069	308,783	177,654	476,029	564,770	481,979	221,229	320,196	81,198	69,353
Other	144,693	3,499	4,283	71,453	13,857	22,066	41,289	1,094,702	32,619	39,699
Transfers	88,046	(514,278)	58,046	(527,435)	62,582	(459,382)	(498,602)	(761,607)	(454,138)	(783,565)
Total governmental activities	\$ 3,175,205	\$ 2,747,016	\$ 3,457,772	\$ 3,342,991	\$ 4,298,236	\$ 3,743,506	\$ 3,334,547	\$ 4,284,177	\$ 3,636,318	\$ 3,217,345
<b>Business-type activities:</b>										
Other	\$ -	\$ -	\$ -	\$ -	\$ 23,267	\$ 41,628	\$ 52,757	\$ 74,961	\$ 45,166	\$ 167,468
Unrestricted revenues from use of money and property	-	-	-	-	23,438	15,563	-	-	18	-
Transfers	523,317	514,278	(58,046)	527,435	(62,582)	459,382	498,602	761,607	454,138	783,565
Total business-type activities	\$ 523,317	\$ 514,278	\$ (58,046)	\$ 527,435	\$ (15,877)	\$ 516,573	\$ 551,359	\$ 836,568	\$ 499,322	\$ 951,033
Total primary government	\$ 3,698,522	\$ 3,261,294	\$ 3,399,726	\$ 3,870,426	\$ 4,282,359	\$ 4,260,079	\$ 3,885,906	\$ 5,120,745	\$ 4,135,640	\$ 4,168,378
<b>Change in Net Position</b>										
Governmental activities	\$ 396,724	\$ (284,248)	\$ 736,558	\$ 439,131	\$ 1,298,674	\$ 1,133,953	\$ 861,045	\$ 2,414,303	\$ (240,271)	\$ (628,472)
Business-type activities	(1,046,088)	379,547	(328,436)	396,696	(305,992)	51,238	76,860	320,130	(9,793)	418,242
Total primary government	\$ (649,364)	\$ 95,299	\$ 408,122	\$ 835,827	\$ 992,682	\$ 1,185,191	\$ 937,905	\$ 2,734,433	\$ (250,064)	\$ (210,230)

Table 3

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

	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
<b>General Fund</b>										
Reserved	\$ -	\$ 60,445	\$ -	\$ 8,998,010	\$ 112,378	\$ 45,617	\$ 2,293	\$ -	\$ -	\$ -
Unreserved	10,960,414	11,064,355	8,712,713	-	10,311,101	10,874,461	10,799,062	-	-	-
Unassigned	-	-	-	-	-	-	-	11,897,728	11,323,032	10,704,059
<b>Total general fund</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>\$ 11,323,032</b>	<b>\$ 10,704,059</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	(150,945)	(1,927,955)	(47,589)	-	-	149,074	(1,013,171)	-	-	-
Unassigned, reported in:										
Capital Projects	-	-	-	-	-	-	-	(680,288)	(775,601)	(795,086)
<b>Total all other governmental funds</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>	<b>\$ (775,601)</b>	<b>\$ (795,086)</b>

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

Table 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 2,586,700	\$ 2,896,082	\$ 3,145,115	\$ 3,220,470	\$ 3,577,520	\$ 3,560,999	\$ 3,507,462	\$ 3,386,948	\$ 3,719,978	\$ 3,640,251
Other local taxes										
Licenses and permits	64,096	28,736	19,173	21,447	14,178	21,890	13,387	14,788	5,945	12,861
Fines and forfeitures	26,801	35,853	26,620	24,527	68,423	46,676	28,709	32,263	28,467	53,037
Use of money & property	378,310	310,122	179,074	476,029	564,770	481,979	221,229	320,196	81,198	69,353
Charges for services	68,723	78,839	73,803	109,099	81,392	92,062	95,343	106,006	107,332	132,437
Other	27,268	1,342	10,065	50,925	13,857	22,066	41,289	410,795	189,296	43,513
Intergovernmental	1,060,361	1,231,644	1,522,174	1,553,221	1,447,116	2,180,217	2,343,536	2,614,805	1,695,066	1,722,640
<b>Total revenues</b>	<b>\$ 4,212,259</b>	<b>\$ 4,582,618</b>	<b>\$ 4,976,024</b>	<b>\$ 5,455,718</b>	<b>\$ 5,767,256</b>	<b>\$ 6,405,889</b>	<b>\$ 6,250,955</b>	<b>\$ 6,885,801</b>	<b>\$ 5,827,282</b>	<b>\$ 5,674,092</b>
<b>Expenditures</b>										
General government administration										
Public safety	\$ 559,776	\$ 669,360	\$ 694,406	\$ 708,230	\$ 703,880	\$ 734,668	\$ 675,930	\$ 581,529	\$ 824,164	\$ 627,291
Public works	1,059,203	1,323,905	1,350,191	1,345,698	1,580,176	1,881,914	1,468,653	2,239,784	1,764,573	1,609,022
Parks, recreation and cultural	956,872	1,266,245	1,233,980	1,461,998	1,175,851	1,273,449	2,193,364	1,308,836	1,457,358	1,465,808
Community development	37,017	32,486	58,017	44,023	37,757	70,730	75,782	107,660	69,802	118,091
Nondepartmental	242,887	202,628	337,640	264,438	186,456	226,764	263,795	271,900	374,620	631,578
Capital outlay	554,134	224,008	182,099	182,804	218,550	206,272	132,627	201,300	398,734	176,669
Debt service:	180,444	-	1,675,133	1,439,615	226,902	484,432	1,066,717	1,817,788	845,734	598,258
Principal	-	90,590	94,713	99,023	125,129	129,840	134,766	1,666,248	189,300	189,300
Interest	-	100,297	96,174	131,044	148,230	143,815	137,594	167,135	126,381	112,968
<b>Total expenditures</b>	<b>\$ 3,590,333</b>	<b>\$ 3,909,519</b>	<b>\$ 5,722,353</b>	<b>\$ 5,676,873</b>	<b>\$ 4,402,931</b>	<b>\$ 5,151,884</b>	<b>\$ 6,149,228</b>	<b>\$ 8,362,180</b>	<b>\$ 6,050,666</b>	<b>\$ 5,528,985</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 621,926</b>	<b>\$ 673,099</b>	<b>\$ (746,329)</b>	<b>\$ (221,155)</b>	<b>\$ 1,364,325</b>	<b>\$ 1,254,005</b>	<b>\$ 101,727</b>	<b>\$ (1,476,379)</b>	<b>\$ (223,384)</b>	<b>\$ 145,107</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 602,324	\$ -	\$ 3,560,719	\$ 3,829,086	\$ 229,247	\$ 178,472	\$ 557	\$ -	\$ 592,219	\$ 395,346
Transfers out	(514,278)	(514,278)	(3,502,673)	(4,356,521)	(166,665)	(637,854)	(499,159)	(761,607)	(1,046,357)	(1,178,911)
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>	<b>\$ 88,046</b>	<b>\$ (349,432)</b>	<b>\$ 58,046</b>	<b>\$ 940,090</b>	<b>\$ 62,582</b>	<b>\$ (459,382)</b>	<b>\$ (498,602)</b>	<b>\$ 1,576,168</b>	<b>\$ (454,138)</b>	<b>\$ (783,565)</b>
<b>Net change in fund balances</b>	<b>\$ 709,972</b>	<b>\$ 323,667</b>	<b>\$ (688,283)</b>	<b>\$ 718,935</b>	<b>\$ 1,426,907</b>	<b>\$ 794,623</b>	<b>\$ (396,875)</b>	<b>\$ 99,789</b>	<b>\$ (677,522)</b>	<b>\$ (638,458)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.00%</b>	<b>4.88%</b>	<b>4.72%</b>	<b>5.43%</b>	<b>7.24%</b>	<b>6.61%</b>	<b>5.66%</b>	<b>28.01%</b>	<b>6.07%</b>	<b>6.13%</b>

## Town of Rocky Mount, Virginia

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

Fiscal Year Ended June 30	<u>Real Estate</u>						Machinery and Tools	Public Service Companies	Total	Total Direct Tax Rate
	Single Family Homes	Multi Family Homes	Commercial and Industrial	Agriculture	Personal Property					
2013	\$ 213,160,884	\$ 24,813,316	\$ 193,538,300	\$ 2,428,100	\$ 46,464,623	\$ 61,607,537	\$ 21,406,026	\$	563,418,786	0.13
2012	255,899,900	18,205,800	190,568,700	3,184,700	40,503,524	61,910,094	22,415,323		592,688,041	0.14
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	30,444,765	22,079,727		339,637,485	0.16

Source: Commissioner of Revenue

Note (1): Property values are assessed at approximate actual value

Table 6

## Town of Rocky Mount, Virginia

Principal Property Taxpayers  
Current Year and Ten Years Ago

Taxpayer	Fiscal Year 2013			Fiscal Year 2003		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Wal-Mart Real Estate Business Trust	\$ 9,648,400	1	2.21%	\$ 7,348,700	2	2.91%
Rocky Mount Development Company LLC (Old Franklin Tnpl	9,449,500	2	2.16%	6,580,100	4	2.60%
Carilion Franklin Memorial Hospital	8,910,800	3	2.04%	2,945,500	11	1.17%
Southgate Associates II LP (Tanyard Rd)	8,670,900	4	1.99%	6,546,200	5	2.59%
Lowes Home Centers Inc.	7,925,700	5	1.82%	-		0.00%
Trinity Packaging Corporation/Standard Register	7,512,200	6	1.72%	2,948,300	10	1.17%
Mod-U-Kraf Homes Inc.	5,244,600	7	1.20%	3,736,600	9	1.48%
AZ Rocky Mount LLC/Walgreen #13013	5,074,700	8	1.16%	-		0.00%
PG Multi-16 LP/M W Manufacturers Inc.	5,064,000	9	1.16%	8,156,100	1	3.23%
Medical Facilities of Virginia/Franklin Health Care	4,886,200	10	1.12%	6,341,300	6	2.51%
Eldercare Inc./Trinity Mission of Rocky Mount	4,274,900	11	0.98%	3,982,200	8	1.58%
L & M Properties LLC/The Lane Co.	4,112,200	12	0.94%	2,319,300	14	0.92%
Rocky Mount Limited Liability Co. (Tanyard)	3,915,300	13	0.90%	1,993,600	18	0.79%
Rocky Mount Orchard Avenue LLC	3,696,700	14	0.85%	7,081,500	3	2.80%
F-H Holding Inc./Fleetwood Homes	3,585,000	15	0.82%	4,586,300	7	1.81%
Danny Perdue Living Trust	3,273,300	16	0.75%	638,200	25	0.25%
CVS #4565 (Old Franklin Turnpike)	3,209,600	17	0.74%	-		0.00%
Ferguson Land & Lumber Co. Inc.	2,811,700	18	0.64%	1,497,000	20	0.59%
Harris-Marek Company Ltd./Empire Foods	2,478,800	19	0.57%	-		0.00%
Franklin County Lodging/Holiday Inn Express	2,469,300	20	0.57%	-		0.00%
Windy Lane Associates Limited	2,259,900	21	0.52%	1,429,000	22	0.57%
Branch Banking & Trust	2,212,000	22	0.51%	-		0.00%
Tanyad Village Limited Partners	2,188,500	23	0.50%	1,479,300	21	0.59%
Newbold Corporation	2,164,400	24	0.50%	2,320,200	13	0.92%
CVS #7565 (40 West)	2,069,700	25	0.47%	-		0.00%
Great Southern Wood VA Inc./Rocky Top Wood Preservers I	2,061,300		0.47%	1,624,100	19	0.64%
Candlewood	1,930,100		0.44%	2,176,900	16	0.86%
Solomon Beacon Inn/Comfort Inn/Humphrey Hospitality	1,718,300		0.39%	2,568,700	12	1.02%
Franklin Plaza Partners/Schewel Furniture	1,680,600		0.38%	1,000,400	24	0.40%
W-D Rocky Mount Va. Partners	-		0.00%	2,178,800	15	0.86%
Erath Veneer Inc.	-		0.00%	2,099,500	17	0.83%
Weaver Mirror Co., Inc.	-		0.00%	1,163,400	23	0.46%
	<u>\$ 124,498,600</u>		<u>28.51%</u>	<u>\$ 68,129,900</u>		<u>21.45%</u>

Source: Real estate tax assessments



Town of Rocky Mount, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2013	839,177	820,174	97.74%	834,000	99.38%
2012	893,025	870,261	97.45%	887,815	99.42%
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%

**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 2013			Fiscal Year 2003		
	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption
Ronile	1,860,840	1	7.56%	631,050	2	2.99%
PlyGem Windows	1,012,446	2	4.11%	1,289,864	1	6.12%
Trinity Mission	718,863	3	2.92%	579,683	4	2.75%
Greater Southern Wood Preservers/Rocky Top	506,236	4	2.06%			
Franklin County High School	423,222	5	1.72%			
Home Town Ice	412,704	6	1.68%			
Franklin County Middle School	390,291	7	1.59%			
Medical Facilities of America	356,177	8	1.45%	157,225	10	0.75%
Candlewood Apartments	280,557	9	1.14%			
Rocky Mount Development (Kroger)	221,038	10	0.90%			
Carilion Franklin Memorial Hospital	185,990	11	0.76%	211,892	7	1.00%
Property Mgt / Mountain View Apts.	179,553	12	0.73%			
Franklin County Courthouse Complex	174,231	13	0.71%			
Rocky Mount Comfort Inn	149,089	14	0.61%			
All American Auto Spa	144,542	15	0.59%			
Tanyard Village	142,063	16	0.58%			
Holiday Inn Express	136,858	17	0.56%			
Trinity Packaging	122,732	18	0.50%			
Ferguson Land & Lumber	121,292	19	0.49%	608,633	3	2.89%
Franklin Car Wash	117,583	20	0.48%			
Blue Ridge Investors (Red Oak)	110,167	21	0.45%			
Applebee's International	108,131	22	0.44%			
Wal-mart	107,458	23	0.44%	228,957	6	1.09%
Knob Apartments	105,229	24	0.43%			
McDonald's	103,708	25	0.42%			
Sheilee Laundry	69,583		0.28%	159,825	9	0.76%
Chandler Concrete/Franklin Ready Mix	15,926		0.06%	168,800	8	0.80%
The Lane Company	-		0.00%	553,050	5	2.62%

Source: Average Consumption Report from Utility Billing System

Table 9

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 33,927,976	\$ 32,149,559	\$ 31,568,050	\$ 35,280,530	\$ 35,725,585	\$ 45,614,870	\$ 45,821,418	\$ 46,188,130	\$ 46,785,910	\$ 43,394,060
Total net debt applicable to limit	2,251,208	2,160,618	2,065,905	12,476,680	11,715,910	10,926,856	10,113,684	7,431,900	6,576,568	5,700,063
Legal debt margin	31,676,768	29,988,941	29,502,145	22,803,850	24,009,675	34,688,014	35,707,734	38,756,230	40,209,342	37,693,997
Total net debt applicable to the limit as a percentage of debt limit	7%	7%	7%	35%	33%	24%	22%	16.1%	14.1%	13.1%
Legal Debt Margin Calculated for Fiscal Year 2012										
Assessed value	\$ 433,940,600									
Debt limit (10% of assessed value)	\$ 43,394,060									
Debt applicable to limit:										
General Obligation Bonds	2,265,063									
Program Revenue Bonds	2,125,000									
Other Long-Term Obligations	1,310,000									
Total net applicable to limit	5,700,063									
Legal debt margin	\$ 37,693,997									

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			
2013	\$ 1,310,000	\$ 1,196,423	\$ 2,265,063	\$ 1,019,177	\$ 5,790,663	0.30%	\$ 1,201
2012	1,475,000	1,222,798	2,931,568	1,041,644	6,671,010	0.36%	1,384
2011	1,640,000	1,249,173	3,576,900	1,064,111	7,530,184	0.44%	1,569
2010	1,641,948	1,275,548	6,211,736	1,086,578	10,215,810	0.59%	2,258
2009	1,755,113	1,299,223	6,871,743	1,106,745	11,032,824	8.88%	2,405
2008	1,863,353	1,322,898	7,512,557	1,126,912	11,825,720	10.09%	2,567
2007	1,966,882	1,346,573	8,129,798	1,147,079	12,590,332	10.26%	2,756
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

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
2013	4,821	\$ -	\$ -	7,080	5.70%
2012	4,820	34,614	1,952,632	7,278	6.20%
2011	4,799	32,626	1,840,735	7,325	8.00%
2010	4,525	33,116	1,719,502	7,120	7.60%
2009	4,544	33,420	1,728,877	7,285	4.90%
2008	4,564	28,893	131,867	7,185	4.70%
2007	4,564	27,082	123,602	7,256	3.40%
2006	4,568	26,622	121,609	7,146	3.20%
2005	4,555	25,249	115,009	7,074	3.40%
2004	4,555	25,249	115,009	7,110	3.60%

(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 Town 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 Nine Years Ago

Employer	Fiscal Year 2013			Fiscal Year 2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Franklin County Public Schools	1,395	1	29.58%	1,094	2	23.30%
Ply Gem Manufacturers Inc.	800	2	16.96%	1,367	1	29.12%
Wal-mart	400	3	8.48%	343	3	7.31%
Franklin County	308	4	6.53%	272	6	5.79%
Trinity Packaging Inc.	300	5	6.36%	300	4	6.39%
Ronile Inc.	300	6	6.36%	289	5	6.16%
Carilion Franklin Memorial Hospital	270	7	5.73%	270	7	5.75%
Arrington Enterprises	174	8	3.69%	-	-	0.00%
Trinity Mission Healthcare	167	9	3.54%	200	10	4.26%
Mod-U-Kraf Homes Inc.	125	10	2.65%	245	8	5.22%
Lowe's	121	11	2.57%	-	-	0.00%
Kroger	100	12	2.12%	115	12	2.45%
Fleetwood Homes of Virginia	96	13	2.04%	200	9	4.26%
YMCA	80	14	1.70%	-	-	0.00%
McDonald's	80	15	1.70%	-	-	0.00%
	<u>4,716</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 Town Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Management services	2	2	2	2	2	2	2	2	2	2
Finance	5	5	5	5	5	5	5	5	5	5
Planning & Community Development	5	5	5	5	4	4	4	4	4	4
Building	0	0	0	0	1	1	1	1	1	1
Police										
Officers	20	20	20	20	20	20	17	15	15	15
Civilians	2	2	2	2	2	2	2	2	2	2
Other public works										
Other	17	17	17	17	17	18	18	18	18	18
Parks, recreation, and cultural										
Water	6	6	6	6	6	6	6	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	4
Total	61	61	61	61	61	62	59	55	55	55

Source: Town's Adopted Operating Budget

Table 14

## Town of Rocky Mount, Virginia

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Fleet										
Pieces of equipment maintained	56	56	56	56	56	56	56	56	56	56
Public safety										
Police										
Criminal arrests	622	498	694	516	693	815	393	376	445	356
Parking violations	-	-	-	-	23	52	36	42	115	98
Traffic violations	1,172	754	730	653	820	1,658	908	756	991	810
Fire										
Emergency responses	427	380	379	308	289	328	343	312	283	259
Public works										
Other public works	4	5	3	5	5	3	6	9	9	8
Street resurfacing (miles)										
Water										
Number of customer accounts	2,855	2,836	2,824	2,813	2,801	2,799	2,727	2,697	2,636	2,608
Volume pumped (million gallons per day average)	820,333	895,083	866,694	858,556	917,166	1,002,931	976,739	1,098,713	987,000	841,163
Sewer										
Number of customer accounts	2,009	2,003	2,001	1,998	1,982	1,980	1,956	1,917	1,884	1,882
Waste/Water treated (million gallons per day)	703,833	740,817	738,611	856,844	816,199	773,034	837,685	798,000	680,000	769,000

Source: Council reports, utility reports, highway reports.



## Town of Rocky Mount, Virginia

Capital Assets and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public safety										
Law enforcement vehicles	21	19	15	14	14	14	13	13	13	12
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Primary streets (lane miles)	9	9	9	9	9	9	9	9	9	9
Secondary streets (lane miles)	31	31	31	31	31	31	31	31	31	31
Parks, recreation, and cultural										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks/athletic fields	3	3	3	3	3	3	3	3	3	3
Water and sewage										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	66	66	66	66	66	66	65	65	65	61
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64

Source: Equipment schedules, highway reports, GIS system.

## COMPLIANCE SECTION

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' 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 Honorable Members of Town Council  
Town of Rocky Mount, Virginia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements, and have issued our report thereon dated March 12, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Rocky Mount, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Rocky Mount, Virginia's financial statements are free from 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*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
March 12, 2014