

ROCKY MOUNT TOWN COUNCIL  
AGENDA  
REGULAR COUNCIL MEETING  
TO BE HELD IN COUNCIL CHAMBERS  
ROCKY MOUNT MUNICIPAL BUILDING  
345 DONALD AVENUE  
ROCKY MOUNT, VIRGINIA  
FEBRUARY 11, 2013  
AT 7:00 P.M.

**NOTE: WHEN SPEAKING BEFORE TOWN COUNCIL, PLEASE COME TO THE PODIUM AND GIVE YOUR NAME AND ADDRESS, ADDRESSING THE TOWN COUNCIL AND NOT THE AUDIENCE. WHEN GIVING COUNCIL ANY DOCUMENTATION, COPIES ARE TO BE GIVEN TO TOWN CLERK PRIOR TO SPEAKING.**

**ALL CELLULAR PHONES MUST BE TURNED OFF DURING COUNCIL MEETING.**

**THE TOWN OF ROCKY MOUNT IS PLEASED TO OFFER ASSISTANCE DEVICES AT ITS MEETINGS FOR RESIDENTS WITH SPECIAL HEARING NEEDS. ASK ANY STAFF MEMBER OR THE TOWN CLERK AND A DEVICE WILL BE LOANED TO YOU.**

- I. Roll Call
- II. Pledge of Allegiance
- III. Approval of Agenda
- IV. Special Items  
*(none at this time)*
- V. Public Hearing(s)  
*(none at this time)*
- VI. Approval of Draft Minutes
  - January 14, 2013 Regular Council Meeting
- VII. Approval of Consent Agenda
  - Miscellaneous Resolutions/Proclamations *(none at this time)*
  - Miscellaneous Action *(none at this time)*
  - Departmental Monthly Reports
    - Community Development
    - Finance Department
    - Fire Department
    - Police Department
    - Public Works Department
    - Wastewater Department
    - Water Department
- VIII. Hearing of Citizens
- IX. Old Business
  - A. Review and consideration of draft ordinance amending Chapter 22, Article II, Division 2 of the Code of the Town of Rocky Mount, Virginia (2002), in part, and providing for changes to weed and trash ordinance in the Town of Rocky Mount.
- X. New Business
  - A. Formal presentation by Town Auditors (Robinson, Farmer, Cox Associates) of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012.

- B. Review and consideration of proposed American Electric Power (AEP) rate agreement in order to extend existing current rates paid by the Town of Rocky Mount.
- C. Review and consideration of request of Rocky Mount Beautification and Urban Design (BUD) Commission for Appointment of Aaron Burdick as a voting member of the BUD Commission.
- D. Review and consideration of request of Johnny Nolen on behalf of Child Advocacy Center to hold their annual "Johnny CASA 5-Miler-5k Run/Walk Event" within Town of Rocky Mount corporate limits.
- E. Review and consideration of request of Outlaw Car Cruisers Club to hold annual events within Town of Rocky Mount corporate limits.
- F. Review and consideration of approval of proposed "FY 14 Budget & Capital Improvement Plan Schedule" for upcoming Fiscal Year 2014 budget process.

XI. Committee Reports

- A. Finance & Human Services Committee regarding presentation of Town of Rocky Mount's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012 (being discussed under "New Business – Item A).

XII. Other Matters, Concerns and Rise 'N Shine Appearances

- A. Referrals to Planning Commission from Rocky Mount Town Council
- B. Council Members Appearing with Town Staff on Rise 'N Shine

XIII. Closed Meeting and Action

- Section 2.2-3711(A).7 - Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter (consultation with Town Attorney).

XIV. Adjournment

*Copies of Agenda Packet are available for review at the Town Clerk's Office located at the Rocky Mount Municipal Building, 345 Donald Avenue, Rocky Mount, Virginia Monday through Friday during normal working hours, or by going to Town of Rocky Mount website: [www.rockymountva.org](http://www.rockymountva.org).*

*Notice of intent to comply with Americans With Disabilities Act: Special assistance is available for disabled persons addressing Town Council. Efforts will be made to provide adaptations or accommodations based on individual needs of qualified individuals with disability, provided that reasonable advance notification has been received by the Town Clerk's Office. For assistance, please contact the Town Clerk's Office, Town of Rocky Mount, 345 Donald Avenue, Rocky Mount, Va. 24151, or by calling (540) 483-7660.*

*Thank you for taking the time to participate in your Town Council meeting. The Mayor and members of Council invite and encourage you to attend whenever possible because good government depends on the interest and involvement of citizens.*

| <b>AGENDA ITEM</b>   | <b>SYNOPSIS AGENDA<br/>FEBRUARY 11, 2013<br/>REGULAR ROCKY MOUNT TOWN COUNCIL MEETING</b>   |
|--|---|
| <b>I. Roll Call</b><br><br><b>II. Pledge of Allegiance</b> |   |
| <b>III. Approval of Agenda</b>                             | <i>Enclosure: Yes</i>   |
| <b>IV. Special Items</b>                                   | <i>(none at this time)</i><br><br><i>Enclosure: No</i>  |
| <b>V. Public Hearing(s)</b>                                | <i>(none at this time)</i><br><br><i>Enclosure: No</i>  |
| <b>VI. Approval of Draft Minutes</b>                       | <ul style="list-style-type: none"> <li>• January 14, 2013 Regular Council Meeting</li> </ul> <i>Enclosure: Yes</i>  |
| <b>VII. Approval of Consent Agenda</b>                     | <ul style="list-style-type: none"> <li>• Miscellaneous Resolutions/Proclamations</li> <li>• Miscellaneous Action</li> <li>• Departmental Monthly Reports <ul style="list-style-type: none"> <li>- Community Development</li> <li>- Finance Department</li> <li>- Fire Department</li> <li>- Police Department</li> <li>- Public Works Department</li> <li>- Wastewater Department</li> <li>- Water Department</li> </ul> </li> <li>• Bill List</li> </ul> <i>Enclosure: Yes</i> |
| <b>VIII. Hearing of Citizens</b>                           | <i>(none at this time)</i><br><br><i>Enclosure: No</i>  |
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|--------------------------------|--|
| <p><b>IX. Old Business</b></p> | <p>A. Review and consideration of draft ordinance amending Chapter 22, Article II, Division 2 of the Code of the Town of Rocky Mount, Virginia (2002), in part, and providing for changes to weed and trash ordinance in the Town of Rocky Mount.</p> <p>The Planning Commission met on February 5, 2013 to review the proposed changes to the weed and trash ordinance, with a recommendation to Council for approval as presented (6-0 vote with Planning Commission Member Derwin Hall being absent).</p> <p><i>Enclosure: Yes</i></p>  |
| <p><b>X. New Business</b></p>  | <p>A. Formal presentation by Town auditors (Robinson, Farmer, Cox Associates) of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012.</p> <p>Enclosed is the CAFR report and cover letter from the auditors for Council's review and consideration.</p> <p><i>Enclosures: Yes</i></p> <p>B. Review and consideration of proposed American Electric Power (AEP) rate agreement in order to extend existing current rates paid by the Town of Rocky Mount.</p> <p>Enclosed is further explanation from the Town Manager regarding the details on the proposed AEP agreement in order for the Town to continue receiving its discounted electric rate, along with the proposed agreement and contract.</p> <p><i>Enclosures: Yes</i></p> <p>C. Review and consideration of request of Rocky Mount Beautification and Urban Design (BUD) Commission for appointment of Aaron Burdick as a voting member of the BUD Commission as requested by Chairman Lorinda Lionberger.</p> <p>Enclosed is a letter from Chairman Lorinda Lionberger outlining request.</p> <p><i>Enclosure: Yes</i></p> <p>D. Review and consideration of request of Johnny Nolen on behalf of Child Advocacy Center to hold their annual "Johnny CASA 5-Miler-5k Run/Walk Event" within Town of Rocky Mount Corporate limits. The Assistant Chief of Police has reviewed the request and sees no problems with it being held on the date as requested.</p> <p>Enclosed is a letter from the Johnny Nolen (Race Director) outlining request.</p> <p><i>Enclosure: Yes</i></p> |

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| <p><b>X. New Business<br/>(continued)</b></p>                             | <p>E. Review and consideration of request of Outlaw Car Cruisers Club to hold annual car show and Cruise-In events in downtown Rocky Mount and request of closure of streets. The Chief of Police has review the requests and sees no problems with it being held on the dates as requested.</p> <p>Enclosed is a letter from Secretary Sondra Agee outlining requests.</p> <p><i>Enclosure: Yes</i></p> <p>F. Review and consideration of proposed "FY 14 Budget &amp; Capital Improvement Plan Schedule" from the Finance Director listing dates of activity for the upcoming Fiscal Year 2014 budget process.</p> <p><i>Enclosure: Yes</i></p>   |
| <p><b>IX. Committee Reports</b></p>                                       | <p>A. The Finance &amp; Human Services Committee met on February 11, 2013 at 6 p.m. to receive a presentation of the Town of Rocky Mount Fiscal Year 2012 audit by the Town auditors, Robinson, Farmer, Cox Associates. Due to the lateness of the meeting, a recommendation will be made during the regular Rocky Mount Council meeting at 7 p.m. on February 11, 2013.</p> <p><i>Enclosure: No</i></p>  |
| <p><b>XII. Other Matters, Concerns, and Rise 'N Shine Appearances</b></p> | <p>A. Referrals to Planning Commission from Town Council</p> <p><i>Enclosure: No</i></p> <p>A. Council Members Appearing with Town Staff on Rise 'N Shine</p> <p><i>Enclosure: No</i></p>   |
| <p><b>XIII. Closed Meeting Items</b></p>                                  | <p>Section 2.2-3711(A).7 - Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter (consultation with Town Attorney).</p> <p><i>Enclosure: No</i></p> |

**ROCKY MOUNT TOWN COUNCIL  
REGULAR COUNCIL MEETING  
JANUARY 14, 2013**

The January 14, 2013 regular Council meeting of the Rocky Mount Town Council was held in the Council Chambers of the Rocky Mount Municipal Building located at 345 Donald Avenue, Rocky Mount, Virginia at 7:00 p.m. with Mayor Steven C. Angle presiding. The following members of Council were present:

Vice Mayor Gregory B. Walker and Council Members Bobby M. Cundiff, Jerry W. Greer, Sr., P. Ann Love, Robert L. Moyer, and Billie W. Stockton

The meeting was called to order by Mayor Angle.

For the record, the following were present: All members of Town Council as noted, Town Manager C. James Ervin, Assistant Town Manager/Community Development Director Matthew C. Hankins (and Planning & Zoning Administrator), Town Attorney John T. Boitnott, Chief of Police David Cundiff, Finance Director Linda Woody, Town Planner Patrick Rust, Superintendent of Water Department Robert Deitrich, Superintendent of Wastewater Department Timothy Burton, Fire Chief Charles Robertson, Deputy Clerk Stacey B. Sink, and Town Clerk Patricia H. Keatts. Absent was Public Works Director Cecil R. Mason.

The Mayor led the *Pledge of Allegiance*.

**APPROVAL OF AGENDA**

Prior to the meeting, Council had received the agenda for review and consideration of approval.

- Motion was made by Vice Mayor Walker to approve the agenda as presented, seconded by Council Member Love and carried unanimously by those present.

**SPECIAL ITEMS**

The Chief of Police introduced to Council two new police officers, being : Troy Lamy and Steven Burgoyne.

**PUBLIC HEARING**

Let the record show there were no public hearings at this time.

## **APPROVAL OF MINUTES**

Prior to the meeting, Council had received for consideration of approval the following draft minutes:

- December 10, 2012 Regular Council Meeting

The Mayor asked if there were any changes to the draft minutes, and there being none, the Mayor entertained a motion.

- Motion was made by Council Member Stockton to approve the Council meeting minutes as presented, with motion on the floor being seconded by Council Member Moyer. There being no discussion, let the record show that the motion on the floor passed unanimously by those present.

## **APPROVAL OF CONSENT AGENDA**

The approval of the *Consent Agenda* consists of approving any miscellaneous resolutions/proclamations, miscellaneous action, departmental monthly reports, and bill list that were submitted prior to the meeting for Council's review and consideration.

- Miscellaneous Resolutions/Proclamations (*none at this time*)
- Miscellaneous Action (*none at this time*)
- Departmental Monthly Report
  - Community Development
  - Finance Department
  - Fire Department
  - Police Department
  - Public Works Department
  - Waste Water Department
  - Water Department
- Bill List

There being no comments, the Mayor entertained a motion.

- Motion was made by Council Member Cundiff to approve the draft *Consent Agenda*, with motion on the floor being seconded by Vice Mayor Walker. There being no discussion, let the record show that the motion on the floor passed unanimously by those present.

## **HEARING OF CITIZENS**

Let the record show that no one had contacted the Town Clerk to come forward to speak.

At this time, the Mayor opened the floor to anyone wishing to come forward to speak. Let the record show that no one came forward.

## **OLD BUSINESS**

### **A. Contract Award – Water Plant Water Tank Maintenance**

*(In an effort to assure the Town was getting the best possible service and price with the Town's ongoing water tank maintenance contract, a Request For Proposal (RFP) for maintenance service was issued in November of 2012. Based upon the review of bids, references and visits to active work sites, staff has chosen Southern Corrosion, Inc. as the winning bidder. Their base bid of \$209,000 for the five-year period was the least expensive of the three bids received. Southern Corrosion, Inc. is an east coast regional company based in Roanoke Rapids, North Carolina, with them having excellent references. They have been in business for 25 years. The company also will use their in-house employees for the maintenance work versus subcontractors, which will improve the quality of work the Town receives on the maintenance of the tanks. The Superintendent of the Water Plant has visited one of their job sites and was impressed with the cleanliness and organization of their work. Staff requests approval to proceed with signing the contract documents as presented before Council.)*

The Town Manager stated that the Town's current water tank maintenance contract has been held by Utility Services, Inc. since early 1980's and signed by the late Mayor Allen Woody; therefore, it was felt by staff that in order to make sure the Town was getting the best service possible, an RFP needed to be sent out.

Vice Mayor Walker questioned why the first five years of the contract were less than the following five years, with the Superintendent of the Water Plant explaining that the maintenance will be higher. The Town Manager informed Council that he, along with the Finance Director and Superintendent of the Water Plant, have looked at the contract and originally it was going to be a flat yearly fee, but in taking the tier format, the Town was able to get a better deal. The Superintendent of the Water Plant confirmed that the contract can be renegotiate after the first five years, with the Town Manager stating that the contract can be cancelled anytime after due notice is given. He also confirmed to Council Member Love that Southern Corrosion, Inc. does not contract their work out to subcontractors and will use their own employees.

There being no further comments, the Mayor entertained a motion.

○ Motion was made by Vice Mayor Walker to approve the contract award as presented (with staff having authorization to sign the contract documents), with motion on the floor being seconded by Council Member Moyer. Discussion ensued. The Town Manager stated that he and the Town Attorney will make a few corrections under Section 8 (pertaining to liability). There being no further discussion, let the record show that the motion on the floor passed unanimously by those present.

**B. Contract Award – Water Plant Electrical System Upgrade**

*(Based on a review of bids by the Town's consulting engineer Hurt and Proffitt, staff has chosen to award the Water Plant electrical system upgrade project to Varney, Inc. of Roanoke, Virginia. The bid price for the total project, including complement replacement of the main electrical service connection and control panels (raw and finished), is \$290,300. Varney, Inc. has provided a signed copy of the contract documents and scheduled a pre-construction meeting for January 14, 2013 at the Water Treatment Plant. Staff requests approval to proceed with signing the contract documents and the Notice to Proceed for the Water Treatment Plant electrical system upgrade as presented before Council.)*

The Town Manager stated that Council had authorized the Water Plant to proceed with the largest portion of the work as previously discussed during recent Council meetings, resulting in the need for the electrical upgrade. The Superintendent of the Water Plant stated that the pre-construction meeting was held today and that work should begin end of February and be concluded mid-May, pending Council approval.

Council Member Cundiff stated that he has discussed today with the Superintendent of the Water Plant regarding if local people had a choice to bid on this process, further stating that he is concerned that the Town needs, when it can, to use local contractors, with them being able to have the opportunity given to respond to a bid.

The Superintendent of the Water Plant explained that ten companies showed up for the pre-bid meeting, but only three were interested in turning bids in to the Town. He further explained that local people were sent the Request for Proposal (RFP).

The Town Manager confirmed to Council Member Moyer that local people did receive the RFP, but that the Town could not entice them to bid; and he further stated that he agrees with Council that local contractors should be invited, which they had been.

There being no further comments, the Mayor entertained a motion.

○ Motion was made by Council Member Cundiff to award the contract as recommended by staff, with motion on the floor being seconded by Vice Mayor Walker. There being no discussion, let the record show that the motion on the floor was carried unanimously by those present.

**C. Review and Consideration of United States Department of Agriculture (USDA) Grant to Purchase Two Rocky Mount Police Department Vehicles**

*(Staff and departmental recommendation for purchase of two Ford Interceptor Utility police vehicles in support of the K-9 program, using funds supplied by USDA and to appropriate funds from Fund balance to provide the Town share.)*

The Assistant Town Manager stated that Council had accepted the award of \$25,000 in USDA Rural Development funds for the purchase of two police vehicles, with staff reviewing the Town Police Department needs to determine a recommendation for the vehicle purchase. He further stated the following:

- One of the department's most successful efforts over the past two years has been the implementation of the K-9 officer program. Their efforts in drug detection have yielded tangible results in decreasing the amount of drug activity in the Town and increasing arrests made for drug activity.
- Vehicles currently used for K-9 officers are patrol cruisers, which are not ideally suited to safely transport and deploy K-9s. If this successful effort is to continue, the department needs vehicles to safely carry the animals and their handlers.
- Secondly, the department has a greater need for vehicles that can safely carry officers responding to emergencies during dangerous road conditions. Typically, under snow and ice conditions, the department either has to put chains on the Crown Victorias; use one of two available department four-wheel-drive vehicles; or borrow unmarked, non-police four-wheel-drives from other departments.
- The appropriate response to both meet these needs and use the unexpected, unbudgeted USDA funds would be to purchase new 2013 Ford Interceptor Utility vehicles (the police department equivalent of the Ford Explorer), using the state contract.
- The base contract price for these vehicles is \$25,513 per vehicle before options. Staff recommends adding light, officer safety and secure operations dealer options at a cost of \$4,811 per vehicle, bringing the vehicle price per vehicle to \$30,324.50.
- The total delivery cost is \$60,649. The department will need an additional \$6,500 to install arrest cages, radios and miscellaneous racks and equipment in vehicles, bringing the total to \$67,149. Credit that total with \$25,000 from USDA, and the total Town share needed from Fund balance is \$42,149. This amount would normally have been requested in Fiscal Year 2014 budget requests, but the USDA grant must be spent by end of March 2013.
- Staff recommends approval of request as presented.

Prior to the meeting, Council had received a draft "Town of Rocky Mount Supplemental Appropriation Resolution for the Fiscal Year Ending June 30, 2013" for the Town to use \$25,000 USDA grant funds, with an additional \$42,149 in Town funds, to total \$67,149 for the purchase of two each 2013 Ford Interceptor Utility vehicles to safely transport the Town's K-9 units.

There was brief discussion regarding the differences between a two-wheel-drive versus a four-wheel-drive. It was also confirmed by staff that you cannot spec out a two-wheel-drive for a K-9 unit the same as you could a four-wheel-drive.

The Chief of Police confirmed to Council that the \$67,000 should take care of everything that would be needed for the vehicles, including the cages and lights. He also confirmed that his department does get calls outside the Town limits for the use of the K-9 units, citing ones for drug enforcement, and recently during the event that happened at Ferrum College. He further confirmed that he was okay with these funds

coming out of his next year's budget.

There being no further comments, the Mayor entertained a motion.

○ Motion was made by Council Member Greer to approve the request to authorize the purchase of the two police vehicles as requested, with motion on the floor being seconded by Council Member Cundiff. There being no discussion, let the record show that the motion on the floor passed unanimously by those present.

## **NEW BUSINESS**

### **A. Review and Consideration of Performance Center Design as Submitted by Hill Studio (Architect) in Order to Proceed with Putting the Project Out to Bid**

*(The Performance Center Committee met on January 8, 2013 to review the architect's design to redevelop the former Lynch Hardware Building. The architect noted minor changes from the previous design and indicated that the project can be ready to bid January 27, 2013, pending Council approval. The interior designer for Hill Studio presented two color schemes and finish material options, but those finish materials will be selected by Council after the bids are received. By a 3-0 vote, the Performance Center Committee recommended that Council approve the design and authorize the architect and staff to proceed with putting the project out to bid. Staff requests Council approval of the design and authorization for staff and the architect to put the project out to bid.)*

The Assistant Town Manager basically went over what the Performance Center Committee had discussed during their meeting of January 8, 2013 (as stated above).

Mr. Hunter Greene, Architect with Hill Studio, came before Council, presenting a PowerPoint presentation regarding the design as presented to the Performance Center Committee on January 8, 2013:

- Went over the initiatives to this point.
- Went over the vicinity plan, pointing out where the existing building is located and where the entrance will be.
- Went over the site plan (entrance, drop-off area, parking, along with ADA parking in the back, loading, Greene space, and the AHU (air/heating/unit). Noted that one thing that has changed since the last presentation before Council was the placement of the heating and cooling system, which would be moved to the ground (basement) level at the back of the building so they would not be making as much noise, decreasing the sound level inside of the building. Confirmed that the duct work would be wrapped and weather proofed along the wall, then coming into the building at the ground level. One will stay upstairs and the other downstairs.
- Went over the plans for the first floor. Nothing has changed from the previous design. Did make notation of the reflecting ceiling plan, which would be very open and spacious in the lobby area.

- Went over the plan for the basement area, which is pretty much the same, with the Greene rooms still being located in the basement area for the performers. The only thing that changed was the duct work for the AHU from where it comes inside. Also pointed out the reflective ceiling as there has been a slight change in the height.
- Went over audio visual system.
- Highlighted where the large windows would be and how the stage would be set up in order to not interfere or block them (guidelines prohibit having the stage higher than what is being proposed). Performers can put risers on the stage because they would be temporary. There is a series of video screens, crossovers behind the stage, and ability to put in lighting for dance performances, with a curtain also located behind the stage.
- Went over the interior work, highlighting the two color schemes, one being “warm” palette and the other “cool” palette, mentioning that the Committee favored the “cool” palette.
- Went over the exterior work, highlighting what has changed, with there being only two openings to the inside of the building in order to keep the acoustics better inside.
- Highlighted again that the duct work would be coming in at ground level where the garage area is currently located.
- The sketches of the building have not changed. Went over the view from the Farmers’ Market; where the main entrance is located and where people will be dropped off at; along with where the canopy will be located at. Confirmed to Council Member Greer where the unloading of the performers would be, which is the upper back side level of the building; also, pointed out where the performers’ dressing rooms and bathrooms would be located.
- Working hard on the contract documents. About 90% complete and now; on the verge of putting them out for bid with Council approval; and looking at four weeks to bid out.
- Went over what the deductive alternative bid is and how that would work; and even with the deductive alternative, the performance hall will still be a fully functional.
- Hill Studio is contracted to handle the bidding process and explained how this would work.

The Mayor confirmed to Council Member Greer that once the documents are bid out, Council then would know the range of how much it would cost to have the former Lynch Hardware Building renovated to be a performance center; and that Council also could do nothing at all and not build it after receiving the bids, but questioned why Council would not want to have it built as it would bring economic growth to the Town and revenue for businesses that would be impacted by it being built; plus, if the building is renovated, the Town would have the opportunity to use historic tax credits and other revenue that may be available to help offset the costs involved.

The Assistant Town Manager confirmed to Council that he has received interests from local contractors wanting to bid on the project. Mr. Greene also confirmed this.

Council Member Moyer stated that he has not been against a music venue and thinks the architect has done a good job with his presentation, but he does not think the economy will support such a project; thus, he cannot support it.

The Mayor disagreed and stated things will not be getting any cheaper, reiterating what he had said earlier about the project possibly helping to spur an economic boost for the Town.

Council Member Greer commented that he is of the opinion to first get the contract bid out and then have this type of discussion after receiving the bids. The Mayor also agreed, stating that until Council knows what type of grants, tax credits, and funding is available, Council cannot decide whether or not to proceed with the project.

Council Member Cundiff stated that he is not against a music venue either, but he was going to be consistent with his stand from the beginning in that he cannot spend any money on this project and he cannot support it himself; further stating that he is against the principal regarding the way it has been handled from the start and he is not going to change his mind in the middle of the stream.

The Assistant Town Manager confirmed to Council that he didn't have anything particular to add to Mr. Greene's presentation other than if Council approves to move forward with authorizing the staff to put the project out to bid, the bids should be back by the end of February and they should be before Council during their regular meeting in March; and now since the design is complete, staff will be more aggressive with looking into the tax credits and looking for tobacco funds for the project. Thus being said, the Assistant Town Manager explained to Council Member Greer how the tax credits would work for the project.

The Mayor indicated that the Performance Center Committee had voted 3-0 in favor of approving the design and authorizing the architect to put the project out to bid, with the Assistant Town Manager so confirming.

There being no further comments, the Mayor entertained a motion.

○ Motion was made by Vice Mayor Walker to approve the design and authorize staff to proceed with putting the project out to bid, with motion on the floor being seconded by Council Member Love. Let the record show there was no discussion. Voting in favor of the motion on the floor were Vice Mayor Walker and Council Members Greer, Love and Stockton. Voting in opposition to the motion on the floor were Council Members Cundiff and Moyer. Let the record show that the motion on the floor passed four to two.

**B. Review and Consideration of Request of Wastewater Treatment Plant to Allow the Hire of an Intern**

*(The Rocky Mount Waste Water Treatment Plant requested an approval to make available a 2013 intern position for a person that is participating in the waste water*

*training program at Virginia Western Community College. Council authorized such an intern in 2012 and stated that any future extension of the intern program would need to be considered by Council. The funds for this position have already been placed in the current budget, not to exceed \$10,000. Last year's intern worked a total of 994.5 hours for the Town at a total cost of \$8,565. This experience reaped many benefits from participating in the program. A major benefit of having an intern is providing coverage during vacations, sick leave and during periods of heavy workloads. While an intern receives valuable training, it also helped the Waste Water Treatment Plant full-time staff stay up-to-date and sharp on their skills. Staff requests approval to allow the Waste Water Treatment Plant to hire an intern in 2013 that is participating with Virginia Western Community College waste water training program, and under the same conditions of employment for the Town as in 2012.)*

The Superintendent of the Waste Water Treatment Plant came before Council explaining his reasons for wanting to hire another intern that is enrolled in the waste water training program at Virginia Western Community College (VWCC), with it basically being done the same way as it was approved by Council in 2012. He further stated that when it was approved by Council in 2012, it helped a person get a job in that field of work. He also stated the following: he has nothing negative to say about the program; the funding for the program is in next year's budget; by hiring an intern, it helps keep his staff sharp, plus, they are helping someone also; and it helps with staffing during vacation time and when someone is needed when they become short-handed for one reason or another. He confirmed to Council that there would be no benefits package for the intern position.

The Town Manager informed Council that they were very specific on staff getting Council approval before continuing the intern program; therefore, the Superintendent of the Waste Water Treatment Plant wanted to bring it back before Council for their approval to continue the program for 2013.

There being no further comments, the Mayor entertained a motion.

○ Motion was made by Council Member Love for Council to allow the Superintendent of the Waste Water Treatment Plant to hire a person for the intern position if he so chooses, and for it not to exceed \$10,000 with no benefits, with motion on the floor being seconded by Council Member Cundiff. There being no discussion, let the record show that the motion on the floor passed unanimously by those present.

## **COMMITTEE REPORTS**

Let the record show there were no committee reports at this time.

**OTHER MATTERS, CONCERNS AND RISE 'N SHINE APPEARANCES**

A. Referrals to Planning Commission from Town Council

Let the record show there were no referrals at this time.

B. Rise 'N Shine Appearances

Let the record show that the Town Manager appeared on the *Rise 'N Shine* show this morning.

**COUNCIL CONCERNS**

Let the record show there were no Council concerns at this time.

**CLOSED MEETING**

Let the record show there were no *Closed Meeting* items at this time.

**ADJOURNMENT**

At 8:07 p.m., motion was made by Council Member Moyer to adjourn, seconded by Council Member Stockton and carried unanimously by those present.

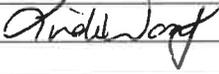
\_\_\_\_\_  
Steven C. Angle, Mayor

ATTEST:

\_\_\_\_\_  
Patricia H. Keatts/Town Clerk

/phk

## MONTHLY STAFF REPORT

|                    |  |
|--------------------|--|
| <b>DATE:</b>       | February 6, 2013   |
| <b>TO:</b>         | Rocky Mount Town Council   |
| <b>FROM:</b>       | Linda Woody, Finance Director  |
| <b>DEPARTMENT:</b> | Finance Department   |
| <b>MONTH:</b>      | February   |

This report contains the following monthly information for January 2013 activity:

New businesses obtaining a business license during the month

Investment portfolio from the latest bank statement

Revenue comparisons from this fiscal year to last fiscal year

Meals tax collections chart

Local sales tax collections chart

Expenditure comparisons from this fiscal year to last fiscal year

Available contingency funds status

Project expenses for the Performance Venue

Utility billing profiles on customers and consumption

Water Customer Cut-off's chart

Water accountability reconciliation of finished water gallons pumped vs. metered water gallons consumed

Water Accountability Percent chart

Utility profiles on water production and wastewater flow

Customer flow for the Finance Department:

1252 walk-in transactions

1196 drive-thru transactions

1488 mail transactions

**TOWN OF ROCKY MOUNT  
NEW BUSINESS LICENSES  
DURING JANUARY 2013**

The following new businesses obtained their business licenses during the month:

Contractor:  
Smith Bldg & Home Improvement, home on Byrd Ln.

**TOWN OF ROCKY MOUNT**  
**Investment Portfolio**  
**at December 31, 2012**

| <u>Security</u>                  | <u>Call Date</u> | <u>Maturity Date</u> | <u>Bond</u>      | <u>Market Price</u> | <u>Market Value</u> | <u>Market Yield</u> | <u>Yield to Maturity</u> | <u>Cusip Number</u> | <u>Estimated Annual Interest</u> |
|----------------------------------|------------------|----------------------|------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|----------------------------------|
| <b>Fixed Income / Bonds:</b>     |                  |                      |                  |                     |                     |                     |                          |                     |                                  |
| FHLB                             | 5/24/2013        | 5/24/2017            | 255,000          | 100.323             | 255,823.65          | 1.19%               | 1.20%                    | 3134G3UZ1           | 3,060.00                         |
| FNMA                             | 12/26/2013       | 12/26/2017           | 500,000          | 99.974              | 499,870.00          | 1.00%               | 1.00%                    | 3135G0SJ3           | 5,000.00                         |
| FNMA                             | 10 days          | 4/29/2015            | 500,000          | 100.588             | 502,940.00          | 1.98%               | 2.00%                    | 3136FRGH0           | 10,000.00                        |
| FNMA                             | 9/27/2013        | 9/27/2017            | 255,000          | 100.245             | 255,624.75          | 0.69%               | 0.70%                    | 313G0E64            | 1,785.00                         |
| FNMA                             | 5/30/2013        | 5/30/2017            | 255,000          | 100.336             | 255,856.80          | 1.19%               | 1.20%                    | 3136GOJB8           | 3,060.00                         |
| <b>Bond Totals</b>               |                  |                      | <u>1,765,000</u> |                     | <u>1,770,115.20</u> | 1.21% avg. return   |                          |                     | <u>22,905.00</u>                 |
| <b>Certificates of Deposits:</b> |                  |                      |                  |                     |                     |                     |                          |                     |                                  |
| Ally Bank Midvale UT             |                  | 12/23/2013           | 245,000          | 100.489             | 246,198.05          | 1.09%               | 1.10%                    | 02005QYE7           | 2,695.00                         |
| Am Express Centurion             |                  | 11/17/2015           | 225,000          | 101.897             | 229,268.25          | 1.71%               | 1.75%                    | 02587DGX0           | 3,937.50                         |
| BMW Salt Lake UT                 |                  | 5/13/2013            | 225,000          | 100.305             | 225,686.25          | 0.99%               | 1.00%                    | 05568PZR1           | 2,250.00                         |
| Bank Hampton Rds. VA             |                  | 9/27/2017            | 245,000          | 100.369             | 245,904.05          | 0.99%               | 1.00%                    | 062492BH5           | 2,450.00                         |
| CIT BK Salt Lake UT              |                  | 10/13/2016           | 190,000          | 100.490             | 190,931.00          | 1.99%               | 2.00%                    | 17284AZY7           | 3,800.00                         |
| Com Bk Harrogate TN              |                  | 8/25/2016            | 245,000          | 100.432             | 246,058.40          | 0.99%               | 1.00%                    | 20143PCV0           | 2,450.00                         |
| Compass Bk Birmingham AL         |                  | 12/29/2014           | 230,000          | 100.201             | 230,462.30          | 0.99%               | 1.00%                    | 20451PAC0           | 2,300.00                         |
| Discover Bk Greenwood            |                  | 9/15/2014            | 245,000          | 100.801             | 246,962.45          | 1.28%               | 1.30%                    | 254670W40           | 3,185.00                         |
| Essa BK Stroudsburg PA           |                  | 11/30/2016           | 245,000          | 100.488             | 246,195.60          | 0.99%               | 1.00%                    | 29667RGE7           | 2,450.00                         |
| F & M Chambersburg               |                  | 2/8/2016             | 245,000          | 100.124             | 245,303.80          | 0.99%               | 1.00%                    | 308693AY6           | 2,450.00                         |
| Flushing Savings NY              |                  | 7/27/2016            | 248,000          | 100.442             | 249,096.16          | 0.99%               | 1.00%                    | 344030ES6           | 2,480.00                         |
| GE Bk Draper Utah                |                  | 9/30/2014            | 245,000          | 100.946             | 247,317.70          | 1.38%               | 1.40%                    | 36159C3F1           | 3,430.00                         |
| GE Cap Fin'l Retail              |                  | 12/29/2016           | 245,000          | 102.510             | 251,149.50          | 2.04%               | 2.10%                    | 36160YMM4           | 5,145.00                         |
| Goldman Sachs NYC                |                  | 11/3/2014            | 245,000          | 101.018             | 247,494.10          | 1.48%               | 1.50%                    | 38143AAP0           | 3,675.00                         |
| Natl Rep Chicago CTF             |                  | 1/25/2016            | 245,000          | 101.813             | 249,441.85          | 0.98%               | 1.00%                    | 63736QRT0           | 2,450.00                         |
| Safra Nat'l NY NY                |                  | 2/9/2015             | 245,000          | 100.705             | 246,727.25          | 0.74%               | 0.75%                    | 786580YW4           | 1,837.50                         |
| Security Bk Aiken SC             |                  | 7/27/2016            | 245,000          | 100.100             | 245,245.00          | 1.24%               | 1.25%                    | 81423LAV4           | 3,062.50                         |
| Sovereign Bk Willimngton DE      |                  | 9/26/2020            | 245,000          | 100.129             | 245,316.05          | 0.74%               | 0.75%                    | 84603M2V7           | 1,837.50                         |
| State Bk India Chicago IL        |                  | 7/25/2017            | 230,000          | 101.017             | 232,339.10          | 1.53%               | 1.55%                    | 856283TL0           | 3,565.00                         |
| <b>CD Totals</b>                 |                  |                      | <u>4,533,000</u> |                     | <u>4,567,096.86</u> | 1.22% avg. return   |                          |                     | <u>55,450.00</u>                 |
| <b>Total Investments</b>         |                  |                      | <u>6,298,000</u> |                     | <u>6,337,212.06</u> | 1.22% avg. return   |                          |                     | <u>78,355.00</u>                 |

Note A New bond purchased to replace bond called with 1.00% yield

| <u>Month</u> | <u>LGIP</u>    | <u>Effective</u> |
|--------------|----------------|------------------|
|              | <u>Balance</u> | <u>Yield</u>     |
| Dec-11       | 374,363.03     | 0.14%            |
| Jan-12       | 390,911.37     | 0.16%            |
| Feb-12       | 404,549.92     | 0.17%            |
| Mar-12       | 749,548.69     | 0.17%            |
| Apr-12       | 770,493.56     | 0.17%            |
| May-12       | 791,584.69     | 0.17%            |
| Jun-12       | 1,133,569.65   | 0.16%            |
| Jul-12       | 1,180,074.35   | 0.17%            |
| Aug-12       | 951,766.24     | 0.19%            |
| Sep-12       | 1,419,073.79   | 0.19%            |
| Oct-12       | 1,142,816.07   | 0.20%            |
| Nov-12       | 1,178,741.89   | 0.19%            |
| 12/1/2012    | 1,044,873.62   | 0.18%            |

**TOWN OF ROCKY MOUNT  
REVENUE COMPARISONS  
AS OF JANUARY 31, 2013**

| REVENUE SOURCE                        | MONTH          |                | YEAR TO DATE     |                  | BUDGET           | % OF BUDGET   |
|---------------------------------------|----------------|----------------|------------------|------------------|------------------|---------------|
|                                       | THIS YEAR      | LAST YEAR      | THIS YEAR        | LAST YEAR        | THIS YEAR        | THIS YEAR     |
| <b>GENERAL FUND - Local Revenues:</b> |                |                |                  |                  |                  |               |
| Real Estate Tax                       | 115,197        | 34,551         | 134,385          | 140,177          | 569,689          | 23.59%        |
| Public Service Tax                    | -              | -              | -                | 4                | 25,822           | 0.00%         |
| Personal Property Tax                 | 24,338         | 10,820         | 26,429           | 42,426           | 137,603          | 19.21%        |
| Machinery & Tools Tax                 | -              | -              | -                | 3,347            | 92,733           | 0.00%         |
| Penalties on Tax                      | 420            | 40             | 2,557            | 1,144            | 2,730            | 93.66%        |
| Interest on Tax                       | 332            | 27             | 2,279            | 845              | 500              | 455.90%       |
| Local Sales Tax                       | 13,810         | 12,419         | 72,359           | 65,265           | 164,637          | 43.95%        |
| Meals Tax                             | 101,446        | 106,760        | 577,059          | 572,141          | 1,079,759        | 53.44%        |
| Utility Tax                           | 30,784         | 27,029         | 163,875          | 160,669          | 332,100          | 49.35%        |
| Communications Tax                    | 17,338         | 16,384         | 102,150          | 95,735           | 180,668          | 56.54%        |
| Decals                                | 8,315          | 6,904          | 12,710           | 10,254           | 87,310           | 14.56%        |
| Bank Stock Tax                        | -              | -              | -                | -                | 203,877          | 0.00%         |
| Penalty-Meals Tax                     | 268            | 843            | 2,104            | 2,632            | 1,200            | 175.35%       |
| Interest-Meals Tax                    | 20             | 405            | 605              | 1,428            | 650              | 93.15%        |
| Lodging Tax                           | 4,782          | 4,913          | 42,605           | 44,946           | 84,596           | 50.36%        |
| Cigarette Tax                         | 14,670         | 3,201          | 57,662           | 74,671           | 140,000          | 41.19%        |
| BPOL-Retail                           | 40             | 325            | 4,395            | 119,026          | 257,550          | 1.71%         |
| BPOL-Professional                     | -              | -              | 9,312            | 11,568           | 139,380          | 6.68%         |
| BPOL-Contractor                       | 145            | -              | 5,337            | 1,438            | 11,000           | 48.52%        |
| BPOL-Repairs/Services                 | 47             | 10             | 1,904            | 1,204            | 110,120          | 1.73%         |
| BPOL-Alcoholic Beverages              | -              | -              | -                | -                | 500              | 0.00%         |
| BPOL-Penalty/Interest                 | 17             | -              | 1,079            | 6,820            | 1,000            | 107.93%       |
| BPOL-Amusement                        | -              | -              | -                | -                | 200              | 0.00%         |
| BPOL-Utility                          | -              | -              | 11,408           | -                | 6,400            | 178.25%       |
| BPOL-Miscellaneous                    | -              | 50             | 803              | 503              | 1,800            | 44.61%        |
| Solicitor Permits                     | -              | -              | -                | 20               | -                | 0.00%         |
| Farmer's Market Fees                  | 160            | 150            | 945              | 960              | 2,600            | 36.35%        |
| Welcome Center Fees                   | 30             | 160            | 2,490            | 2,325            | 5,500            | 45.27%        |
| Music Venue Fees                      | -              | -              | -                | -                | 10,000           | 0.00%         |
| Planning/Zoning Fees                  | 210            | 1,540          | 3,545            | 7,251            | 9,500            | 37.32%        |
| Court Fines                           | 3,826          | 1,562          | 28,786           | 12,442           | 22,160           | 129.90%       |
| Parking Fines                         | 100            | -              | 305              | 205              | 250              | 122.00%       |
| Interest Earnings                     | 3,700          | 4,677          | 30,428           | 16,265           | 96,818           | 31.43%        |
| Return Check Fees                     | 40             | 160            | 513              | 500              | 640              | 80.23%        |
| Rental of Property                    | -              | 300            | 420              | 420              | 420              | 100.00%       |
| Sale of Materials                     | -              | -              | 600              | 35               | -                | 0.00%         |
| Sale of Property                      | -              | -              | 660              | -                | -                | 0.00%         |
| Bond Proceeds                         | -              | -              | -                | -                | 275,000          | 0.00%         |
| Mortgage Payment - Goodview St.       | -              | -              | 1,024            | -                | -                | 0.00%         |
| Grave Preparation                     | 250            | -              | 1,250            | 750              | 2,300            | 54.35%        |
| Security Services                     | 180            | -              | 8,010            | 2,310            | 3,400            | 235.59%       |
| Passport Service Fees                 | 1,643          | 825            | 5,252            | 3,654            | 8,046            | 65.28%        |
| Police Reports                        | 337            | 91             | 906              | 924              | 1,300            | 69.69%        |
| Fingerprint Service Fees              | -              | -              | 165              | -                | -                | 0.00%         |
| Garbage Collection Fees               | 7,500          | 7,457          | 44,571           | 36,480           | 88,170           | 50.55%        |
| Truck Rental Program                  | -              | 20             | 50               | 160              | 230              | 21.74%        |
| Miscellaneous Services                | 386            | 21             | 3,337            | 1,352            | 250              | 1334.81%      |
| Donations                             | -              | -              | 63               | 340              | -                | 0.00%         |
| Merchandise Sales                     | -              | -              | 424              | -                | -                | 0.00%         |
| Miscellaneous                         | 393            | 429            | 863              | 15,140           | 500              | 172.52%       |
| Curb & Gutter Recoveries              | -              | -              | 600              | -                | -                | 0.00%         |
| Recoveries                            | 105            | -              | 7,806            | 2,345            | 1,500            | 520.37%       |
| Unrealized Gain on Investments        | -              | -              | (2,492)          | -                | -                | 0.00%         |
| Bond Proceeds                         | -              | -              | -                | -                | -                | 0.00%         |
| Appropriated Fund Balance             | -              | -              | -                | -                | 177,000          | 0.00%         |
| <b>Total Local Revenues</b>           | <b>350,829</b> | <b>242,072</b> | <b>1,371,543</b> | <b>1,460,121</b> | <b>4,337,408</b> | <b>31.62%</b> |

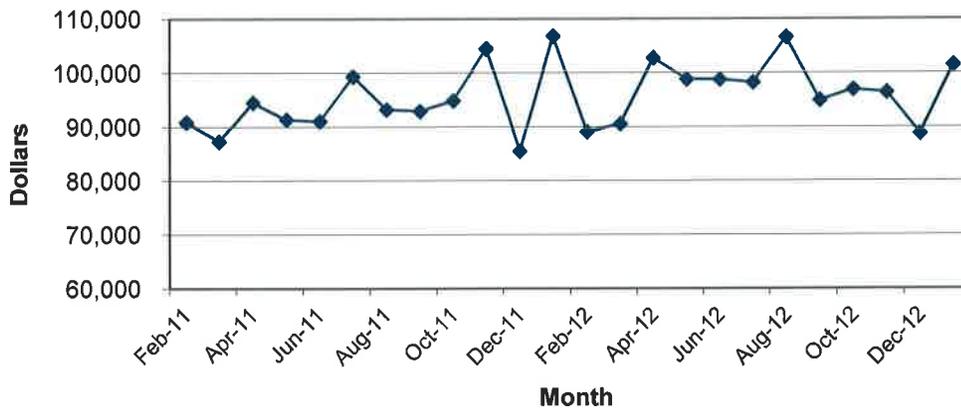
**TOWN OF ROCKY MOUNT  
REVENUE COMPARISONS  
AS OF JANUARY 31, 2013**

| REVENUE SOURCE                                      | MONTH          |                | YEAR TO DATE     |                  | BUDGET           | % OF BUDGET   |
|---|----------------|----------------|------------------|------------------|------------------|---------------|
|   | THIS YEAR      | LAST YEAR      | THIS YEAR        | LAST YEAR        | THIS YEAR        | THIS YEAR     |
| <b>GENERAL FUND - State Revenues:</b>               |                |                |                  |                  |                  |               |
| ABC Profits   | -              | -              | -                | -                | -                | 0.00%         |
| Wine Tax  | -              | -              | -                | -                | -                | 0.00%         |
| Rolling Stock Tax                                   | -              | -              | 3,626            | 3,144            | 3,000            | 120.88%       |
| Litter Tax  | -              | -              | 2,964            | 2,054            | 1,746            | 169.76%       |
| Other Categorical Aid                               | -              | -              | -                | -                | -                | 0.00%         |
| Fire Programs                                       | -              | -              | 12,635           | -                | 10,000           | 126.35%       |
| PPTRA from the State                                | -              | -              | 53,861           | 53,861           | 53,861           | 100.00%       |
| School Resource Officers                            | -              | -              | -                | -                | -                | 0.00%         |
| DMV / 402 Grant                                     | -              | -              | -                | -                | -                | 0.00%         |
| Local Law Enforcement                               | -              | -              | 4,272            | -                | -                | 0.00%         |
| DMV Mini Grants                                     | -              | -              | 20,491           | 19,110           | -                | 0.00%         |
| Street Maintenance                                  | -              | -              | 606,903          | 595,555          | 1,191,111        | 50.95%        |
| VML Safety Grant                                    | -              | -              | 3,000            | -                | -                | 0.00%         |
| Volunteer Fire Dept.                                | 15,000         | -              | 22,254           | 14,455           | 30,000           | 74.18%        |
| Law Enforcement-599 Funds                           | -              | -              | 54,230           | 54,230           | 108,460          | 50.00%        |
| FEMA Grant  | -              | -              | -                | -                | -                | 0.00%         |
| Police Grants                                       | -              | -              | -                | -                | -                | 0.00%         |
| Va. Commission of the Arts Grant                    | -              | -              | -                | -                | -                | 0.00%         |
| Dept. of Conservation & Recreation                  | -              | -              | 10,541           | -                | -                | 0.00%         |
| Other Categorical Aid-Schools                       | -              | -              | 29,632           | -                | 29,632           | 100.00%       |
| <b>Total State Revenues</b>                         | <b>15,000</b>  | <b>-</b>       | <b>824,410</b>   | <b>742,409</b>   | <b>1,427,810</b> | <b>57.74%</b> |
| <b>TOTAL GENERAL FUND REVENUES</b>                  | <b>365,829</b> | <b>242,072</b> | <b>2,195,952</b> | <b>2,202,530</b> | <b>5,765,218</b> | <b>38.09%</b> |
| <b>UTILITY FUND REVENUES:</b>                       |                |                |                  |                  |                  |               |
| Water Sales   | 45,891         | 46,409         | 539,803          | 423,118          | 1,039,832        | 51.91%        |
| gallons billed                                      | 17,357,571     | 17,605,015     | 144,845,314      | 123,340,950      |                  |               |
| Water Connections (Lilly's Leisure fy 13)           | 3,386          | -              | 103,406          | 14,300           | 105,525          | 97.99%        |
| Reconnect Fees                                      | 105            | 300            | 2,240            | 1,800            | 2,400            | 93.33%        |
| Penalties   | 1,996          | 1,698          | 11,423           | 11,963           | 22,000           | 51.92%        |
| Bulk Water Purchases                                | -              | 42             | 2,375            | 1,388            | 2,300            | 103.27%       |
| Health Dept.  | -              | -              | -                | -                | -                | 0.00%         |
| Sewer Collection Charges                            | 20,262         | 29,288         | 331,583          | 273,284          | 642,781          | 51.59%        |
| gallons billed                                      | 13,028,561     | 12,954,085     | 106,699,925      | 90,698,779       |                  |               |
| Sewer Connections (Lilly's Leisure fy 13)           | 2,000          | -              | 88,000           | 10,000           | 88,500           | 99.44%        |
| Cell Tower Rent                                     | 3,832          | 3,912          | 24,792           | 21,472           | 45,823           | 54.10%        |
| VML Safety Grant                                    | -              | -              | 1,000            | 4,000            | -                | 0.00%         |
| Bond Proceeds                                       | -              | -              | 234,147          | 71,797           | -                | 0.00%         |
| Meals Tax Transfer                                  | 101,446        | -              | 514,278          | 394,278          | 514,278          | 100.00%       |
| Recoveries(FCHS & County manhole fy 13)             | 6,075          | 405            | 24,886           | 405              | 18,000           | 138.26%       |
| Transfer from General Fund                          | -              | -              | -                | -                | -                | 0.00%         |
| Appropriated Fund Balance                           | -              | -              | -                | -                | 734,500          | 0.00%         |
| <b>TOTAL UTILITY FUND REVENUES</b>                  | <b>184,991</b> | <b>82,053</b>  | <b>1,877,933</b> | <b>1,227,805</b> | <b>3,215,939</b> | <b>58.39%</b> |
| <b>CAPITAL PROJECTS REVENUES:</b>                   |                |                |                  |                  |                  |               |
| CBDG Grant  | -              | -              | -                | -                | -                | 0.00%         |
| TEA-21 Grant  | -              | -              | -                | -                | -                | 0.00%         |
| Tobacco Grant                                       | -              | -              | -                | -                | -                | 0.00%         |
| Bonds / Loans                                       | -              | -              | -                | 35,754           | -                | 0.00%         |
| Uptown Loan Repayments                              | 280            | 163            | 2,983            | 1,183            | -                | 0.00%         |
| Appropriated Fund Balance                           | -              | -              | -                | -                | -                | 0.00%         |
| <b>TOTAL CAPITAL PROJECTS REVENUES</b>              | <b>280</b>     | <b>163</b>     | <b>2,983</b>     | <b>36,937</b>    | <b>-</b>         | <b>0.00%</b>  |
| <b>7 months of the 12 months of the fiscal year</b> |                |                |                  |                  |                  | <b>58.33%</b> |

**TOWN OF ROCKY MOUNT  
MEALS TAX COLLECTIONS**

| Month  | Collections |
|--------|-------------|
| Feb-11 | 90,888      |
| Mar-11 | 87,365      |
| Apr-11 | 94,522      |
| May-11 | 91,368      |
| Jun-11 | 91,062      |
| Jul-11 | 99,354      |
| Aug-11 | 93,225      |
| Sep-11 | 92,951      |
| Oct-11 | 94,896      |
| Nov-11 | 104,455     |
| Dec-11 | 85,579      |
| Jan-12 | 106,760     |
| Feb-12 | 89,118      |
| Mar-12 | 90,554      |
| Apr-12 | 102,709     |
| May-12 | 98,822      |
| Jun-12 | 98,811      |
| Jul-12 | 98,258      |
| Aug-12 | 106,556     |
| Sep-12 | 94,971      |
| Oct-12 | 96,938      |
| Nov-12 | 96,452      |
| Dec-12 | 88,770      |
| Jan-13 | 101,446     |

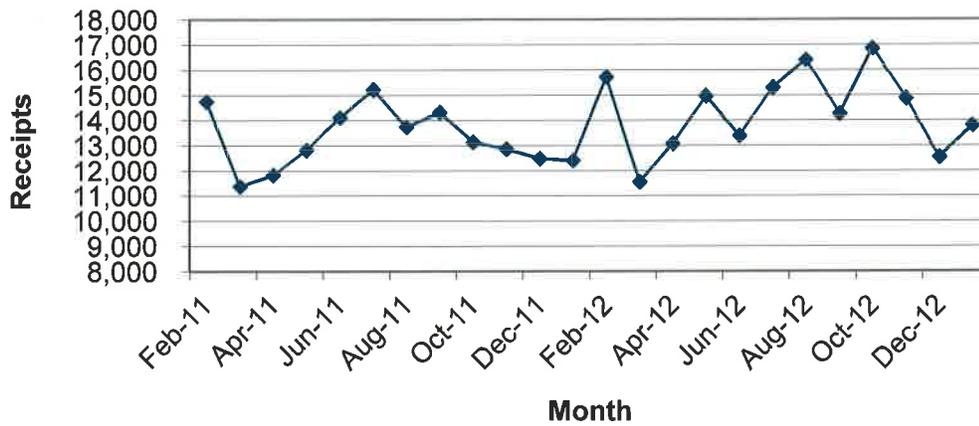
**Meals Tax Collections**



Town of Rocky Mount  
Local Sales Tax

|        |        |
|--------|--------|
| Feb-11 | 14,761 |
| Mar-11 | 11,395 |
| Apr-11 | 11,848 |
| May-11 | 12,835 |
| Jun-11 | 14,118 |
| Jul-11 | 15,223 |
| Aug-11 | 13,747 |
| Sep-11 | 14,327 |
| Oct-11 | 13,146 |
| Nov-11 | 12,878 |
| Dec-11 | 12,496 |
| Jan-12 | 12,419 |
| Feb-12 | 15,736 |
| Mar-12 | 11,573 |
| Apr-12 | 13,086 |
| May-12 | 14,974 |
| Jun-12 | 13,404 |
| Jul-12 | 15,307 |
| Aug-12 | 16,412 |
| Sep-12 | 14,269 |
| Oct-12 | 16,860 |
| Nov-12 | 14,877 |
| Dec-12 | 12,543 |
| Jan-13 | 13,810 |

Local Sales Tax



**TOWN OF ROCKY MOUNT  
EXPENDITURE COMPARISONS  
AS OF JANUARY 31, 2013**

| ACTIVITY                                  | MONTH          |                | YEAR TO DATE     |                  | BUDGET           | % OF BUDGET   |
|---|----------------|----------------|------------------|------------------|------------------|---------------|
|   | THIS YEAR      | LAST YEAR      | THIS YEAR        | LAST YEAR        | THIS YEAR        | THIS YEAR     |
| <b>GENERAL FUND:</b>                      |                |                |                  |                  |                  |               |
| Mayor & Council                           | 5,204          | 7,781          | 58,306           | 51,798           | 81,694           | 71.37%        |
| Town Manager                              | 17,253         | 12,927         | 112,999          | 105,513          | 193,327          | 58.45%        |
| Town Attorney                             | 2,472          | 7,139          | 14,415           | 30,439           | 45,053           | 31.99%        |
| Finance Department                        | 19,663         | 16,540         | 160,549          | 164,485          | 329,941          | 48.66%        |
| Electorial Board                          | -              | -              | -                | -                | -                | 0.00%         |
| Police Department                         | 125,969        | 121,177        | 971,722          | 990,017          | 1,711,746        | 56.77%        |
| Volunteer Fire Dept.                      | 10,100         | 12,776         | 61,112           | 64,256           | 104,656          | 58.39%        |
| Public Works Admin.                       | 1,421          | 1,882          | 8,941            | 8,797            | 18,915           | 47.27%        |
| Street Lights                             | 8,803          | 9,697          | 62,365           | 48,820           | 93,150           | 66.95%        |
| Traffic Control & Parking                 | 2,958          | 843            | 47,819           | 122,918          | 59,554           | 80.29%        |
| Streets                                   | 45,250         | 29,258         | 719,099          | 539,464          | 833,613          | 86.26%        |
| Sidewalks & Curbs                         | 1,115          | -              | 1,849            | 2,555            | 17,024           | 10.86%        |
| Grassy Hill Guardrails                    | -              | -              | -                | -                | 61,624           | 0.00%         |
| 40 East Sidewalks/Crosswalks              | 1,340          | -              | 3,768            | -                | 167,650          | 2.25%         |
| Street Cleaning                           | 709            | 1,351          | 8,526            | 10,889           | 16,534           | 51.57%        |
| Refuse Collection                         | 9,081          | 14,324         | 95,037           | 96,612           | 150,582          | 63.11%        |
| Snow Removal                              | 2,657          | 770            | 3,146            | 2,869            | 24,914           | 12.63%        |
| Municipal Building                        | 4,423          | 4,707          | 42,866           | 32,551           | 62,700           | 68.37%        |
| Emergency Services Bldg.                  | 5,084          | 6,006          | 38,592           | 27,480           | 56,020           | 68.89%        |
| Public Works Building                     | 1,530          | 1,525          | 10,859           | 1,627            | 16,850           | 64.45%        |
| Cemetery                                  | -              | -              | 9,198            | 12,987           | 15,734           | 58.46%        |
| Playgrounds                               | 158            | 997            | 19,947           | 15,335           | 28,994           | 68.80%        |
| Veterans Memorial Park erosion            | 6,116          | -              | 35,214           | -                | 97,000           | 36.30%        |
| Pigg River Heritage Trail                 | -              | 14,159         | -                | 22,223           | -                | 0.00%         |
| Pigg River Dam Safety                     | -              | -              | 895              | 573              | 30,000           | 2.98%         |
| Planning & Zoning                         | 11,150         | 5,371          | 67,620           | 57,021           | 121,927          | 55.46%        |
| Community Development                     | 14,942         | 11,129         | 99,688           | 102,317          | 185,351          | 53.78%        |
| Citizen's Square                          | 1,058          | 1,941          | 6,660            | 11,952           | 14,400           | 46.25%        |
| Hospitality Center                        | 855            | 2,497          | 17,413           | 6,704            | 31,703           | 54.93%        |
| Passport Services Expenses                | 15             | 65             | 615              | 556              | 1,800            | 34.18%        |
| Performing Arts Venue                     | 47,935         | 144            | 56,759           | 144              | 282,940          | 20.06%        |
| Economic Development Authority            | -              | -              | 2,370            | -                | -                | 0.00%         |
| Remediation of Blighted Structures        | -              | 2,854          | 63               | 4,613            | 20,000           | 0.32%         |
| <b>Non-Departmental:</b>                  |                |                |                  |                  |                  |               |
| Wages & Fringes                           | 40             | 1,327          | 8,317            | 41,841           | 44,000           | 18.90%        |
| Employee Wellness Program                 | -              | -              | 320              | 3,555            | 4,000            | 8.00%         |
| Employee Drug Testing                     | -              | -              | 461              | 397              | 1,055            | 43.71%        |
| Letter of Credit Reimbursement (Landmark) | -              | -              | -                | 0                | -                | 0.00%         |
| Insurance                                 | -              | -              | 65,093           | 58,832           | 65,891           | 98.79%        |
| Contributions to Others                   | -              | -              | 32,500           | 22,500           | 52,756           | 61.60%        |
| Debt Service-Principal                    | 189,300        | 189,300        | 189,300          | 189,300          | 189,300          | 100.00%       |
| Debt Service-Interest                     | 56,484         | 58,295         | 112,968          | 12,638           | 112,968          | 100.00%       |
| Transfer to Utility Fund                  | 101,446        | -              | 514,278          | 394,278          | 514,278          | 100.00%       |
| Transfer to Capital Proj. Fund            | -              | -              | -                | -                | -                | 0.00%         |
| Contingency                               | -              | -              | -                | -                | 20,211           | 0.00%         |
| <b>TOTAL GENERAL FUND EXPENDITURES</b>    | <b>694,532</b> | <b>536,783</b> | <b>3,661,648</b> | <b>3,258,856</b> | <b>5,879,855</b> | <b>62.27%</b> |



TOWN OF ROCKY MOUNT  
CONTINGENCY FUNDS  
FISCAL YEAR 2013

|   | <u>GENERAL<br/>FUND</u> | <u>UTILITY<br/>FUND</u> |
|---|-------------------------|-------------------------|
| BUDGETED CONTINGENCY                    | 30,211                  | 43,013                  |
| COMMITTED:                              |                         |                         |
| WTP electric upgrade (11-13-12)         |                         | (43,013)                |
| Stepping Stone land purchase (11-13-12) | (10,000)                |                         |
| <br>                                    |                         |                         |
| AVAILABLE CONTINGENCY FUND BALANCE      | <u>20,211</u>           | <u>-</u>                |
| Availiable / (overexpended)             |                         |                         |

TOWN OF ROCKY MOUNT  
PERFORMANCE VENUE (01.8108)  
PROJECT TO DATE EXPENSES  
(EXCLUDING BUILDING PURCHASE)

|                    | This Month       | Project<br>to Date |
|--------------------|------------------|--------------------|
| Design             | 47,884.22        | 77,161.81          |
| Design Advertising | -                | 1,252.08           |
| Miscellaneous      | -                | 242.25             |
| Utilities          | 50.54            | 766.21             |
| Totals             | <u>47,934.76</u> | <u>79,422.35</u>   |

TOWN OF ROCKY MOUNT  
 UTILITY BILLING  
 WATER CONSUMPTION PERCENTAGES  
 FOR THE MONTH OF JANUARY 2013

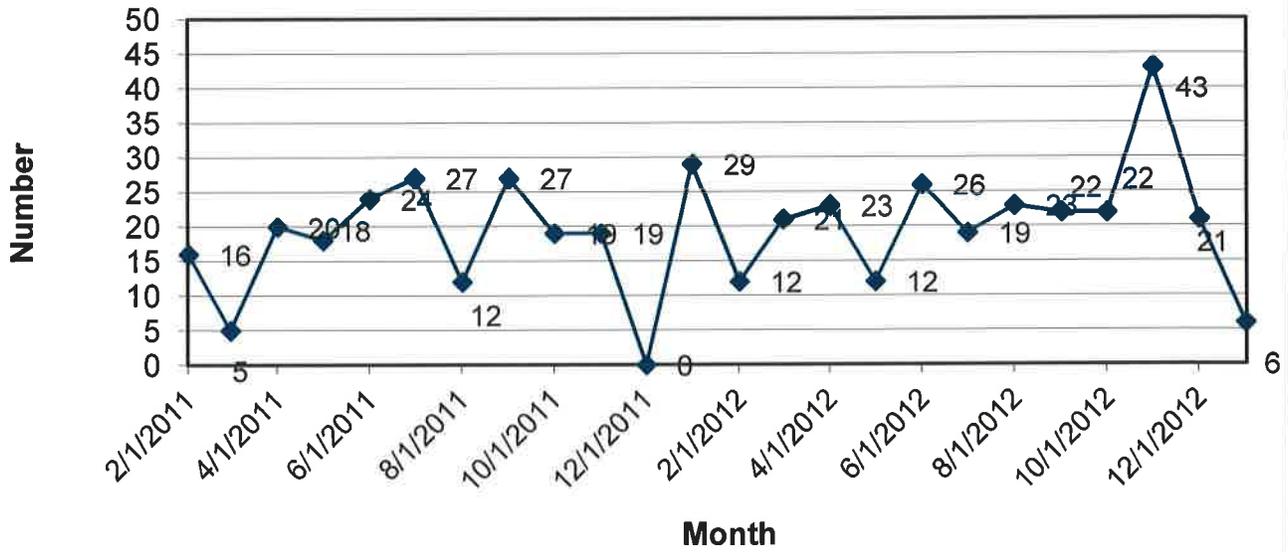
|                                    | TOTAL<br>METERS | TOTAL<br>GALLONS  | TOTAL<br>REVENUES | %<br>METERS | %<br>GALLONS | %<br>REVENUES |
|------------------------------------|-----------------|-------------------|-------------------|-------------|--------------|---------------|
| <b>IN-TOWN CUSTOMERS</b>           |                 |                   |                   |             |              |               |
| RESIDENTIAL                        | 1,743           | 6,574,881         | \$ 29,724         | 61%         | 38%          | 31%           |
| COMMERCIAL                         | 338             | 4,182,800         | \$ 18,087         | 12%         | 24%          | 19%           |
| INDUSTRIAL                         | 49              | 3,097,300         | \$ 10,837         | 2%          | 18%          | 11%           |
| <b>TOTAL</b>                       | <b>2,130</b>    | <b>13,854,981</b> | <b>\$ 58,648</b>  | <b>75%</b>  | <b>80%</b>   | <b>61%</b>    |
| <b>OUT-OF-TOWN CUSTOMERS</b>       |                 |                   |                   |             |              |               |
| RESIDENTIAL                        | 658             | 2,269,990         | \$ 29,134         | 23%         | 13%          | 30%           |
| COMMERCIAL                         | 62              | 1,228,700         | \$ 9,025          | 2%          | 7%           | 9%            |
| INDUSTRIAL                         | 2               | 3,900             | \$ 45             | 0%          | 0%           | 0%            |
| <b>TOTAL</b>                       | <b>722</b>      | <b>3,502,590</b>  | <b>\$ 38,203</b>  | <b>25%</b>  | <b>20%</b>   | <b>39%</b>    |
| <b>GRAND TOTAL (ALL CUSTOMERS)</b> |                 |                   |                   |             |              |               |
| RESIDENTIAL                        | 2,401           | 8,844,871         | \$ 58,857         | 84%         | 51%          | 61%           |
| COMMERCIAL                         | 400             | 5,411,500         | \$ 27,112         | 14%         | 31%          | 28%           |
| INDUSTRIAL                         | 51              | 3,101,200         | \$ 10,882         | 2%          | 18%          | 11%           |
| <b>TOTAL</b>                       | <b>2,852</b>    | <b>17,357,571</b> | <b>\$ 96,851</b>  | <b>100%</b> | <b>100%</b>  | <b>100%</b>   |

TOWN OF ROCKY MOUNT  
 UTILITY BILLING  
 PERCENT CONSUMPTION & PERCENT REVENUE  
 PER CUSTOMER CLASS  
 FISCAL YEAR 2013

| Month   | In Town     |        |            |        |            |        |        |        | Out of Town |        |            |        |            |        |        |        |
|---------|-------------|--------|------------|--------|------------|--------|--------|--------|-------------|--------|------------|--------|------------|--------|--------|--------|
|         | Residential |        | Commercial |        | Industrial |        | Total  |        | Residential |        | Commercial |        | Industrial |        | Total  |        |
|         | % Gal.      | % Rev. | % Gal.     | % Rev. | % Gal.     | % Rev. | % Gal. | % Rev. | % Gal.      | % Rev. | % Gal.     | % Rev. | % Gal.     | % Rev. | % Gal. | % Rev. |
| Jul-12  | 32%         | 30%    | 26%        | 21%    | 22%        | 15%    | 80%    | 66%    | 12%         | 22%    | 8%         | 12%    | 0%         | 0%     | 20%    | 34%    |
| Aug-12  | 34%         | 32%    | 31%        | 25%    | 19%        | 14%    | 84%    | 71%    | 13%         | 23%    | 3%         | 5%     | 0%         | 0%     | 16%    | 29%    |
| Sep-12  | 33%         | 30%    | 27%        | 23%    | 23%        | 17%    | 83%    | 70%    | 12%         | 21%    | 5%         | 8%     | 0%         | 0%     | 17%    | 30%    |
| Oct-12  | 32%         | 30%    | 28%        | 23%    | 23%        | 16%    | 82%    | 69%    | 12%         | 22%    | 6%         | 9%     | 0%         | 0%     | 18%    | 31%    |
| Nov-12  | 33%         | 31%    | 30%        | 24%    | 19%        | 14%    | 83%    | 69%    | 11%         | 22%    | 6%         | 9%     | 0%         | 0%     | 17%    | 31%    |
| Dec-12  | 35%         | 32%    | 26%        | 22%    | 20%        | 14%    | 81%    | 68%    | 12%         | 22%    | 7%         | 10%    | 0%         | 0%     | 19%    | 32%    |
| Jan-13  | 38%         | 31%    | 24%        | 19%    | 18%        | 11%    | 80%    | 61%    | 13%         | 30%    | 7%         | 9%     | 0%         | 0%     | 20%    | 39%    |
| Feb-13  |             |        |            |        |            |        |        |        |             |        |            |        |            |        |        |        |
| Mar-13  |             |        |            |        |            |        |        |        |             |        |            |        |            |        |        |        |
| Apr-13  |             |        |            |        |            |        |        |        |             |        |            |        |            |        |        |        |
| May-13  |             |        |            |        |            |        |        |        |             |        |            |        |            |        |        |        |
| Jun-13  |             |        |            |        |            |        |        |        |             |        |            |        |            |        |        |        |
| Average | 34%         | 31%    | 27%        | 22%    | 21%        | 14%    | 82%    | 68%    | 12%         | 23%    | 6%         | 9%     | 0%         | 0%     | 18%    | 32%    |

\*\*\*NOTE: The above chart shows the breakdown of in-town customer gallons and revenues vs. out-of-town. It also breaks those gallons & revenues into residential, commercial, and industrial customers for FY 2013 (year ended 6/30/13).

### Number of Water Cut-off's



TOWN OF ROCKY MOUNT  
WATER ACCOUNTABILITY  
December-12

|  |            |                   |
|--|------------|-------------------|
| Water Plant Finished Water Pumped                  |            | <u>22,060,000</u> |
| Water Consumption Billed                           | 17,357,571 |                   |
| Meters Read and Not Billed                         | 865,790    |                   |
| Water Obtained from Water Plant (to bill)          | -          |                   |
| Water Obtained from Public Works Hydrant (to bill) | -          |                   |
| Flusing Water Lines Reported to WTP or PW          | 218,500    |                   |
| Flow Meter Checks at Hydrants                      | -          |                   |
| Filling Water Tanks                                | -          |                   |
| Grand Total of Water Metered / Consumed / Tracked  |            | <u>18,441,861</u> |
| Percent Finished Water Accounted                   |            | 83.60%            |

Meters Read and Not Billed

|                |                            |         |  |
|----------------|----------------------------|---------|--|
| 001-0122-10-01 | Mary Bethune Park          | -       |  |
| 001-0188-00-01 | Impound Lot                | -       |  |
| 002-0317-20-01 | Public Works Bldg-old bldg | 3,220   |  |
| 002-0317-30-01 | Public Works Bldg-new bldg | 2,000   |  |
| 004-1067-00-01 | Veteran's Memorial Park    | 300     |  |
| 005-1300-00-01 | Mary Elizabeth Park        | -       |  |
| 005-1343-00-04 | Music Venue                | -       |  |
| 005-1384-00-01 | Farmer's Market            | 800     |  |
| 005-1457-00-01 | Municipal Bldg.            | 2,000   |  |
| 006-1710-00-01 | Welcome Center / Depot     | 870     |  |
| 009-2523-50-01 | Emergency Services Bldg.   | 5,200   |  |
| 011-0050-90-01 | Rt 122 Pump Station        | 1,400   |  |
| 041-0034-00-01 | WasteWater Treatment Plant | 311,000 |  |
|                | Water Plant Process        | 539,000 |  |

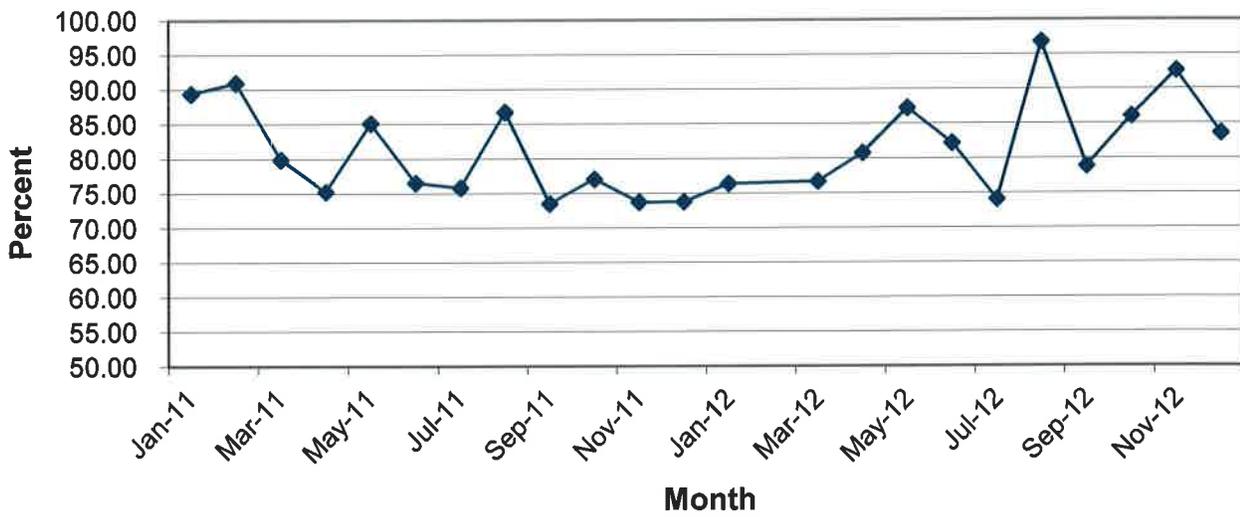
|                         |  |                |
|-------------------------|--|----------------|
| TOTAL Meters Not Billed |  | <u>865,790</u> |
|-------------------------|--|----------------|

Water Line Repairs by Public Works during the month:  
6" line on Franklin Street

Sewer Line Repairs by Public Works during the month:  
sewer line on Patterson

| TOWN OF ROCKY MOUNT<br>WATER ACCOUNTABILITY<br>FISCAL YEAR 2013 |   |  |                      |                                |   |   |
|---|---|--|----------------------|--------------------------------|---|---|
| Month   | Finished<br>Water<br>Treated                            | Total<br>Water<br>Gallons<br>Accounted | Percent<br>Accounted | Monthly<br>Gallons<br>Variance | Average<br>Accounted<br>Variance<br>per Quarter | Average<br>Monthly<br>Variance<br>per Quarter |
| Jul-12  | 29,140,000  | 21,591,817                             | 74.10%               | 7,548,183                      |   |   |
| Aug-12  | 26,700,000  | 25,852,680                             | 96.83%               | 847,320                        |   |   |
| Sep-12  | 26,160,000  | 20,632,411                             | 78.87%               | 5,527,589                      | 83.26%  | 4,641,031                                     |
| Oct-12  | 25,420,000  | 21,879,942                             | 86.07%               | 3,540,058                      |   |   |
| Nov-12  | 22,620,000  | 20,956,210                             | 92.64%               | 1,663,790                      |   |   |
| Dec-12  | 22,060,000  | 18,441,861                             | 83.60%               | 3,618,139                      | 87.44%  | 2,940,662                                     |
| Jan-13  |   |  |                      | -                              |   |   |
| Feb-13  |   |  |                      | -                              |   |   |
| Mar-13  |   |  |                      | -                              | 0.00%   | -   |
| Apr-13  |   |  |                      | -                              |   |   |
| May-13  |   |  |                      | -                              |   |   |
| Jun-13  |   |  |                      | -                              | 0.00%   | -   |
| AVG.  | 25,350,000  | 21,559,154                             | 85.35%               | 3,790,847                      | 85.35%  | 3,790,847                                     |
| TOTAL   | 152,100,000   | 129,354,921                            |                      | 22,745,079                     |   |   |
|   | Monthly Avg. Percent Unaccounted =                      |  | 14.65%               |                                |   |   |
|   | Monthly Avg. Percent Accounted =                        |  | 85.35%               |                                |   |   |
|   | 4 out of 6 months this fiscal year > 80% accountability |  |                      |                                |   |   |

### Water Accountability %



**TOWN OF ROCKY MOUNT  
UTILITY PROFILE  
FISCAL YEAR 2013**

| Month      | Plant Hrs.    | Raw Water Drawn   | Monthly Avg. % of capacity | Finished water Treated | Monthly Avg. % of capacity | Total Water Gallons Accounted (A)(B) | Pct. Account ed | Connections  | Wastewater Monthly Flow | Monthly Avg. % of Capacity | Total Sewer Gallons Billed | Pct. Account ed |
|------------|---------------|-------------------|----------------------------|------------------------|----------------------------|--------------------------------------|-----------------|--------------|-------------------------|----------------------------|----------------------------|-----------------|
| Jul-12     | 337.90        | 30,150,000        | 48.63%                     | 29,140,000             | 47.00%                     | 21,591,817                           | 74.10%          | 2,857        | 17,360,000              | 28.00%                     | 14,815,887                 | 85.34%          |
| Aug-12     | 322.40        | 27,700,000        | 44.68%                     | 26,700,000             | 43.06%                     | 25,852,680                           | 96.83%          | 2,851        | 17,236,000              | 27.80%                     | 17,583,140                 | 102.01%         |
| Sep-12     | 315.00        | 25,070,000        | 41.78%                     | 26,160,000             | 43.60%                     | 20,632,411                           | 78.87%          | 2,858        | 16,260,000              | 27.10%                     | 14,816,801                 | 91.12%          |
| Oct-12     | 334.80        | 27,420,000        | 44.23%                     | 25,420,000             | 41.00%                     | 21,879,942                           | 86.07%          | 2,860        | 16,926,000              | 27.30%                     | 15,879,589                 | 93.82%          |
| Nov-12     | 315.00        | 23,930,000        | 39.88%                     | 22,620,000             | 37.70%                     | 20,956,210                           | 92.64%          | 2,848        | 15,690,000              | 26.15%                     | 15,065,590                 | 96.02%          |
| Dec-12     | 313.10        | 23,380,000        | 37.71%                     | 22,060,000             | 35.58%                     | 18,441,861                           | 83.60%          | 2,852        | 17,546,000              | 28.30%                     | 13,028,561                 | 74.25%          |
| Jan-13     | 322.40        | 24,850,000        | 40.08%                     | 23,170,000             | 37.37%                     |                                      |                 |              | 29,760,000              | 48.00%                     |                            |                 |
| Feb-13     |               |                   | 0.00%                      |                        | 0.00%                      |                                      |                 |              |                         | 0.00%                      |                            |                 |
| Mar-13     |               |                   | 0.00%                      |                        | 0.00%                      |                                      |                 |              |                         | 0.00%                      |                            |                 |
| Apr-13     |               |                   | 0.00%                      |                        | 0.00%                      |                                      |                 |              |                         | 0.00%                      |                            |                 |
| May-13     |               |                   | 0.00%                      |                        | 0.00%                      |                                      |                 |              |                         | 0.00%                      |                            |                 |
| Jun-13     |               |                   | 0.00%                      |                        | 0.00%                      |                                      |                 |              |                         | 0.00%                      |                            |                 |
| <b>AVG</b> | <b>322.94</b> | <b>26,071,429</b> | <b>42.43%</b>              | <b>25,038,571</b>      | <b>40.76%</b>              | <b>21,559,154</b>                    | <b>85.35%</b>   | <b>2,854</b> | <b>18,682,571</b>       | <b>30.38%</b>              | <b>15,198,261</b>          | <b>90.43%</b>   |

NOTE (A): "Total Water Gallons Accounted" consists of gallons billed and gallons read but not billed plus bulk water sold at the Water Plant plus water used to flush lines or hydrants plus gallons used to fill water tanks.

NOTE (B): For any given month, "total water gallons accounted" are for "finished water treated" that month. For example, for the month of July, "water gallons accounted" would be water consumed during the month of July by customers and read by the meter readers during the first week of August. Those gallons, however, would not be billed to customers until the end of August during that month's billing cycle. However, those gallons consumed are displayed on the July line to match usage with water plant production ("finished water treated").

## MONTHLY STAFF REPORT

|                    |                               |
|--------------------|-------------------------------|
| <b>DATE:</b>       | February 1, 2013              |
| <b>TO:</b>         | Rocky Mount Town Council      |
| <b>FROM:</b>       | Charles Robertson, Fire Chief |
| <b>DEPARTMENT:</b> | Rocky Mount Fire Department   |
| <b>MONTH:</b>      | December 2012                 |

The Rocky Mount Fire Department answered a total of 37 calls for the month of December 2012. There were 16 calls answered inside the Town limits and 21 calls answered in the County.

There were a total of 197 man hours accumulated on these calls, with an average of 7.8 members per call.

There was a total of 1,348 miles traveled on all Fire Department vehicles, with a total of 74 gallons of gasoline used, and a total of 122.5 gallons of diesel fuel used.

There were six structure fires; seven woods and grass fires; 14 motor vehicle accidents; three smoke and odor removals; one control burn (false call); two assistance to the rescue squad; and four false alarms.

During the month of December 2012, the department received extra training with the VDFP Program "Reading Smoke", which was taught by instructor and retired Roanoke County Chief Steve Poff, for a total of 24 man hours.

For the calendar year of 2012, the Fire Department answered an accumulated total of 393 calls in both the Town and County, which represents approximately a 14% to 15% increase in call volume for the year. Call volumes are seeming to trend higher each year.

## MONTHLY STAFF REPORT

|                    |                                   |
|--------------------|-----------------------------------|
| <b>DATE:</b>       | February 4, 2013                  |
| <b>TO:</b>         | Rocky Mount Town Council          |
| <b>FROM:</b>       | David R. Cundiff, Chief of Police |
| <b>DEPARTMENT:</b> | Police Department                 |
| <b>MONTH:</b>      | January 2013                      |

Two Patrol Officer's started at Cardinal Criminal Justice Academy this month (Brooks & Lamy).

One Patrol Officer started at Piedmont Criminal Justice Academy (Burgoyne).

Investigations executed a number of search warrants for the month of January.

DATE: JANUARY 2013

|                                   | NOV  | DEC  | JAN  |
|-----------------------------------|------|------|------|
| TRAFFIC ARRESTS                   | 72   | 75   | 80   |
| TRAFFIC WARNING                   | 72   | 57   | 81   |
| CRIMINAL ARRESTS                  | 38   | 33   | 41   |
| LEGAL DOCUMENTS; TRESPASS NOTICES | 0    | 0    | 0    |
| JUVENILE REFERRALS P-UPS, ETC.    | 4    | 1    | 4    |
| ALARM RESPONSES                   | 33   | 46   | 67   |
| ACCIDENTS INVESTIGATED            | 13   | 37   | 27   |
| INCIDENTS ADDRESSED               | 1481 | 1747 | 1981 |
| INCIDENTS, OFFENSES REPORTABLE    | 58   | 57   | 52   |
| BUSINESSES, RESIDENCES CHECKED    | 722  | 721  | 608  |
| DOORS, WINDOWS, ETC. UNSECURED    | 0    | 2    | 2    |
| MOTORIST AIDES                    | 94   | 90   | 106  |
| BREAKING & ENTERING REPORTS       | 0    | 3    | 2    |
| BREAKING & ENTERING WARRANTS      | 0    | 0    | 1    |
| FELONY WARRANTS                   | 8    | 1    | 3    |
| GRAND LARCENY WARRANTS            | 0    | 0    | 0    |
| MISDEAMEANOR CRIMINAL WARRANTS    | 30   | 24   | 17   |
| UNIFORM TRAFFIC SUMMONS ISSUED    | 72   | 95   | 83   |
| DUI                               | 4    | 6    | 3    |

|  |
|--|
| <b>TRAFFIC ENFORCEMENT:</b>  |
| <ul style="list-style-type: none"> <li>◇ Moving and stationary radar: throughout the Town, Bernard Road, Greenview Drive, North &amp; South Main Street, Grassy Hill Road, Tanyard Road, Pell Avenue, State Street, Old Franklin Turnpike, Scuffling Hill Road, Glenwood Drive, Green Meadow Lane and Windy Lane.</li> <li>◇ There were 12 reportable accidents with 10 of the accidents on our public streets.</li> </ul> |

COMMUNITY OUTREACH:

- ◇ Residential Foot Patrols: (210) Anderson Street, Ann Sink Street, Booker T. Washington, Candlewood Apartments, Circle Drive, Circle View Street, Claiborne Avenue, Cobb Street, Cornell Road, Dent Street, Diamond Avenue, East Church Street, East Court Street, East Street, Glen Meadow Drive, Grassy Hill Road, Green Meadow Lane, Greenview Drive, Greer Lane, Harvey Street, Hatcher Street, Highland Hills, Highview Terrace, Hilltop Drive, Knob Apartments, Law Street, Leonor Street, Luke Street, Mamie Avenue, Mary Coger Lane, Montview Avenue, Mountain View Drive, Musefield Road, North Main Street, Oak Street, Old Franklin Turnpike, Patterson Avenue, Pell Avenue, Pendleton Street, Perdue Lane, Randolph Street, Riverview Street, School Board Road, Scuffling Hill Road, South Main Street, Summit Drive, Sycamore Street, Taliaferro Street, Tanyard Road, Trail Drive, Windsor Drive, Wray's Street and Wrays Chapel Road.
  
- ◇ Business Foot Patrols: (307) Aaron's, ABC Store, Advance Auto, Angle Hardware, Applebee's, Arby's, BFMS, Bojangles, C Mart, Carter's Jewelry, CATCE, China City, Christian Heritage Academy, Comfort Inn, Cook Out, CVS, Dairy Queen, DMV, Dollar General, Domino's, Family Pharmacy, Farmer's Market, Franklin County High School, Fleetwood Homes, Flora's Funeral Home, Food Lion, Franklin Center, Franklin Health Care, Franklin Memorial Hospital, Franklin Outdoors, Franklin Street, Frank's Pizza, Goodwill, Hardee's, Hema's, Holiday Inn Express, Hub Restaurant, Industrial Drive, Ippy's, Kroger, Lee M. Waid, Little Ceasar's, Los Tres Amigos, Lowes, Martinsville DuPont Credit Union, McDonald's, ModuKraf, North Main Street, Pizza Hut, Pizza King, PlyGem, Quizno's, Riverside Minute Market, Rocky Mount Bowling Center, Rocky Mount Elementary, Roses, School Board Road, Sheetz, Shell Station, Shoe Show, Step Inc, Subway, Trinity Missions, Trinity Packaging, Two By Two BBQ, Wal-Mart, Wendy's and YMCA.

MISCELLANEOUS:

- ◇ January 10<sup>th</sup>, 2013 - VCIN Recertification at RMPD
- ◇ January 25<sup>th</sup>, 2013 - Open Door "130 Diamond Avenue"
- ◇ January 29<sup>th</sup>, 2013 - Provided security for "FCHS Basketball Game"
- ◇ January 30<sup>th</sup>, 2013 - Open Door "CVS"

TRAFFIC CONTROL UPDATES:

- ◇ No new updates for this month.

**INVESTIGATIONS:**

- ◇ New Criminal Investigations: 8
- ◇ New Drug Investigations: 1
- ◇ Cases Cleared: 8
- ◇ Misdemeanor charges: 3
- ◇ Felony Charges: 7
- ◇ Pending Cases: 6
- ◇ Child Abuse Cases: 2

**MEETINGS:**

- ◇ Visit local schools four days.
- ◇ DEQ and Public Safety Meeting
- ◇ EPA Meeting
- ◇ LEPC Meeting
- ◇ Franklin Center Meeting with Mrs. Hodges
- ◇ Staff Meeting at RMPD
- ◇ Martin Luther King Breakfast
- ◇ DaPro Meeting
- ◇ Meeting with Sheriff Overton
- ◇ Meeting with EPA, DEQ, VDEM, Public Safety, Commonwealth Attorney, Town Mgr, Etc.
- ◇ Meeting with Christian Heritage
- ◇ FRESH Safe Alternative Meeting
- ◇ FRESH Retreat
- ◇ Meeting with US District Attorney
- ◇ Environmental Case Brief

**TRAINING:**

- ◇ No training for month of January

**CLASSES TAUGHT:**

- ◇ No classes taught for month of January

## CRIMINAL ARRESTS & LOCATIONS:

|  |                         |
|--|-------------------------|
| Possession of Marijuana                  | North Main Street (x 2) |
| Possession of Marijuana                  | School Board Road       |
| Possession of Oxycodone                  | Franklin Street         |
| Possession of Drug Paraphernalia         | Franklin Street         |
| Possession of Drug Paraphernalia         | School Board Road       |
| Driving Under the Influence              | North Main Street (x 3) |
| Drunk In Public                          | Floyd Avenue            |
| Drunk In Public                          | North Main Street       |
| Shoplifting                              | Old Franklin Turnpike   |
| Shoplifting                              | Tanyard Road            |
| Breaking & Entering                      | Taliferro Street        |
| Breaking & Entering                      | East Court Street (x 4) |
| Vandalism                                | East Court Street (x 4) |
| Contribute to the Delinquency of a Minor | East Court Street (x 3) |
| Domestic Assault                         | Cornell Road            |
| Domestic Assault                         | Circle Drive            |
| Carrying a Concealed Weapon              | Old Franklin Turnpike   |

## SPEEDING TICKETS ISSUED

Pell Avenue (x 8)

State Street (x 6)

Tanyard Road (x 6)

South Main Street (x 4)

Franklin Street (x 2)

East Court Street (x 2)

North Main Street (x 2)

Old Franklin Turnpike

## MONTHLY STAFF REPORT

|                    |                                       |
|--------------------|---------------------------------------|
| <b>DATE:</b>       | February 5, 2013                      |
| <b>TO:</b>         | Rocky Mount Town Council              |
| <b>FROM:</b>       | Cecil R. Mason, Public Works Director |
| <b>DEPARTMENT:</b> | Public Works Department               |
| <b>MONTH:</b>      | January 2013                          |

1. Removed Christmas decorations.
2. Swept streets: January 7<sup>th</sup>, 8<sup>th</sup>, 30<sup>th</sup>, 31<sup>st</sup>.
3. Cutting street right-of-ways.
4. Two days of cleanup.
5. Four days working with snow.
6. Two days repairing sidewalk on Diamond Avenue.
7. Four men working at office for four days.
8. Four men hauling shot rock for two days.
9. Three days reading meters.
10. Replaced 3 each 3/4" meters.
11. Repaired:  
    8" water line on Trail Drive  
    6" water line on East Court Street  
    6" water line on Montview Street
12. Installed 3 each 2" meters and 1 each 3/4" meter at Lillie's Leisure.

## MONTHLY STAFF REPORT

|                    |                          |
|--------------------|--------------------------|
| <b>DATE:</b>       | February 1, 2013         |
| <b>TO:</b>         | Rocky Mount Town Council |
| <b>FROM:</b>       | Tim Burton               |
| <b>DEPARTMENT:</b> | WWTP                     |
| <b>MONTH:</b>      | January 2013             |

|                             |                            |
|-----------------------------|----------------------------|
| Average Daily Flow          | 0.960 mgd                  |
| TSS Reduction               | 99 %                       |
| BOD Reduction               | 99 %                       |
| Leachate (F.C. Landfill)    | 162,000 gallons            |
| VPDES Violations            | None                       |
| Sludge (Land filled @ F.C.) | 63.97 Tons                 |
| Rain Total      8.76 inches | Snow Total      3.0 inches |

Request: None

Respectfully Submitted,

Timothy Burton

## MONTHLY STAFF REPORT

|                    |  |
|--------------------|--|
| <b>DATE:</b>       | February 1, 2013                         |
| <b>TO:</b>         | Rocky Mount Town Council                 |
| <b>FROM:</b>       | Bob Deitrich, Water Plant Superintendent |
| <b>DEPARTMENT:</b> | <b>Water</b>                             |
| <b>MONTH:</b>      | January 2013                             |

### **Operation and Production Summary:**

The actual water production time (filtering of water) for the entire month averaged 10.4 hours per day which yielded approximately 750,000 gallons of water per day.

|                                     |  |
|-------------------------------------|--|
| Total Raw Water Pumped:             | 24.85 million gallons                              |
| Total Drinking Water Produced:      | 23.17 million gallons                              |
| Average Daily Production:           | 750,000 gallons per day                            |
| Ave Percent of Production Capacity: | 38%  |
| Flushing of Hydrants/Tanks:         | 5,000 gallons                                      |
| Plant Process Water:                | 614,000 gallons (finished water used by the plant) |
| Bulk Water Sold @ WTP:              | None   |

### **Operational Issues:**

- All routine monthly bacteriological samples were negative (no bacteria detected). All other routine samples continue to be within limits.
- The electric bill jumped unexpectedly in January. We will be reviewing operation procedures and checking the heating system to look for savings.

### **Repairs/Maintenance:**

- Rt. 220 North Tank is still out of service at this time, but the automatic valve has been repaired by Plant staff and a washout of the tank will be conducted in the next few weeks.
- A filter valve controller failed causing us operational difficulties. Lead time on a new valve was 3-4 weeks. The new valve was finally delivered and installed by Plant staff. Having the valve work properly should reduce the amount of water used for back-washing.
- Our #2 flocculator mixer had a motor failure. A local electrical contractor handled repairs. Doing without the mixer for a week demonstrated how just how important it is to the process.

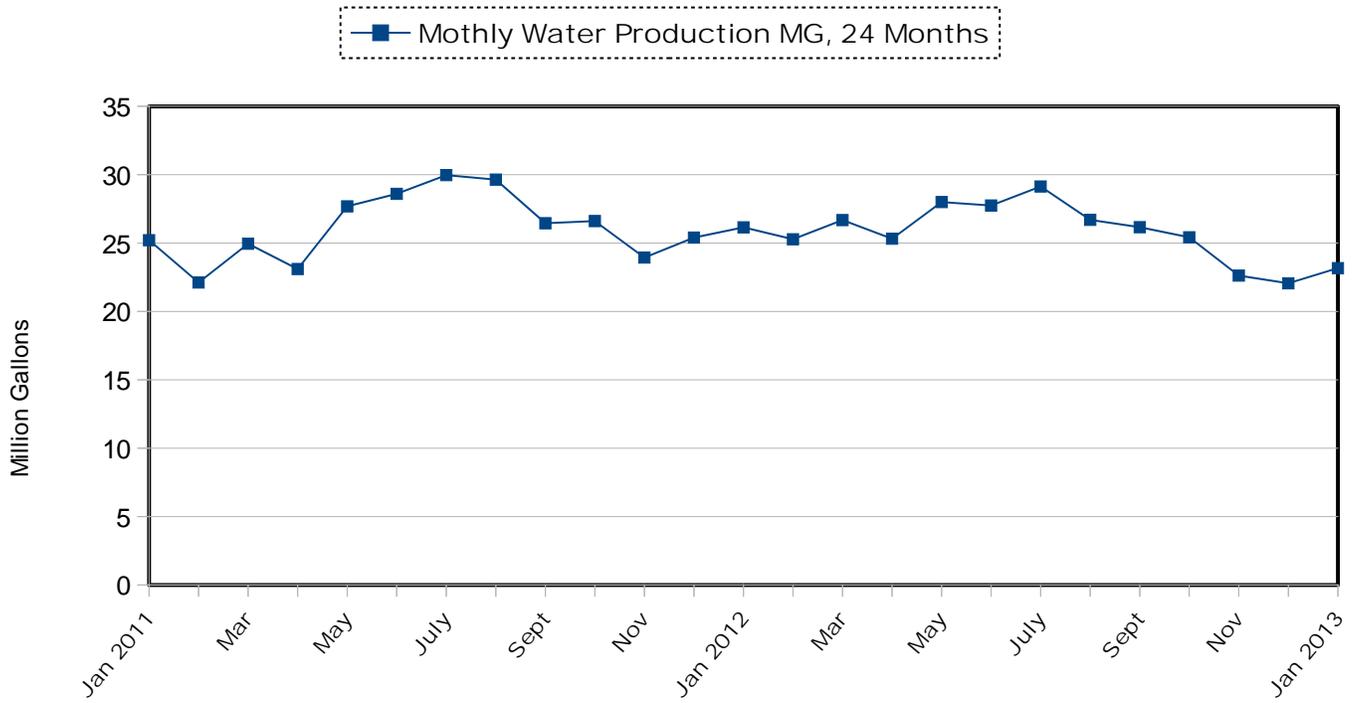
### **Miscellaneous:**

- Bob Deitrich and Jon Coleman recently passed the state exam and are now certified backflow device testers.

### **Upcoming:**

- Soda Feeder Installation – waiting on delivery.
- 220 N. Tank washout.
- Replacement of the electrical controls is scheduled for the 3<sup>rd</sup> week of February.

Rocky Mount Water Dept.  
Monthly Report Summary – Attachment 1  
January 2013



ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens**     **Consent Item**     **Old Business**     **New Business**  
 **Committee Report**     **Other**

|                            |                   |
|----------------------------|-------------------|
| FOR COUNCIL MEETING DATED: | February 11, 2012 |
|----------------------------|-------------------|

|                           |   |
|---------------------------|---|
| STAFF MAKING REQUEST:     | Community Development Planning Commission   |
| BRIEF SUMMARY OF REQUEST: | Returning to Council the Weed & Trash ordinance update referred to Planning Commission in November 2012 with updates reflecting a shortened time frame, stronger penalties and state code compliance. |
| ACTION NEEDED:            | Consideration for approval.   |

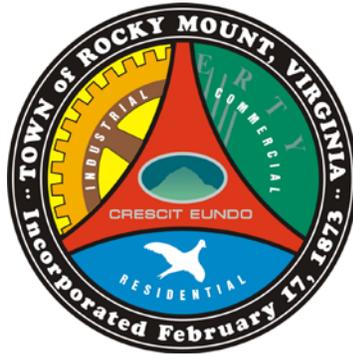
Attachment(s): Yes

|  |  |
|--|--|
| FOLLOW-UP ACTION:<br>(To be completed by Town Clerk) |  |
|  |  |

TOWN OF ROCKY MOUNT  
345 DONALD AVE.  
ROCKY MOUNT, VIRGINIA 24151

540.483.0907  
FAX : 540.483.8830

E-MAIL: MHANKINS@ROCKYMOUNTVA.ORG  
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

MATTHEW C. HANKINS  
*Assistant Town Manager*  
*Director, Community Development*

## MEMORANDUM

To: Mayor Angle & Town Council  
C. James Ervin, Town Manager

From: Matthew C. Hankins  
Assistant Town Manager

Date: February 6, 2013

Re: Planning Commission Recommendation on Weed & Trash Code Update

### Members of Council:

Per your request, Planning Commission has reviewed and made recommendations to you regarding the Weed & Trash portion of Town Code. Your attorney worked with staff to prepare the ordinance, and the Planning Commission considered it last night.

Planning Commission provided its input in December to shape this ordinance and after its review last night recommended by a vote of 6-0, with one member absent, that you adopt this ordinance.

The ordinance you have before you to consider does not require a public hearing for you to implement it. Based on the advice of your attorney, you may consider it for adoption and approval tonight.

This ordinance as prepared reduces the amount of time and notices required to deal with weed and trash complaints, changes the qualifications for being judged nuisances, changes the penalties for noncompliance and brings your code into line with state code.

Changes are annotated in red on your copy of the ordinance, but here are the highlights:

- Reduces the qualifying weed height to be determined a nuisance from 14 to 10 inches. *In our experience, this means that owners will have approximately two to three fewer weeks of growth before we consider a property to be a nuisance.*
- Increases the mowing buffer for large parcels (over one acre) from 5 feet to 50 feet from every property line. *Developed or developable lots over one acre would be required to be mowed back 50 feet from all property lines, not just from the right of way.*

- Brings civil and criminal penalties into line with state code, increasing both the amount of fines and the misdemeanor level (Class 4 to a Class 3). *Gives the property owner(s) a stronger incentive to respond.*
- Decreases the owner's time to act from 14 days to 7 days. *In total, this cuts approximately one month from the waiting time a complainant would have waited in 2012.*
- Allows the town to send only one notice (or post the property once) between April and November; in the event of multiple offenses/complaints during that time, no additional notices will be sent, just a mowing crew.
- Specifies the accounting for costs, and levies an administrative fee of \$50.
- Removes references to a post-abatement hearing.

This ordinance represents a new approach to the way staff manages the complaint process, and shortening the process should both satisfy neighbors and increase the responsiveness of property owners.

This will require changes to our record keeping, billing and management practices related to property maintenance complaints. In the near term, it is likely to increase the amount of mowing performed by the Public Works staff. Staff will solicit bids from mowing and landscaping contractors to perform the work in the event that mowing interferes with Public Works' primary duties; however, we would use those contractors only as a last resort.

I will work with my staff this week to develop a summary of the process to share with you on Monday night, along with some examples of how the new process will work. Your attorney will review the form notification we produce to ensure that our action will withstand court review in the event we pursue civil penalties or criminal charges.

Staff strongly recommends approval of this action.

IN THE COUNCIL OF THE TOWN OF ROCKY MOUNT

**AN ORDINANCE** of the Town of Rocky Mount amending Chapter 22, Article II, Division 2 of the Code of the Town of Rocky Mount, Virginia (2002), in part, and providing for changes to weed and trash abatement in the Town of Rocky Mount.

**BE IT ORDAINED** by the Council of the Town of Rocky Mount that Chapter 22, Article II, Division 2 of the Code of the Town of Rocky Mount, Virginia (2002), is amended in part to read and provide as follows:

DIVISION 2. WEED AND TRASH ABATEMENT

**Sec. 22-56. Definitions.**

(a) Abatement cost means the town's cost of labor, equipment and supplies for, or the contract price of and any charges to the town with respect to, its removal and disposal of weeds or trash from a parcel.

(b) Town manager means the town manager or his designee.

(c) Public nuisance means a state of facts requiring governmental action for the establishment and maintenance of public health, safety, order and convenience.

(d) Owner means any person shown by any public record maintained by any circuit court, general district court, treasurer, commissioner of revenue or town clerk to have an interest in a parcel located in the town, as of the date of the abatement of public nuisance under this article or any successor in title taking with actual or constructive notice of the existence of a public nuisance.

(e) Parcel means any real estate (and any interest therein) located in the town identified by a tax map number according to the Franklin County land books, including the area in the public right of way which is between the property line of the parcel and the and the curb, the improved portion of a roadway, or the centerline of any alley or unimproved street. The term shall not include any real estate located in a RA Residential Agricultural District as defined elsewhere in this Code.

*cleaned up the language and included ROW*

(f) Trash means abandoned personal property, garbage, refuse or debris openly lying on any parcel, which might endanger the health of other residents of the town.

(g) Weed or weeds means any plant, grass or other vegetation over ten (10) inches high growing upon a parcel in the town, including,



*reduced the height constituting a violation from 14 inches to 10 inches.*

but not limited to, any sage brush, poison oak, poison ivy, Ailanthus Altissima (commonly called Tree of Heaven or Paradise Tree), ragweed, dandelions, milkweed, Canada thistle, and any other undesirable growth, excluding trees, ornamental shrubbery, vegetable and flower gardens purposefully planted and maintained by the property owner or occupant free of weed hazard or nuisance, hayfields, cultivated crops, or undisturbed woodland not otherwise in violation.

**Sec. 22-57. Weeds and trash declared public nuisance; abatement required.**

Weeds growing or trash lying on any parcel shall constitute a public nuisance, except that in the case of a parcel greater than one acre in area natural vegetation growing more than fifty (50) feet from every property line shall not constitute a public nuisance. It shall be unlawful to cause or allow a public nuisance with respect to any parcel. The owner of any parcel shall abate any public nuisance with respect to his parcel.

increased the required mowing buffer from 5 feet to 50 feet

**Sec. 22-58. Weeds and trash prohibited; duty of owner to remove weeds and trash.**

It shall be unlawful and a public nuisance for the owner of any parcel to allow weeds, as defined herein, to grow or trash to stand upon such parcel. It shall be the duty of the owner of any parcel to immediately cut, remove or destroy any and all weeds and to remove trash on his parcel. Any owner who shall violate any provision of this section shall be subject to a civil penalty not to exceed \$50 for the first violation, or violations arising from the same set of operative facts. The civil penalty for subsequent violations not arising from the same set of operative facts within twelve (12) months of the first violation shall not exceed \$200. Each business day during which the violation is found to have existed shall constitute a separate offense. In no event shall a series of specified violations arising from the same set of operative facts result in civil penalties that exceed a total of \$3,000 in a twelve (12) month period. In the event three (3) civil penalties have previously been imposed on the same defendant for the same or similar violation, not arising from the same set of operative facts, within a twenty-four (24) month period, such violations shall be a Class 3 misdemeanor. Classifying such subsequent violations as criminal offenses shall preclude the imposition of civil penalties for the same violation.

brought application of civil penalties into compliance with State code. NOTE: State now allows 3 class 3 misdemeanor instead of class 4.

**Sec. 22-59. Notice of removal of weeds.**

(a) Whenever the town manager determines that a public nuisance exists with respect to any parcel, the town manager shall serve the owner of the property with personal service a notice of violation

or shall mail a notice of violation by United States Postal Service certified mail to the owner of the parcel at the owner's address, as determined from public records. Any written notice provided under this section shall state that there exists a public nuisance with respect to the parcel and demand the abatement of the nuisance within seven (7) days following the personal service or mailing of the notice. Such notice, when served in person or addressed and deposited with the postal service with proper postage prepaid, shall be deemed complete and sufficient. In the event such notice is not served or returned by the postal authorities or if the owner's address is unknown, the town manager shall cause a copy of the notice to be posted in a conspicuous place on the parcel. The posting shall be accomplished at least seven (7) days prior to the abatement of the public nuisance with respect to that parcel.

\* Shortened from 14 days to 7 days

(b) The notice shall:

- (1) Be in writing;
- (2) Set forth the alleged violation of this article;
- (3) Describe the parcel of real property where the violations are alleged to exist or to have been committed;
- (4) Advise that if the weeds or trash are not removed within the prescribed time, the town will proceed to abate the nuisance with the costs thereof together with an administrative fee, penalty, and interest authorized by this article being specially assessed against the owner and the parcel;
- (5) Advise that the cost of abatement together with the administrative fee, civil penalty, and interest constitutes a lien against the property in favor of the town; and
- (6) Advise that within seven days (7) of the personal service, certified mailing, or posting of the notice on the property, the owner may appeal to the town manager stating in detail the reasons why the proposed action should not be taken.

Corrected language

(c) In the event the owner appeals the proposed abatement as provided for above, the town manager shall set a hearing and notify the owner of the time and location of a hearing to be held within five days from the date of the town manager's receipt of the appeal. At any hearing, the town manager shall hear and investigate any objection that may be raised and take action in response as he may deem reasonable.

(d) Any notice sent by the town manager to any owner of a parcel which, because of weeds or trash, has been declared a public nuisance under this article and which notice otherwise complies with the requirements of this section, shall constitute complete and sufficient notice for any similar condition during the same period of April 1 until November 1 in which notice was sent.

Added this item per state code... no notice is required for repeat violations which occur within the listed timeframe.

**Sec. 22-60. Abatement of public nuisance.**

(a) If the owner shall fail or neglect to complete abatement of the public nuisance as required within seven (7) days of personal service, certified mailing, or posting of the notice on the property, whichever is applicable, or if the owner fails to continue to comply with the requirements of this section, the town manager may direct in writing that town forces abate or complete the abatement of such public nuisance or the town manager may contract for this abatement on behalf of the town with a private contractor.

→ previously 14 days.

reference 22-59(d)

(b) Any owner may abate the public nuisance himself without liability to the town, provided that he completes the abatement prior to commencement or abatement by town personnel or any private contractor on behalf on the town.

**Sec. 22-61. Accounting for abatement costs.**

\* Removed 'civil penalty' from title

The town manager shall keep an account of the cost of abating public nuisances and embody such account in periodic reports with assessment lists which shall be transmitted to the town finance director at convenient intervals. The copy retained by the town finance director shall be available for public inspection. The reports shall refer to each parcel as to which public nuisance was abated by description sufficient to identify the parcel, and specify and include an additional administrative fee of \$50.00 dollars hereby ordained to be assessed against each owner; the cost of abatement including but not limited to a minimum of two hours labor as well as other reasonable charges for equipment; and interest authorized by this article.

\* Removed last statement regarding civil penalty (see below).

**Sec. 22-62. Notice to owner of abatement costs.**

— removed 'past abatement hearing' from title, no longer required

(a) Upon completion of the reports and assessments list, the town manager shall send by certified mail to each owner at his address as determined from public records a notice including a statement to the owner of the abatement cost and the administrative fee. The notice shall provide that upon confirmation by the town manager of the abatement cost and administrative fee, they shall constitute special assessments against the owner and the parcel, a personal obligation to the owner, and a lien upon the owner's parcel from the date and time of the recordation of the notice of lien, and from the date of such confirmation, until paid, bear interest at the legal rate, and that any fees, charges or costs for the abatement of a nuisance thereof shall be collected in any manner provided by the Code of Virginia (1950), as amended, for the collection of state and local taxes.

removed references to civil penalties and cleaned up language.

per JTB, if we do not issue a citation and go to court, then there is no civil penalty for a violation. Civil penalties are imposed only by the court. If we abate the nuisance, we charge a \$50.00 admin fee plus costs, and file a lien against the property.

(b) The town manager shall cause a notice of the lien of the special assessment prepared by the town attorney to be recorded in the clerk's office of the circuit court of the county. The town attorney may take appropriate steps including a personal or in rem suit or action in the appropriate court to enforce the lien to satisfy the special assessment.

removed references to a 'post abatement hearing'

(c) The finance director, when in his discretion it is just and proper to do so, may waive liens imposed pursuant to this section whenever doing so will facilitate the sale of the property and encourage its productive reuse. Such liens may be waived only as to a purchaser who is unrelated by blood or marriage to the owner and who has no business association with the owner. All such liens shall remain a personal obligation of the owner of the property at the time the liens were imposed.

This ordinance shall be in full force and effect as of the date of its adoption.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2013

Ayes:

Nays:

Present: \_\_\_\_\_

\_\_\_\_ Absent:

\_\_\_\_\_ APPROVED:

\_\_\_\_\_ Mayor

ATTEST:

\_\_\_\_\_  
Clerk

Approved as to form:

\_\_\_\_\_  
Town Attorney

ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens**     **Consent Item**     **Old Business**     **New Business**  
 **Committee Report**     **Other**

|                            |                   |
|----------------------------|-------------------|
| FOR COUNCIL MEETING DATED: | February 11, 2013 |
|----------------------------|-------------------|

|                           |  |
|---------------------------|--|
| STAFF MAKING REQUEST:     | Linda Woody, Finance Director<br>C. James Ervin, Town Manager  |
| BRIEF SUMMARY OF REQUEST: | Deanna Cox of Robinson, Farmer, Cox Associates will be here to formally present the attached Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. |
| ACTION NEEDED:            | Acceptance of the CAFR.  |

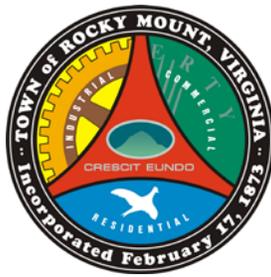
Attachment(s): Yes

|  |  |
|--|--|
| FOLLOW-UP ACTION:<br>(To be completed by Town Clerk) |  |
|  |  |

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

540.483.5243  
FAX 540.483.8830

E-mail: [lwoody@rockymountva.org](mailto:lwoody@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

Linda Woody, *Finance Director*  
*Finance Department*

February 4, 2013

Mayor and Council:

Deanna Cox from Robinson, Farmer, Cox Associates will be here at 7:00 p.m. on Monday, February 11<sup>th</sup> for the formal presentation of the annual audit.

She will be able to answer any questions you may have concerning the attached Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

The transmittal letter on page 4 provides an overview of the auditing process and an analysis of the financial condition of the Town. The auditor's opinion is on page 8 and the 3<sup>rd</sup> paragraph indicates an unqualified opinion (the highest opinion available). The management's discussion and analysis that begins on page 10 provides an overview of the Town's financial information.

At the bottom of page 18 (Exhibit 1 – Statement of Net Assets), you will see that "unrestricted net assets" or fund balance is \$10,241,470 for the general and capital funds combined and a negative \$1,514,916 for the utility fund. There is a combined loss of \$700,590 total fund balance from last fiscal year. This is mostly from the purchase of the performance venue for \$249,000 and Town expenditures of \$592,000 for the Uptown project. A 10 year history of fund balance is presented in Table 1 Net Assets by Component on page 70.

The general fund had \$464,148 more in revenues than expenditures in fiscal year 2012 as indicated about  $\frac{3}{4}$  down the page on page 22 (Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds).

The utility fund's Statement of Revenues, Expenses, and Changes in Net Assets is on page 25 and indicates (about  $\frac{1}{2}$  way down the page) an operating loss of \$294,053 (compared to a loss of \$193,708 the previous year). As indicated on page 26 in the Statement of Cash Flows for the utility fund, there is a negative cash balance of \$798,738 for fiscal year 2012 (as compared to a negative cash balance of \$1,069,748 for fiscal year 2011). Although the ending cash balance is still negative, the improved cash balance reflects reduced payments to vendors of \$161,000 during fiscal year 2012.

If you have any questions or need more detail or explanation, I would be happy to assist you. Just let me know. Thanks to sound fiscal policies, the Town continues to show a stable financial position poised with the ability to take advantage of growth opportunities as they are presented.

Sincerely,  
Linda Woody  
Finance Director

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

---

Prepared by the Finance Director/Treasurer

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

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**FINANCIAL SECTION**

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|   | <u>Exhibit</u> | <u>Page</u> |
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TOWN OF ROCKY MOUNT, VIRGINIA  
 FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2012

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## INTRODUCTORY SECTION

TOWN OF ROCKY MOUNT, VIRGINIA

---

DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

---

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

APPOINTED OFFICIALS

---

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Rocky Mount  
Virginia

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

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



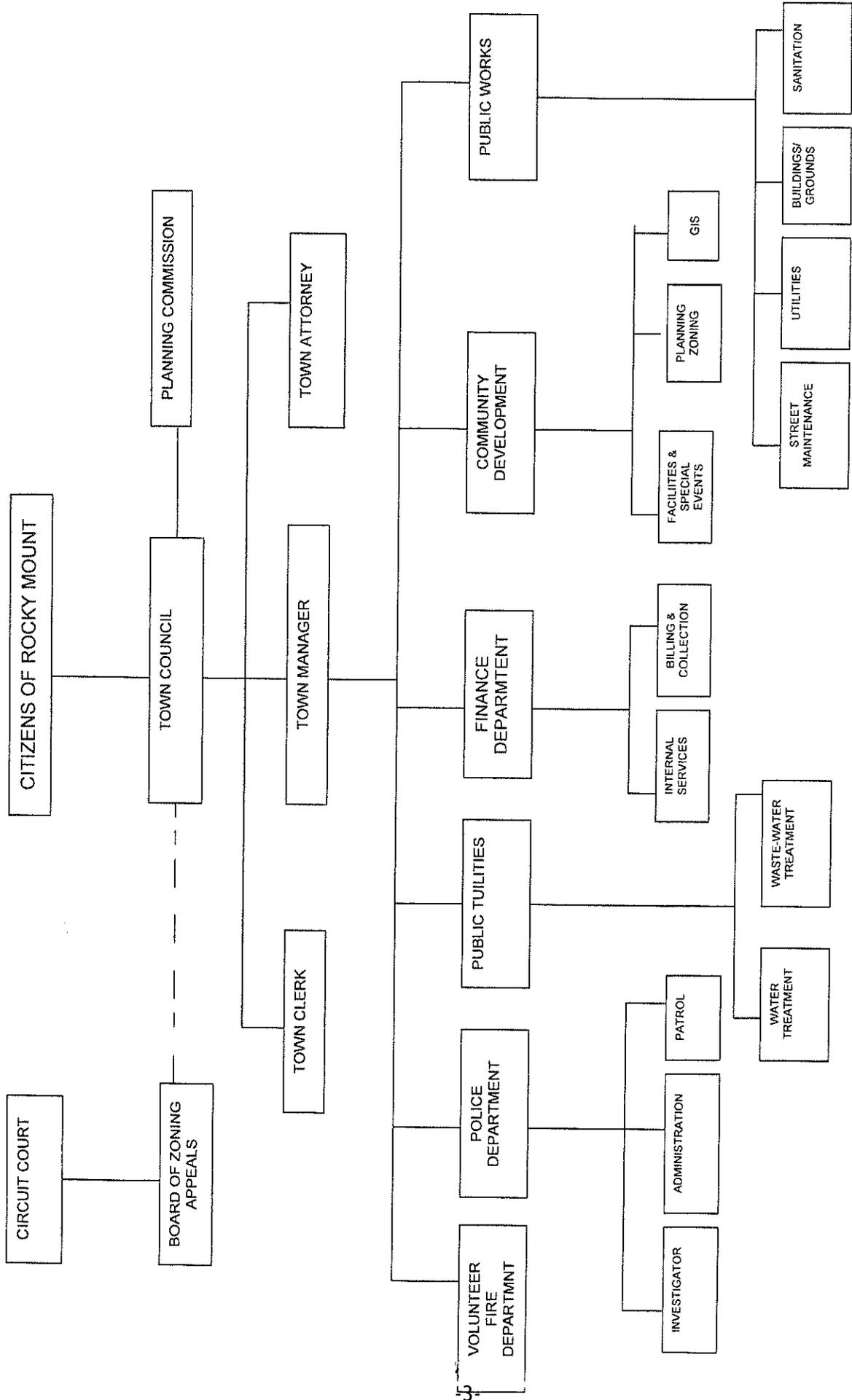
*Christopher P. Morrell*

President

*Jeffrey R. Emery*

Executive Director

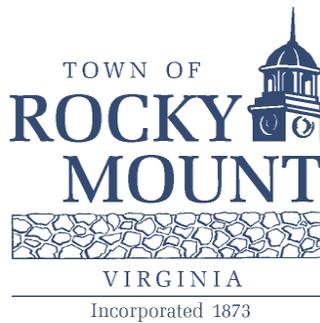
TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART



345 Donald Ave.  
Rocky Mount, Virginia 24151

540.483.7660  
FAX 540.483.8830

E-mail: [towngov@rockymountva.org](mailto:towngov@rockymountva.org)



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

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

C. James Ervin, *Town Manager*

December 19, 2012

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

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

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

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

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

## Profile of the Government

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

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

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

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

## Factors Affecting Financial Condition

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

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

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

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

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

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

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

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

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

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

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

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

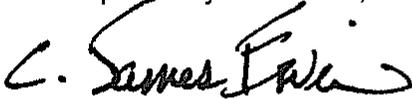
Additional information on the Town of Rocky Mount's pension arrangements and post-employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

### Awards and Acknowledgements

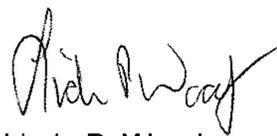
The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a locality's comprehensive annual financial report (CAFR). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently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

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

Respectively submitted,



C. James Ervin  
Town Manager



Linda P. Woody  
Town Finance Director

## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Rocky Mount, Virginia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

*Robinson, Fauner, Co. Associates*

Blacksburg, Virginia  
November 2, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### Financial Highlights

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

### Overview of the Financial Statements

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

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

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

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

## Overview of the Financial Statements (Continued)

### Government-wide Financial Statements (Continued)

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

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

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

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

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

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

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

**Overview of the Financial Statements (Continued)**

**Government-wide Financial Statements (Continued)**

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

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

**Government-wide Financial Analysis**

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

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

| <b>The Town’s Net Assets</b>                          |                                    |                      |                                     |                     |                      |                      |
|---|------------------------------------|----------------------|-------------------------------------|---------------------|----------------------|----------------------|
|   | <b>Governmental<br/>Activities</b> |                      | <b>Business-Type<br/>Activities</b> |                     | <b>Total</b>         |                      |
|   | <b>2012</b>                        | <b>2011</b>          | <b>2012</b>                         | <b>2011</b>         | <b>2012</b>          | <b>2011</b>          |
| Current and other assets                              | \$ 10,791,495                      | \$ 12,741,978        | \$ 279,991                          | \$ 1,484,864        | \$ 11,071,486        | \$ 14,226,842        |
| Capital assets  | 15,466,135                         | 15,164,254           | 13,938,929                          | 14,404,455          | 29,405,064           | 29,568,709           |
| Total assets  | <u>25,466,135</u>                  | <u>27,906,232</u>    | <u>14,218,920</u>                   | <u>15,889,319</u>   | <u>40,476,550</u>    | <u>43,795,551</u>    |
| Long-term liabilities                                 |                                    |                      |                                     |                     |                      |                      |
| Outstanding   | 2,710,086                          | 3,115,658            | 2,155,537                           | 4,712,413           | 4,865,623            | 7,828,071            |
| Other liabilities                                     | 537,737                            | 1,548,009            | 3,585,717                           | 2,535,325           | 4,123,454            | 4,083,334            |
| Total liabilities                                     | <u>2,982,682</u>                   | <u>4,663,667</u>     | <u>5,974,289</u>                    | <u>7,247,738</u>    | <u>8,989,077</u>     | <u>11,911,405</u>    |
| Net assets  |                                    |                      |                                     |                     |                      |                      |
| Invested in capital<br>assets, net of<br>related debt | 12,768,337                         | 12,211,626           | 9,712,564                           | 9,791,905           | 22,480,901           | 22,003,531           |
| Unrestricted  | <u>10,241,470</u>                  | <u>11,030,939</u>    | <u>(1,234,898)</u>                  | <u>1,150,324</u>    | <u>9,006,572</u>     | <u>9,880,615</u>     |
| Total net assets                                      | <u>\$ 23,009,807</u>               | <u>\$ 23,242,565</u> | <u>\$ 8,477,666</u>                 | <u>\$ 8,641,581</u> | <u>\$ 31,487,473</u> | <u>\$ 31,884,146</u> |

**Government-wide Financial Analysis (Continued)**

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

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

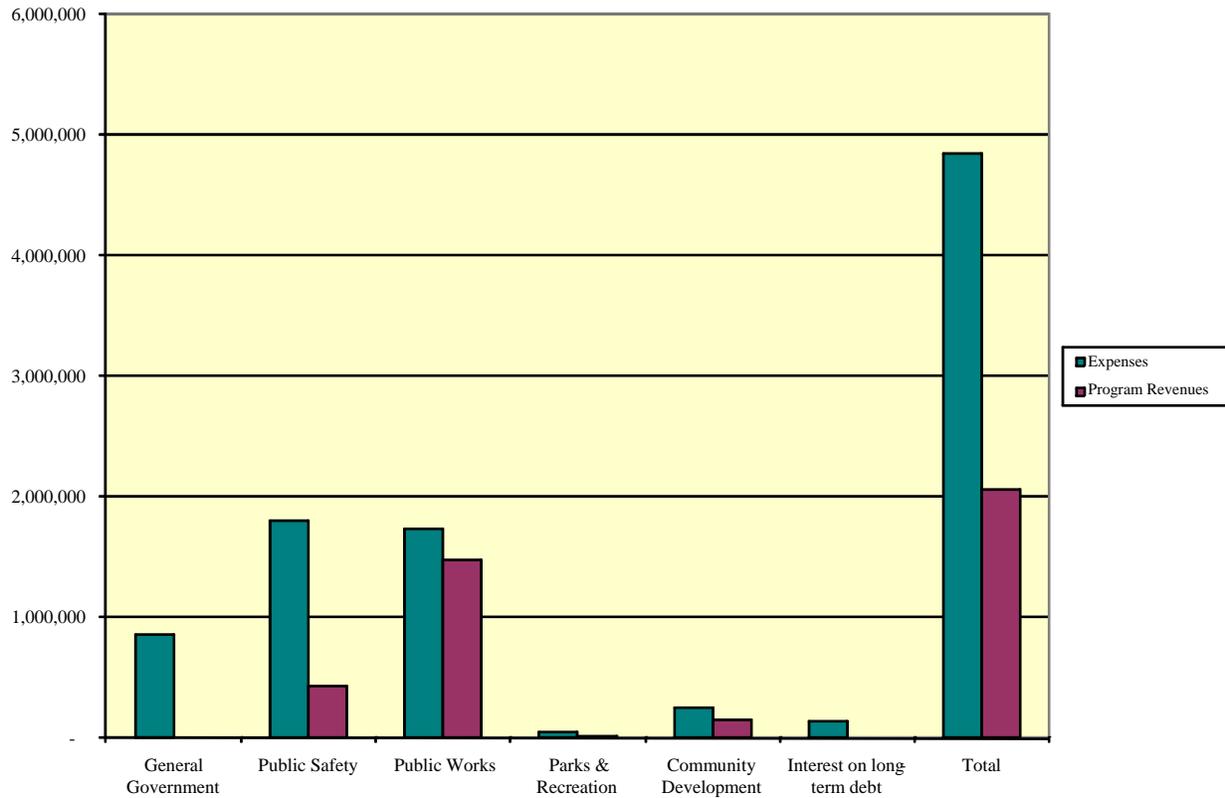
**Business-type activities** – Business-type activities decreased the Town’s net assets by \$9,793.

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

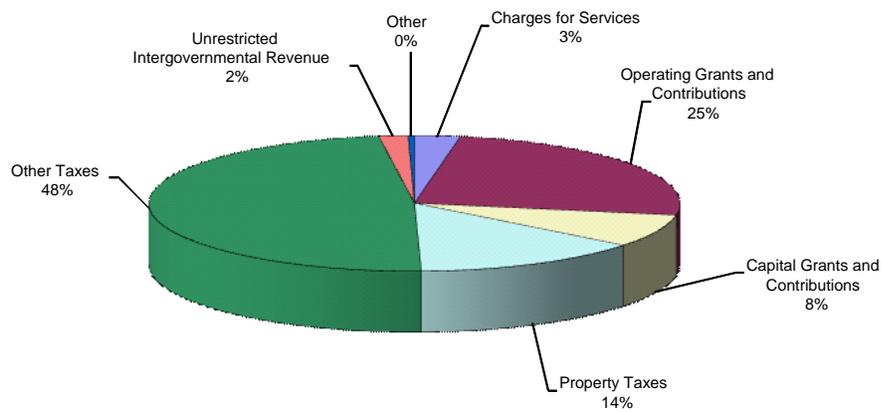
(Continued)

**Government-wide Financial Analysis (Continued)**

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**



(Continued)

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## Financial Analysis of the Government's Funds

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

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

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

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

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

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

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

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

## General Fund Budgetary Highlights

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

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

## Capital Asset and Debt Administration

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

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

Uptown Revitalization \$592,219

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

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

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

**The Town’s Outstanding Debt  
General Obligation and Notes Payable**

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

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

**Economic Factors and Next Year’s Budgets and Rates**

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

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

**Requests for Information**

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

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## Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

|  |  |               |
|--|--|---------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   | \$ 10,547,431  |               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    | 15,466,135   |               |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                   | 34,015   |               |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | (3,037,774)  |               |
| Net assets of governmental activities  | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 23,009,807</td> </tr> </table> | \$ 23,009,807 |
| \$ 23,009,807  |  |               |

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

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

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

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

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

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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   | \$ (677,522)        |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.  | 301,881             |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | 1,434               |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 125,720             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.   | 8,216               |
| Change in net assets of governmental activities  | <u>\$ (240,271)</u> |

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

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

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

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

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

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

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

2. Receivables and payables

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

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

3. Inventories

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

4. Prepaid items

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

5. Property Taxes

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

6. Allowance for Uncollectible Accounts

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

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

8. Capital Assets

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

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

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

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

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

9. Compensated Absences

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

10. Long-term Obligations

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

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

11. Fund Equity

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

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

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

11. Fund Equity (continued)

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

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

12. Net Assets

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

13. Comparative Data

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

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

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

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

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

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

Another element of that reconciliation states “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$1,434 difference for the primary government are as follows:

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

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$125,720 difference in the primary government are as follows:

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

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

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

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

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

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

**Note 3-Stewardship, Compliance, and Accountability:**

- A. Budgetary information

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

A. Budgetary information: (continued)

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

B. Deficit fund equity

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

Note 4-Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

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

Investment Policy

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 4-Deposits and Investments: (Continued)

Investment Policy (Continued)

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

Credit Risk of Debt Securities

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

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

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

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 4-Deposits and Investments: (Continued)

Interest Rate Risk

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

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

Custodial Credit Risk

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

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

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

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

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

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

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

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

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

| <u>Fund</u>               | <u>Due to Other<br/>Funds</u> | <u>Due from Other<br/>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, 2012

Note 7-Capital Assets:

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

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

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

**Note 7-Capital Assets: (continued)**

Business-type activities:

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

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

|   |                   |
|---|-------------------|
| Governmental activities:                            |                   |
| General government administration                   | \$ 93,207         |
| Public safety                                       | 240,204           |
| Public works  | 277,603           |
| Parks, recreation, and culture                      | 6,741             |
| Community development                               | 106,863           |
| Total depreciation expense-governmental activities  | <u>\$ 724,618</u> |
| Business-type activities:                           |                   |
| Water   | \$ 290,198        |
| Wastewater  | 440,418           |
| Total depreciation expense-business type activities | <u>\$ 730,616</u> |

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 8-Long-Term Liabilities:

Primary Government - Governmental Activity Liabilities:

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

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

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

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

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TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 8-Long-Term Liabilities: (Continued)

Details of long-term indebtedness:

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

Primary Government-Enterprise Activity Liabilities:

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 8-Long-Term Liabilities: (continued)

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

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

Details of long-term indebtedness:

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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Note 9-Employee Retirement System and Pension Plans:

A. Plan Description

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

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

A. Plan Description: (continued)

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

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

C. Annual Pension Cost

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

C. Annual Pension Cost (continued)

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

Three-Year Trend Information

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

D. Funded Status and Funding Progress

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

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

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

Plan Description

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

Plan Description: (continued)

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

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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Note 11-Property Taxes

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

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

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

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

Note 12-Deferred (Unearned) Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$34,015 is comprised of the following:

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

Note 13-Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of general liability, property, crime, machinery and auto insurance with the Virginia Municipal League. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Virginia Municipal League contributions and assessments which are deposited into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14-Surety Bonds:

|                               |              |
|-------------------------------|--------------|
| <u>VML Insurance Programs</u> |              |
| Employee Dishonesty           | \$ 1,000,000 |

TOWN OF ROCKY MOUNT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

Note 15-Commitments and Contingencies:

Special Purpose Grants

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

Note 16-Restatement of Beginning Balances:

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

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

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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, 2012

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

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

Town of Rocky Mount, Virginia  
Required Supplementary Information

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

Primary Government: Town Retirement Plan

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

Primary Government: Town Other Post-Employment Benefits Plan

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

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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, 2012

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

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

## SUPPORTING SCHEDULES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# 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.

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|  |       |
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| <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  |
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| <i>These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.</i>      |       |

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

Table 1

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

|   | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 7,489,865         | \$ 7,304,254         | \$ 7,256,721         | \$ 8,684,358         | \$ 8,993,343         | \$ 8,691,806         | \$ 8,949,640         | \$ 9,938,639         | \$ 12,308,493        | \$ 12,768,337        |
| Unrestricted                                    | 11,560,065           | 10,679,179           | 9,211,250            | 8,520,171            | 8,650,317            | 10,250,528           | 11,126,647           | 10,998,693           | 10,934,072           | 10,241,470           |
| <b>Total governmental activities net assets</b> | <b>\$ 19,049,930</b> | <b>\$ 17,983,433</b> | <b>\$ 16,467,971</b> | <b>\$ 17,204,529</b> | <b>\$ 17,643,660</b> | <b>\$ 18,942,334</b> | <b>\$ 20,076,287</b> | <b>\$ 20,937,332</b> | <b>\$ 23,242,565</b> | <b>\$ 23,009,807</b> |
| <b>Business-type activities</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 5,758,408         | \$ 7,484,666         | \$ 6,807,564         | \$ 7,200,687         | \$ 7,296,079         | \$ 7,499,720         | \$ 7,619,260         | \$ 7,601,301         | \$ 9,435,263         | \$ 9,712,564         |
| Restricted for debt service                     | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 356,642              | 356,642              | 280,018              |
| Unrestricted                                    | 1,743,535            | 980,441              | 1,067,691            | 346,132              | 647,436              | 137,803              | 69,501               | (192,322)            | (1,150,324)          | (1,514,916)          |
| <b>Total business-type activities</b>           | <b>\$ 7,501,943</b>  | <b>\$ 8,465,107</b>  | <b>\$ 7,875,255</b>  | <b>\$ 7,546,819</b>  | <b>\$ 7,943,515</b>  | <b>\$ 7,637,523</b>  | <b>\$ 7,688,761</b>  | <b>\$ 7,765,621</b>  | <b>\$ 8,641,581</b>  | <b>\$ 8,477,666</b>  |
| <b>Primary Government</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 13,248,273        | \$ 14,788,920        | \$ 14,064,285        | \$ 15,885,045        | \$ 16,289,422        | \$ 16,191,526        | \$ 16,568,900        | \$ 17,539,940        | \$ 21,743,756        | \$ 22,480,901        |
| Restricted for debt service                     | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 356,642              | 356,642              | 280,018              |
| Unrestricted                                    | 13,303,600           | 11,659,620           | 10,278,941           | 8,866,303            | 9,297,753            | 10,388,331           | 11,196,148           | 10,806,371           | 9,783,748            | 8,726,554            |
| <b>Total primary government net assets</b>      | <b>\$ 26,551,873</b> | <b>\$ 26,448,540</b> | <b>\$ 24,343,226</b> | <b>\$ 24,751,348</b> | <b>\$ 25,587,175</b> | <b>\$ 26,579,857</b> | <b>\$ 27,765,048</b> | <b>\$ 28,702,953</b> | <b>\$ 31,884,146</b> | <b>\$ 31,487,473</b> |

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

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

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

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

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

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

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

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

|  | Fiscal Year           |                     |                     |                     |                     |                     |                     |                     |                       |                     |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
|  | 2003                  | 2004                | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                  | 2012                |
| <b>Revenues</b>  |                       |                     |                     |                     |                     |                     |                     |                     |                       |                     |
| Taxes  | \$ 2,505,416          | \$ 2,586,700        | \$ 2,896,082        | \$ 3,145,115        | \$ 3,220,470        | \$ 3,577,520        | \$ 3,560,999        | \$ 3,507,462        | \$ 3,386,948          | \$ 3,719,978        |
| Other local taxes  |                       |                     |                     |                     |                     |                     |                     |                     |                       |                     |
| Licenses and permits   | 56,001                | 64,096              | 28,736              | 19,173              | 21,447              | 14,178              | 21,890              | 13,387              | 14,788                | 5,945               |
| Fines and forfeitures  | 26,769                | 26,801              | 35,853              | 26,620              | 24,527              | 68,423              | 46,676              | 28,709              | 32,263                | 28,467              |
| Use of money & property  | 566,173               | 378,310             | 310,122             | 179,074             | 476,029             | 564,770             | 481,979             | 221,229             | 320,196               | 81,198              |
| Charges for services   | 105,064               | 68,723              | 78,839              | 73,803              | 109,099             | 81,392              | 92,062              | 95,343              | 106,006               | 107,332             |
| Other  | 167,586               | 27,268              | 1,342               | 10,065              | 50,925              | 13,857              | 22,066              | 41,289              | 410,795               | 189,296             |
| Intergovernmental  | 1,008,645             | 1,060,361           | 1,231,644           | 1,522,174           | 1,553,221           | 1,447,116           | 2,180,217           | 2,343,536           | 2,614,805             | 1,695,066           |
| <b>Total revenues</b>  | <b>\$ 4,435,654</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>Expenditures</b>  |                       |                     |                     |                     |                     |                     |                     |                     |                       |                     |
| General government administration                              | \$ 466,388            | \$ 559,776          | \$ 669,360          | \$ 694,406          | \$ 708,230          | \$ 703,880          | \$ 734,668          | \$ 675,930          | \$ 581,529            | \$ 824,164          |
| Public safety  | 964,873               | 1,059,203           | 1,323,905           | 1,350,191           | 1,345,698           | 1,580,176           | 1,881,914           | 1,468,653           | 2,239,784             | 1,764,573           |
| Public works   | 889,651               | 956,872             | 1,266,245           | 1,233,980           | 1,461,998           | 1,175,851           | 1,273,449           | 2,193,364           | 1,308,836             | 1,276,593           |
| Parks, recreation and cultural                                 | 26,906                | 37,017              | 32,486              | 58,017              | 44,023              | 37,757              | 70,730              | 75,782              | 107,660               | 69,802              |
| Community development  | 332,967               | 242,887             | 202,628             | 337,640             | 264,438             | 186,456             | 226,764             | 263,795             | 271,900               | 374,620             |
| Nondepartmental  | 347,095               | 554,134             | 224,008             | 182,099             | 182,804             | 218,550             | 206,272             | 132,627             | 201,300               | 398,734             |
| Capital outlay   | 20,297                | 180,444             | -                   | 1,675,133           | 1,439,615           | 226,902             | 484,432             | 1,066,717           | 1,817,788             | 1,026,499           |
| Debt service:  |                       |                     |                     |                     |                     |                     |                     |                     |                       |                     |
| Principal  | -                     | -                   | 90,590              | 94,713              | 99,023              | 125,129             | 129,840             | 134,766             | 1,666,248             | 189,300             |
| Interest   | -                     | -                   | 100,297             | 96,174              | 131,044             | 148,230             | 143,815             | 137,594             | 167,135               | 126,381             |
| <b>Total Expenditures</b>                                      | <b>\$ 3,048,177</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>Excess of revenues over (under) expenditures</b>            | <b>\$ 1,387,477</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>Other financing sources (uses)</b>                          |                       |                     |                     |                     |                     |                     |                     |                     |                       |                     |
| Transfers in   | \$ -                  | \$ 602,324          | \$ -                | \$ 3,560,719        | \$ 3,829,086        | \$ 229,247          | \$ 178,472          | \$ 557              | \$ -                  | \$ 592,219          |
| Transfers out  | (1,256,669)           | (514,278)           | (514,278)           | (3,502,673)         | (4,356,521)         | (166,665)           | (637,854)           | (499,159)           | (761,607)             | (1,046,357)         |
| Issuance of debt   | -                     | -                   | -                   | -                   | 1,347,437           | -                   | -                   | -                   | 1,640,000             | -                   |
| Sale of capital assets   | -                     | -                   | 164,846             | -                   | 120,088             | -                   | -                   | -                   | -                     | -                   |
| Other  | -                     | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 697,775               | -                   |
| <b>Total other financing sources (uses)</b>                    | <b>\$ (1,256,669)</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>Net change in fund balances</b>                             | <b>\$ 130,808</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>Debt service as a percentage of noncapital expenditures</b> | <b>0.00%</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>6.28%</b>        |

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

| Fiscal Year | Real Estate         |                    |                           |             |                   |               |               | Machinery and Tools | Public Service Companies | Total | Total Direct Tax Rate (1) |
|-------------|---------------------|--------------------|---------------------------|-------------|-------------------|---------------|---------------|---------------------|--------------------------|-------|---------------------------|
|             | Single Family Homes | Multi-Family Homes | Commercial and Industrial | Agriculture | Personal Property |               |               |                     |                          |       |                           |
| 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        | 30,444,763    | 22,079,727    | 339,637,483         |                          | 0.16  |                           |
| 2003        | 125,083,800         | 13,399,000         | 112,012,500               | 2,217,500   | 30,249,489        | 34,201,436    | 21,603,744    | 338,767,469         |                          | 0.17  |                           |

Notes: Property is assessed at full market value. Properties are reassessed once every 4 years.  
(1) Per \$1,000 of assessed value.

Components of the Direct Tax Rate include:  
Real Estate and Public Service Corporation: .12  
Personal Property: .51  
Machinery and Tools: .17

Source: Real estate and personal property tax assessments.

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

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

Source: Real estate tax assessments

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

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

Source: Detailed Town property tax records.

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

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

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

Source: Average Consumption Report from Utility Billing System

Table 9

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

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
| Debt limit  | \$ 33,665,740 | \$ 33,927,976 | \$ 32,149,559 | \$ 31,568,050 | \$ 35,280,530 | \$ 35,725,585 | \$ 45,614,870 | \$ 45,821,418 | \$ 46,188,130 | \$ 46,785,910 |
| Total net debt applicable to limit                                      | 2,337,855     | 2,251,208     | 2,160,618     | 2,065,905     | 12,476,680    | 11,715,910    | 10,926,856    | 10,113,684    | 7,431,900     | 6,576,568     |
| Legal debt margin   | 31,327,885    | 31,676,768    | 29,988,941    | 29,502,145    | 22,803,850    | 24,009,675    | 34,688,014    | 35,707,734    | 38,756,230    | 40,209,342    |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 7%            | 7%            | 7%            | 7%            | 35%           | 33%           | 24%           | 22%           | 16.1%         | 14.1%         |

| Legal Debt Margin Calculated for Fiscal Year 2012 |                      |
|---|----------------------|
| Assessed value                                    | \$ 467,859,100       |
| Debt limit (10% of assessed value)                | \$ 46,785,910        |
| Debt applicable to limit:                         |                      |
| General Obligation Bonds                          | 2,931,568            |
| Program Revenue Bonds                             | 2,170,000            |
| Other Long-Term Obligations                       | 1,475,000            |
| Total net applicable to limit                     | <u>6,576,568</u>     |
| Legal debt margin                                 | <u>\$ 40,209,342</u> |

Table 10

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

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

Source: Note 7

Table 11

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

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

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

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

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

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

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

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

Source: Virginia Employment Commission & employer human resource offices

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

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

Source: Town's Adopted Operating Budget

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

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

Source: Council reports, utility reports, highway reports.

Table 15

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

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

Source: Equipment schedules, highway reports, GIS system.

## COMPLIANCE SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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The Honorable Members of Town Council  
Town of Rocky Mount, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements and have issued our report thereon dated November 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of Town of Rocky Mount, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Rocky Mount, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Rocky Mount, Virginia's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies as defined above.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of Town of Rocky Mount, Virginia in a separate letter dated November 2, 2012.

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

*Robinson, Fauser, Co. Associates*

Blacksburg, Virginia  
November 2, 2012

Town of Rocky Mount

Schedule of Findings and Responses  
Year Ended June 30, 2012

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Section I - Summary of Auditor's Results

Financial Statements

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

Section II - Financial Statement Findings

None

Section III - Status of Prior Audit Findings and Responses

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

ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens**   
 **Consent Item**   
 **Old Business**   
 **New Business**  
 **Committee Report**   
 **Other**

|                            |                   |
|----------------------------|-------------------|
| FOR COUNCIL MEETING DATED: | February 11, 2013 |
|----------------------------|-------------------|

|                                  |   |
|----------------------------------|---|
| <b>STAFF MAKING REQUEST:</b>     | C. James Ervin, Town Manager  |
| <b>BRIEF SUMMARY OF REQUEST:</b> | <p>In 2009, the Town of Rocky Mount, along with other localities in Virginia served by American Electric Power (AEP), negotiated a rate agreement with AEP with the services of legal counsel funded by all the members in common through the Virginia Municipal League and the Virginia Association of Counties.</p> <p>This contract recently expired and the same team began the process of negotiating a renewal. While the renewal is being negotiated, an extension of the existing agreement was proposed and accepted by each side. The proposed contract modification extends the current rates paid by the Town, with the exception of street lights, to April of 2013 with a possible six month extension.</p> <p>The street light tariff was adjusted to grant AEP \$200,000 of additional revenue across all localities. Exhibit B-1 to the extension agreement is the new street light tariff and it represents an increase of approximately 2%.</p> <p>AEP's original position was for a significant rate increase and a 6% street light increase. On the whole, the localities involved feel that the legal team negotiating with AEP secured a good deal.</p> <p>To continue receiving our discounted electric rate, we must execute an extension to the original contract. That extension is submitted and staff asks for Council's authorization to execute it on behalf of the Town of Rocky Mount.</p> |
| <b>ACTION NEEDED:</b>            | Approval/denial to execute an extension of AEP's original contract as requested.  |

Attachment(s): Yes

|   |
|---|
| <b>FOLLOW-UP ACTION:</b><br>(To be completed by Town Clerk) |
|   |

January 22, 2013

C. James Ervin  
Town Manager  
Town of Rocky Mount  
345 Donald Avenue  
Rocky Mount, VA 24151

**RE: Extension and Amendment of the APCo Agreement for Electric General Service  
between APCo and Local Governments and Other Political Subdivisions**

Dear Mr. Ervin:

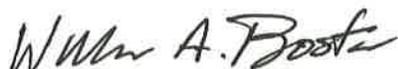
Enclosed please find the extension and amendment of the Virginia Public Authorities agreement, Exhibit A-1 (Public Authority Tariff 16), Exhibit B-1 (VA. S.C.C. Tariff No. 24 Outdoor Lighting) and Exhibit C-1 (Public Authority Tariff 16(a)).

As previously noticed by the VML/VACo/APCo Steering Committee, the enclosed agreement has been approved by said committee following months of extensive negotiations with its counsel and consultants.

Please have the appropriate individual from your organization sign two originals of the agreement, and return both originals of the agreement to me as soon as possible. I will return a signed original back to you for your records.

Please call me at 804-698-5511 or Cynthia Frazier-Keller of my office at 804-698-5522 with any questions.

Regards,



William A. Bosta  
Director  
Regulatory Services, VA/TN

Enclosures

Cc: Howard W. Dobbins, Esq.  
Robert D. Perrow, Esq

**VIRGINIA PUBLIC AUTHORITIES**

**EXTENSION AND AMENDMENT TO THE AGREEMENT EFFECTIVE JULY 1, 2009  
FOR THE PURCHASE OF ELECTRICITY FROM APPALACHIAN POWER  
COMPANY**

THIS *EXTENSION and AMENDMENT* ("Amendment") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2013, by and between **APPALACHIAN POWER COMPANY**, hereinafter called the "Company," and **TOWN OF ROCKY MOUNT**, called the "Customer." Collectively, Company and Customer may be referred to herein as the "Parties" and each, individually, as a "Party."

**WITNESSETH:**

WHEREAS, the Company and Customer are Parties to an Agreement for the Purchase of Electricity, which became effective July 1, 2009 (the "2009 Agreement"); and

WHEREAS, the Term of the 2009 Agreement extended through June 30, 2012, with the provisos that the Customers would continue to pay the rates in effect thereunder while negotiations were in process, and that the applicable Public Authority surcredit factor under the 2009 Agreement would continue to be in effect for up to six (6) months beyond June 30, 2012, while negotiations were in progress; and

WHEREAS, in the 2009 Agreement, the Company agreed to provide through June 30, 2012, a total of \$450,000, for energy efficiency programs to the Public Authority customer group, and there still remains a balance of \$214,000 not utilized by that group; and

WHEREAS, the 2009 Agreement contained the Street Lighting ("SL") rates at which the Company would provide SL service to Customer, if Customer takes SL service, through June 30, 2012.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the Parties hereto agree with each other to extend and amend the 2009 Agreement as follows:

1. Subsection (b) of the Second Article of the 2009 Agreement, Rates, shall be renumbered as subsection (b)(1), and that Article shall be amended by adding a new subsection (b)(2), which shall be read as follows:

(b)(2) The surcredit factor in effect for the period July 1, 2011, through June 30, 2012, shall continue in effect through March 31, 2013, and then terminate. Effective April 1, 2013, Schedule P.A.S. (Public Authority Surcredit) shall cease to be part of, and shall be removed from, the Public Authority Tariff then in effect. The Parties agree that the surcredit in effect from January 1, 2013, through March 31, 2013, will distribute to the Public Authority customer group \$250,000, plus the \$214,000 amount not utilized by June 30, 2012, as part of the Energy

Efficiency Program that is the subject of Article Twelve of this Agreement. The Customer acknowledges that Company has provided support for the calculation of the surcredits under this Agreement.

2. The current Third Article of the 2009 Agreement, Term, shall be redesignated as subsection (a), and that Article shall be amended by adding a new subsection (b), which shall read as follows:

- (b) As a result of the negotiations described in (a) above, the Parties have agreed to an extension of this Agreement, as amended, from July 1, 2012, through December 31, 2013. In the event that a new contract, or further extension of this Agreement, has not been consummated by December 31, 2013, then the Parties agree that Customer shall continue to be subject to the applicable rates in "Exhibit A-1" and "Exhibit B-1," as may be adjusted from time to time per the provisions of this Agreement, until negotiations are concluded. Any agreement reached between Company and the Public Authority customer group, after December 31, 2013, as to the rates for electric service to Customer after that date, whether above or below the rates then in effect pursuant to the provisions of this Agreement, shall be retroactive to January 1, 2014, unless otherwise agreed by the Parties.

3. The Eleventh Article of the 2009 Agreement, Generation, shall be amended to read as follows:

The Customer represents and agrees that (1) it has chosen the Company to provide generation service through the duration of this Agreement; and 2) it will not choose a different generation supplier to begin providing service prior to December 31, 2013. After December 31, 2013, the parties' rights and responsibilities regarding generation service shall be as provided by applicable law and regulation, except to the extent otherwise agreed by the parties.

4. The Twelfth Article of the 2009 Agreement, Energy Efficiency Program, shall be amended by adding a new subsection (d), which shall read as follows:

- (d) Customer acknowledges that Company has complied with the provisions of subsections (a) and (b) of this Article. The Parties agree that the Company's commitment to provide any money for Energy Efficiency Programs terminated on June 30, 2012, given the Parties' agreement regarding a surcredit factor for the period January 1, 2013 through March 31, 2013, as set out in subsection (b)(2) of the Second Article of this Agreement.

5. The Thirteenth Article of the 2009 Agreement, Street Lighting, shall be amended by adding a new subsection (d), which shall read as follows:

(d) If Customer was taking SL service from Company, under a separate SL Agreement, as of the July 1, 2012, then the following provisions shall apply:

1.) The SL rates charged by the Company on June 30, 2012, adjusted at the same time as rates contained in "Exhibit A-1" are changed to reflect any changes to existing fuel factor rates, surcharges, and rate adjustment clauses approved by the SCC, or any new or revised riders, surcharge factors, or rate adjustment clauses approved by the SCC, shall continue in effect through March 31, 2013.

2.) The SL rates set out in "Exhibit C-1," attached hereto and made a part hereof, shall become effective April 1, 2013, and shall remain in place through at least March 31, 2014. Per agreement of the Parties, "Exhibit C-1" includes a new LED-Experimental street light offering, and the rates contained therein have been designed to produce a \$200,000 increase in Company's annual revenues from Public Authority customers who take SL service.

3.) In the event that new SL rates and/or a new SL agreement, have not been agreed upon by the Parties by March 31, 2014, then Customer, if it is taking SL service from the Company, shall continue to pay the rates contained in "Exhibit C-1," as may be adjusted from time to time, per the provisions of this Agreement, until negotiations are concluded and new SL rates and/or a new SL agreement become effective.

6. Subsection (d) of the Fourteenth Article of the 2009 Agreement, Additional Terms and Conditions, shall be amended to read as follows:

(d) The following exhibits were part of the initial Agreement:

Exhibit A -- Public Authority Tariff No. 12  
Exhibit B -- The Company's current Virginia Schedule O.L.  
Exhibit C -- Public Authority Street Lighting Tariff No. 12(a)

In accordance with the provisions of other Sections of this Agreement, Exhibits A through C shall be updated or revised, from time to time, during the Term of this Agreement.

To reflect updates and revisions made to Exhibits A and B, in accordance with the provisions of other Sections of this Agreement, through June 30, 2012, the following exhibits are attached hereto and made a part hereof:

Exhibit A-1 -- Public Authority Tariff No. 16

Exhibit B-1 -- The Company's Virginia Schedule O.L., as of July 1, 2012

The following exhibit, which shall become effective on April 1, 2013, per the provisions of Article Thirteen (d) 1.) of this Agreement, is also attached hereto and made a part hereof:

Exhibit C-1 -- Public Authority Street Lighting Tariff No. 16(a)

In accordance with the provisions of other Sections of this Agreement, Exhibits A-1 through C-1 shall be updated or revised, from time to time, during the Term of this Agreement.

7. The Fourteenth Article of the 2009 Agreement, Additional Terms and Conditions, shall be further amended by adding a new subsection (k), which shall read as follows:
  - (k) The Public Authority customer group and the Company agree to use their best efforts, in good faith, to renegotiate, on a cost-of-service basis, fair and reasonable rates and terms, for the extension of this Agreement beyond December 31, 2013. In connection with such renegotiation, 1.) the Company and Customer agree to utilize the Company's most recent return on equity, and Off-System Sales ("OSS") margin sharing, as approved by the SCC in the Company's most recent base and fuel factor proceedings; and 2.) on or before October 1, 2013, the Company agrees to provide one representative of the Public Authority customer group, as designated by the Executive Directors of the Virginia Municipal League and the Virginia Association of Counties, with aggregate Public Authority load data, as well as a public Authority, and a Public Authority Street Lighting, cost-of-service analysis. To the extent practicable, the Company will endeavor to provide available cost-of-service information prior to October 1, 2013.
8. Each Party to this Amendment represents and warrants that it has all authorizations necessary for it to legally enter into and perform its obligations under this Amendment. This Amendment shall be binding upon the Company and Customer only when accepted by and approved by a proper official, and shall not be modified by any promise, agreement, or representation of any agent or employee of the Company or Customer unless reduced to writing before such acceptance. In no event shall any officer or agent of the Customer executing or authorizing the execution of this Amendment be held personally liable on account of such authorization or execution.
9. Except as modified and extended by this Amendment, the provisions of the 2009 Agreement shall remain in full force and effect.

**CUSTOMER: TOWN OF ROCKY MOUNT**

**APPALACHIAN POWER COMPANY**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: Director, Regulatory Services,  
VA/TN

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

**PUBLIC AUTHORITY TARIFF NO. 16****SCHEDULE S.G.S. P.A.  
(Small General Service – Public Authority)****AVAILABILITY OF SERVICE**

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, with normal maximum electrical capacity requirements of 25 kW or less per month who take Public Authority Service from the Company.

When a customer being served under this Schedule exceeds a normal maximum metered demand of 25 kW per month for more than two (2) months during the past twelve (12) months, the customer will be placed on the appropriate Public Authority Schedule.

**MONTHLY RATE** (Schedule Code 232 – Secondary Voltage; Schedule Code 235 – Primary Voltage)

|                       | Generation | Transmission | Distribution | Total |
|-----------------------|------------|--------------|--------------|-------|
| Customer Charge (\$)  | --         |              | 10.25        | 10.25 |
| Energy Charge (¢/kWh) | 3.992      | 0.581        | 1.462        | 6.035 |

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges.

**MINIMUM CHARGE**

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

**PAYMENT**

Bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill date. On all accounts not so paid, a charge of 1½% per month will be applied to any account balances not received by the Company by the next bill date. If the Company fails to mail bills promptly after the billing date, the due date will be extended accordingly. The customer may designate its billing address.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Rider N.M.S.P.A. or by special agreement with the Company.

Issued: January 29, 2012

Effective: January 29, 2012

Pursuant to the Virginia Public Authorities Agreement for the Purchase of  
Electricity from Appalachian Power Company dated July 1, 2009  
Per Final Order Case PUE-2011-00037

## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE S.G.S. P.A.**  
**(Small General Service – Public Authority)**  
**(continued)**

**LOAD MANAGEMENT TIME-OF-DAY PROVISION**

Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company, such as electric thermal storage space heating and/or cooling systems and water heaters, which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours. A time-of-day meter is required to take service under this provision.

Customers who desire to separately wire their energy storage load to a time-of-day meter and their general-use load to a standard meter shall receive service under the appropriate provisions of the Public Authority Schedule.

Monthly Rate:

|  | Generation | Transmission | Distribution | Total  |
|--|------------|--------------|--------------|--------|
| Customer Charge (\$)                               | --         |              | 10.80        | 10.80  |
| Energy Charge (¢/kWh)                              |            |              |              |        |
| All metered kWh during the on-peak billing period  | 7.516      | 1.193        | 2.099        | 10.808 |
| All metered kWh during the off-peak billing period | 1.285      | 0.104        | 0.972        | 2.361  |

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 8 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 8 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

The Company reserves the right to inspect at all reasonable times the energy storage devices which qualify for service under this provision, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds that, in its sole judgment, the availability conditions of this provision are being violated; it may discontinue billing the customer under this provision and commence billing under the appropriate Public Authority Schedule.

This provision is subject to the Terms and Conditions of Schedule S.G.S. P.A.

Issued: January 29, 2012

Effective: January 29, 2012

Pursuant to the Virginia Public Authorities Agreement for the Purchase of  
 Electricity from Appalachian Power Company dated July 1, 2009  
 Per Final Order Case PUE-2011-00037

## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE S.G.S. P.A.**  
**(Small General Service – Public Authority)**  
**(continued)**

**OPTIONAL UNMETERED SERVICE PROVISION (Schedule Code 212)**

Available to customers who qualify for Schedule S.G.S. P.A. and use the Company's service for small fixed electrical loads such as traffic signals and signboards which can be served by a standard service drop from the Company's existing secondary distribution system. This service will be furnished at the option of the Company.

Each separate service delivery point shall be considered a location and shall be separately billed under the service agreement. In the event one customer has several accounts for like service, the Company may meter one account to determine the appropriate kilowatt-hour usage applicable to each of the accounts.

The customer shall furnish switching equipment satisfactory to the Company. The customer shall notify the Company in advance of every change in connected load, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to serve the location thereafter under this provision, and shall be entitled to bill the customer retroactively on the basis of the increased load for the full period such load was connected plus three months.

Calculated energy use per month shall be equal to the capacity specified for the location times the number of days in the billing period times the specified hours of operation. Such calculated energy shall then be billed at the following monthly rate:

|                       | Generation | Transmission | Distribution | Total |
|-----------------------|------------|--------------|--------------|-------|
| Customer Charge (\$)  | --         |              | 5.75         | 5.75  |
| Energy Charge (¢/kWh) | 3.992      | 0.581        | 1.462        | 6.035 |

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges.

This provision is subject to the Terms and Conditions of Schedule S.G.S. P.A.

APPALACHIAN POWER COMPANY

Sheet

No. 2-1

## PUBLIC AUTHORITY TARIFF NO. 16

SCHEDULE M.G.S. P.A.  
(Medium General Service – Public Authority)

## AVAILABILITY OF SERVICE

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, who take Public Authority Service from the Company with normal maximum electrical capacity requirements exceeding 25 kW per month, but less than 1,000 kW per month.

When a customer being served under this Schedule establishes or exceeds a normal maximum metered demand of 1,000 kW per month for more than two (2) months during the past twelve (12) months, the customer will be placed on the appropriate L.P.S.- P.A. Schedule. When a customer being served under this Schedule establishes metered demands of 25 kW or less per month for ten (10) or more months during the past twelve (12) months, the customer will be placed on the appropriate general service P.A. Schedule.

## MONTHLY RATE

| Schedule Code |                                       | Generation | Transmission | Distribution | Total  |
|---------------|---------------------------------------|------------|--------------|--------------|--------|
| 216           | <b>Secondary Voltage:</b>             |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 13.00        | 13.00  |
|               | Demand Charge (\$/kW)                 | 2.24       | 0.35         | 1.01         | 3.60   |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.22       | 0.15         | 0.50         | 0.87   |
|               | Energy Charge (¢/kWh)                 | 3.348      | 0.565        | 1.230        | 5.143  |
|               | Maximum Energy Charge (¢/kWh)         | 13.885     | 0.000        | 6.115        | 20.000 |
| 218           | <b>Primary Voltage:</b>               |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 75.00        | 75.00  |
|               | Demand Charge (\$/kW)                 | 2.18       | 0.34         | 0.60         | 3.12   |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.21       | 0.15         | 0.12         | 0.48   |
|               | Energy Charge (¢/kWh)                 | 3.245      | 0.545        | 0.747        | 4.537  |
|               | Maximum Energy Charge (¢/kWh)         | 15.710     | 0.000        | 4.290        | 20.000 |
| 245           | <b>Subtransmission Voltage:</b>       |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 175.00       | 175.00 |
|               | Demand Charge (\$/kW)                 | 2.14       | 0.33         | 0.00         | 2.47   |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.21       | 0.14         | 0.00         | 0.35   |
|               | Energy Charge (¢/kWh)                 | 3.203      | 0.538        | 0.000        | 3.741  |
|               | Maximum Energy Charge (¢/kWh)         | 20.000     | 0.000        | 0.000        | 20.000 |

Issued: January 29, 2012

Effective: January 29, 2012

Pursuant to the Virginia Public Authorities Agreement for the Purchase of Electricity from Appalachian Power Company dated July 1, 2009  
Per Final Order Case PUE-2011-00037

APPALACHIAN POWER COMPANY

Sheet No. 2-2

## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE M.G.S. P.A.**  
**(Medium General Service – Public Authority)**  
**(continued)**

## MONTHLY RATE (Cont'd)

| Schedule Code |                                       | Generation | Transmission | Distribution | Total  |
|---------------|---------------------------------------|------------|--------------|--------------|--------|
|               | <b>Transmission Voltage:</b>          |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 320.00       | 320.00 |
|               | Demand Charge (\$/kW)                 | 2.11       | 0.33         | 0.000        | 2.440  |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.21       | 0.14         | 0.000        | 0.350  |
|               | Energy Charge (¢/kWh)                 | 3.159      | 0.532        | 0.000        | 3.691  |
|               | Maximum Energy Charge (¢/kWh)         | 20.000     | 0.000        | 0.000        | 20.000 |

Applicable to customers 300 kW or greater:

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the kW metered demand . . . \$0.75 per KVAR

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges. Each kilowatt of demand consumed is subject to all applicable riders and surcharges.

**MINIMUM CHARGES**

Bills computed under the above rate are subject to the operation of a Minimum Charge provision as follows:

For demand accounts up to 100 kW - the Customer Charge and all applicable adjustments.

For demand accounts over 100 kW - the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.

**PAYMENT**

Bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill date. On all accounts not so paid, a charge of 1½% per month will be applied to any account balances not received by the Company by the next bill date. If the Company fails to mail bills promptly after the billing date, the due date will be extended accordingly. The customer may designate its billing address.

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**PUBLIC AUTHORITY TARIFF NO. 16**

**SCHEDULE M.G.S. P.A.**  
**(Medium General Service – Public Authority)**  
**(continued)**

**MEASUREMENT AND DETERMINATION OF BILLING DEMAND**

The billing demand in kW shall be taken each month as the single highest 15-minute peak in kW as registered during the month by a demand meter or indicator.

For accounts over 100 kW, the monthly billing demand established hereunder shall not be less than 60% of the greater of (a) the customer's contract capacity in excess of 100 kW, or (b) the customer's highest previously established monthly billing demand during the past 11 months in excess of 100 kW.

For accounts 300 kW or greater, the reactive demand in KVAR shall be taken each month as the single highest 15-minute peak in KVAR as registered during the month by a demand meter or indicator.

Billing demands shall be rounded to the nearest whole kW and KVAR.

**OPTIONAL TIME-OF-DAY PROVISION**

Available to customers who operate primarily during the off-peak period (as set forth below) and request the installation of time-of-day metering in order to receive service under this provision. The customer shall be required to pay any necessary additional metering cost.

For the purpose of this provision, the monthly billing demand as defined above shall be determined during the on-peak period. The off-peak excess demand shall be the amount by which the demand created during the off-peak period exceeds the monthly billing demand.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 8 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 8 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**METERED VOLTAGE ADJUSTMENT**

The rates set forth in this Schedule are based upon delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, metered kWh, kW and KVAR will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

The Company may, at its option, require customers to contract for a definite amount of electrical capacity sufficient to meet normal maximum requirements.

The Company shall not be required to supply capacity in excess of that contract capacity except by mutual agreement.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Rider N.M.S.P.A. or by special agreement with the Company.

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APPALACHIAN POWER COMPANY

Sheet No. 3-1

**PUBLIC AUTHORITY TARIFF NO. 16  
SCHEDULE G.S.P.A.  
(General Service-Public Authority)**

**AVAILABILITY OF SERVICE**

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, who take Public Authority Service from the Company with normal maximum electrical capacity requirements exceeding 25 kW per month, but less than 1,000 kW per month.

When a customer being served under this Schedule establishes or exceeds a normal maximum metered demand of 1,000 kW per month for more than two (2) months during the past twelve (12) months, the customer will be placed on the Large Power Service (Schedule L.P.S.-P.A.) rate schedule and required to contract for such capacity requirements. When a customer being served under this Schedule establishes metered demands of 25 kW or less per month for ten (10) or more months during the past twelve (12) months, the customer will be placed on the on the appropriate general service P.A. Schedule.

**MONTHLY RATE**

| Schedule Code |  | Generation | Transmission | Distribution | Total  |
|---------------|--|------------|--------------|--------------|--------|
| 262           | <b>Secondary Voltage:</b>  |            |              |              |        |
|               | Customer Charge (\$)   |            |              | 13.00        | 13.00  |
|               | Demand Charge (\$/kW)  | 2.24       | 0.35         | 1.01         | 3.60   |
|               | Off-Peak Excess Demand Charge (\$/kW)                              | 0.22       | 0.00         | 0.50         | 0.72   |
|               | Energy Charge (¢/kWh)  |            |              |              |        |
| Block 1       | For all kWh equal to or less than 275 kWh per kW of billing demand | 3.297      | 0.591        | 1.353        | 5.241  |
| Block 2       | All kWh in excess of 275 kWh per kW of billing demand              | 1.231      | 0.149        | 0.519        | 1.899  |
|               | Maximum Energy Charge (¢/kWh)                                      | 13.885     | 0.000        | 6.115        | 20.000 |
| 264           | <b>Primary Voltage:</b>  |            |              |              |        |
|               | Customer Charge (\$)   |            |              | 75.00        | 75.00  |
|               | Demand Charge (\$/kW)  | 2.18       | 0.34         | 0.60         | 3.12   |
|               | Off-Peak Excess Demand Charge (\$/kW)                              | 0.21       | 0.00         | 0.12         | 0.33   |
|               | Energy Charge (¢/kWh)  |            |              |              |        |
| Block 1       | For all kWh equal to or less than 275 kWh per kW of billing demand | 3.194      | 0.559        | 0.870        | 4.623  |
| Block 2       | All kWh in excess of 275 kWh per kW of billing demand              | 1.200      | 0.141        | 0.365        | 1.706  |
|               | Maximum Energy Charge (¢/kWh)                                      | 15.710     | 0.000        | 4.290        | 20.000 |
| 266           | <b>Subtransmission Voltage:</b>                                    |            |              |              |        |
|               | Customer Charge (\$)   |            |              | 175.00       | 175.00 |
|               | Demand Charge (\$/kW)  | 2.14       | 0.33         | 0.00         | 2.47   |
|               | Off-Peak Excess Demand Charge (\$/kW)                              | 0.21       | 0.00         | 0.00         | 0.21   |
|               | Energy Charge (¢/kWh)  |            |              |              |        |
| Block 1       | For all kWh equal to or less than 275 kWh per kW of billing demand | 3.152      | 0.537        | 0.000        | 3.689  |
| Block 2       | All kWh in excess of 275 kWh per kW of billing demand              | 1.178      | 0.135        | 0.000        | 1.313  |
|               | Maximum Energy Charge (¢/kWh)                                      | 20.000     | 0.000        | 0.000        | 20.000 |

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**PUBLIC AUTHORITY TARIFF NO. 16  
SCHEDULE G.S.P.A.  
(General Service-Public Authority)**

**MONTHLY RATE (Cont'd)**

| Schedule Code |  | Generation | Transmission | Distribution | Total  |
|---------------|--|------------|--------------|--------------|--------|
| 268           | <b>Transmission Voltage:</b>                                       |            |              |              |        |
|               | Customer Charge (\$)   |            |              | 320.00       | 320.00 |
|               | Demand Charge (\$/kW)  | 2.11       | 0.33         | 0.00         | 2.44   |
|               | Off-Peak Excess Demand Charge (\$/kW)                              | 0.21       | 0.00         | 0.00         | 0.21   |
|               | Energy Charge (¢/kWh)  |            |              |              |        |
| Block 1       | For all kWh equal to or less than 275 kWh per kW of billing demand | 3.108      | 0.532        | 0.000        | 3.640  |
| Block 2       | All kWh in excess of 275 kWh per kW of billing demand              | 1.161      | 0.134        | 0.000        | 1.295  |
|               | Maximum Energy Charge (¢/kWh)                                      | 20.000     | 0.00         | 0.000        | 20.000 |

Applicable to customers 300 kW or greater:

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the kW metered demand . . . \$0.75 per KVAR

Each kilowatthour of energy consumed is subject to all applicable riders and surcharges. Each kilowatt of demand billed is subject to all applicable riders and surcharges.

**MINIMUM CHARGES**

Bills computed under the above rate are subject to the operation of a Minimum Charge provisions as follows:

For demand accounts up to 100 kW - the Customer Charge and all applicable adjustments.

For demand accounts over 100 kW - the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments

**PAYMENT**

Bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill date. On all accounts not so paid, a charge of 1½% per month will be applied to any account balances not received by the Company by the next bill date. If the Company fails to mail bills promptly after the billing date, the due date will be extended accordingly. The customer may designate its billing address.

**MEASUREMENT AND DETERMINATION OF BILLING DEMAND**

The billing demand in kW shall be taken each month as the single highest 15-minute peak in kW as registered during the month by a demand meter or indicator.

For accounts over 100 kW, the monthly billing demand established hereunder shall not be less than 60% of the greater of (a) the customer's contract capacity in excess of 100 kW, or (b) the customer's highest previously established monthly billing demand during the past 11 months in excess of 100 kW.

For accounts 300 kW or greater, the reactive demand in KVAR shall be taken each month as the single highest 15-minute peak in KVAR as registered during the month by a demand meter or indicator.

Billing demands shall be rounded to the nearest whole kW and KVAR

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**PUBLIC AUTHORITY TARIFF NO. 16**  
**SCHEDULE G.S.P.A.**  
**(General Service-Public Authority)**

**OPTIONAL TIME-OF-DAY PROVISION**

Available to customers who operate primarily during the off-peak period (as set forth below) and request the installation of time-of-day metering in order to receive service under this provision. The customer shall be required to pay any necessary additional metering cost.

For the purpose of this provision, the monthly billing demand as defined above shall be determined during the on-peak period. The off-peak excess demand shall be the amount by which the demand created during the off-peak period exceeds the monthly billing demand.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 8 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 8 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**METERED VOLTAGE ADJUSTMENT**

The rates set forth in this Schedule are based upon delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, metered kWh, kW and KVAR will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

The Company may, at its option, require customers to contract for a definite amount of electrical capacity sufficient to meet normal maximum requirements.

The Company shall not be required to supply capacity in excess of that contract capacity except by mutual agreement.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Rider N.M.S.P.A. or by special agreement with the Company.

**PUBLIC AUTHORITY TARIFF NO. 16****SCHEDULE G.S.-T.O.D. P.A.  
(General Service Time-of-Day – Public Authority)****AVAILABILITY OF SERVICE**

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, who take Public Authority Service from the Company and are served at the secondary or primary delivery voltage levels with normal maximum demands less than 1, 000 kW.

**MONTHLY RATE**

| Schedule Code |                                | Generation | Transmission | Distribution | Total  |
|---------------|--------------------------------|------------|--------------|--------------|--------|
|               | <b>Secondary Voltage:</b>      |            |              |              |        |
|               | Customer Charge (\$)           | --         |              | 14.50        | 14.50  |
| 237           | On-peak Energy Charge (¢/kWh)  | 6.780      | 1.167        | 2.225        | 10.172 |
| 238           | Off-peak Energy Charge (¢/kWh) | 1.408      | 0.165        | 1.129        | 2.702  |
|               | <b>Primary Voltage:</b>        |            |              |              |        |
|               | Customer Charge (\$)           | --         |              | 75.00        | 75.00  |
| 249           | On-peak Energy Charge (¢/kWh)  | 6.577      | 1.126        | 2.158        | 9.861  |
| 250           | Off-peak Energy Charge (¢/kWh) | 1.366      | 0.159        | 1.095        | 2.620  |

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges. For the purpose of this Schedule, the on-peak billing period is defined as 7 a.m. to 8 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 8 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**MINIMUM CHARGE**

This Schedule is subject to a minimum monthly charge equal to the Customer Charge.

**PAYMENT**

Bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill date. On all accounts not so paid, a charge of 1½% per month will be applied to any account balances not received by the Company by the next bill date. If the Company fails to mail bills promptly after the billing date, the due date will be extended accordingly. The customer may designate its billing address.

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**PUBLIC AUTHORITY TARIFF NO. 16****SCHEDULE G.S.-T.O.D. P.A.  
(General Service Time-of-Day – Public Authority)  
(continued)****METERED VOLTAGE ADJUSTMENT**

The rates set forth in this Schedule are based upon delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, metered kWh will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**SEPARATE METERING PROVISION**

Customers shall have the option of receiving service under the appropriate Public Authority Schedule for general use load by separately wiring such load to the appropriate metering based on the size of the load.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Rider N.M.S.P.A. or by special agreement with the Company.

## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE L.G.S. P.A.**  
**(Large General Service – Public Authority)**

**AVAILABILITY OF SERVICE**

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, who take Public Authority Service from the Company with maximum electrical capacity requirements exceeding 25 kW, but less than 1,000 kW per month.

When a customer being served under this Schedule establishes or exceeds a normal maximum metered demand of 1,000 kW per month for more than two (2) months during the past twelve (12) months, the customer will be placed on the appropriate L.P.S. P.A. Schedule. When a customer being served under this Schedule establishes metered demands of 25 kW or less per month for ten (10) or more months during the past twelve (12) months, the customer will be placed on the appropriate general service P.A. Standard Schedule.

**MONTHLY RATE**

| Schedule Code |                                       | Generation | Transmission | Distribution | Total  |
|---------------|---------------------------------------|------------|--------------|--------------|--------|
| 375           | <b>Secondary Voltage:</b>             |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 13.00        | 13.00  |
|               | Demand Charge (\$/kW)                 | 7.68       | 1.37         | 3.93         | 12.98  |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.77       | 0.19         | 1.96         | 2.92   |
|               | Energy Charge (¢/kWh)                 | 1.282      | 0.142        | 0.396        | 1.820  |
|               | Maximum Energy Charge (¢/kWh)         | 13.372     | 0.000        | 6.628        | 20.000 |
| 376           | <b>Primary Voltage:</b>               |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 75.00        | 75.00  |
|               | Demand Charge (\$/kW)                 | 7.48       | 1.33         | 2.41         | 11.22  |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.75       | 0.18         | 0.49         | 1.42   |
|               | Energy Charge (¢/kWh)                 | 1.251      | 0.137        | 0.242        | 1.630  |
|               | Maximum Energy Charge (¢/kWh)         | 15.220     | 0.000        | 4.780        | 20.000 |
| 377           | <b>Subtransmission Voltage:</b>       |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 175.00       | 175.00 |
|               | Demand Charge (\$/kW)                 | 7.35       | 1.31         | 0.00         | 8.66   |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.74       | 0.18         | 0.00         | 0.92   |
|               | Energy Charge (¢/kWh)                 | 1.229      | 0.135        | 0.000        | 1.364  |
|               | Maximum Energy Charge (¢/kWh)         | 20.000     | 0.000        | 0.000        | 20.000 |

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## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE L.G.S. P.A.**  
**(Large General Service – Public Authority)**  
**(continued)**

## MONTHLY RATE (Cont'd)

| Schedule Code |                                       | Generation | Transmission | Distribution | Total  |
|---------------|---------------------------------------|------------|--------------|--------------|--------|
|               | <b>Transmission Voltage:</b>          |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 320.00       | 320.00 |
|               | Demand Charge (\$/kW)                 | 7.24       | 1.29         | 0.00         | 8.53   |
|               | Off-Peak Excess Demand Charge (\$/kW) | 0.73       | 0.18         | 0.00         | 0.91   |
|               | Energy Charge (¢/kWh)                 | 1.212      | 0.134        | 0.00         | 1.346  |
|               | Maximum Energy Charge (¢/kWh)         | 20.000     | 0.000        | 0.000        | 20.000 |

Applicable to customers 300 kW or greater:

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the kW metered demand . . . \$0.75 per KVAR

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges. Each kilowatt of demand consumed is subject to all applicable riders and surcharges.

**MINIMUM CHARGES**

Bills computed under the above rate are subject to the operation of a Minimum Charge provisions as follows:

For demand accounts up to 100 kW - the Customer Charge and all applicable adjustments.

For demand accounts over 100 kW - the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.

**PAYMENT**

Bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill date. On all accounts not so paid, a charge of 1½% per month will be applied to any account balances not received by the Company by the next bill date. If the Company fails to mail bills promptly after the billing date, the due date will be extended accordingly. The customer may designate its billing address.

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**PUBLIC AUTHORITY TARIFF NO. 16****SCHEDULE L.G.S. P.A.  
(Large General Service – Public Authority)  
(continued)****MEASUREMENT AND DETERMINATION OF BILLING DEMAND**

The billing demand in kW shall be taken each month as the single highest 15-minute peak in kW as registered during the month by a demand meter or indicator.

For accounts over 100 kW, the monthly billing demand established hereunder shall not be less than 60% of the greater of (a) the customer's contract capacity in excess of 100 kW, or (b) the customer's highest previously established monthly billing demand during the past 11 months in excess of 100 kW.

For accounts 300 kW or greater, the reactive demand in KVAR shall be taken each month as the single highest 15-minute peak in KVAR as registered during the month by a demand meter or indicator.

Billing demands shall be rounded to the nearest whole kW and KVAR.

**OPTIONAL TIME-OF-DAY PROVISION**

Available to customers who operate primarily during the off-peak period (as set forth below) and request the installation of time-of-day metering in order to receive service under this provision. The customer shall be required to pay any necessary additional metering cost.

For the purpose of this provision, the monthly billing demand as defined above shall be determined during the on-peak period. The off-peak excess demand shall be the amount by which the demand created during the off-peak period exceeds the monthly billing demand.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 8 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 8 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**METERED VOLTAGE ADJUSTMENT**

The rates set forth in this Schedule are based upon delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, metered kWh, kW and KVAR will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

The Company may, at its option, require customers to contract for a definite amount of electrical capacity sufficient to meet normal maximum requirements.

The Company shall not be required to supply capacity in excess of that contract capacity except by mutual agreement.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Rider N.M.S.P.A. or by special agreement with the Company.

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APPALACHIAN POWER COMPANY

Sheet No. 6-1

## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE L.P.S. P.A.**  
**(Large Power Service– Public Authority)**

**AVAILABILITY OF SERVICE**

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, with normal maximum demands greater than 1,000 kW who take Public Authority Service from the Company. Each customer shall establish a contract capacity for a definite amount of electrical capacity in kilowatts which shall be sufficient to meet the customer's normal maximum requirements for the on-peak period and a definite amount of electrical capacity in kilowatts which shall be sufficient to meet normal maximum requirements for the off-peak period, but in no case shall the contract capacity be less than 1,000 kW. When a customer being served under this Schedule establishes metered demands less than 1,000 kW per month for ten (10) or more months during the past twelve (12) months, the customer will be placed on the appropriate general service P.A. Standard Schedule. The Company shall not be required to supply capacity in excess of the on-peak and off-peak capacities. Contract capacities shall be in multiples of 100 kW.

**MONTHLY RATE**

| Schedule Code |                                       | Generation | Transmission | Distribution | Total  |
|---------------|---------------------------------------|------------|--------------|--------------|--------|
| 301           | <b>Secondary Voltage:</b>             |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 215.00       | 215.00 |
|               | Demand Charge (\$/kW)                 | 11.71      | 2.13         | 5.64         | 19.48  |
|               | Off-Peak Excess Demand Charge (\$/kW) | 1.19       | 0.21         | 2.98         | 4.38   |
|               | Energy Charge (¢/kWh)                 | 0.566      | 0.000        | 0.000        | 0.566  |
| 307           | <b>Primary Voltage:</b>               |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 290.00       | 290.00 |
|               | Demand Charge (\$/kW)                 | 11.41      | 2.06         | 3.40         | 16.87  |
|               | Off-Peak Excess Demand Charge (\$/kW) | 1.16       | 0.20         | 0.72         | 2.08   |
|               | Energy Charge (¢/kWh)                 | 0.552      | 0.000        | 0.000        | 0.552  |
|               | <b>Subtransmission Voltage:</b>       |            |              |              |        |
|               | Customer Charge (\$)                  | --         |              | 320.00       | 320.00 |
|               | Demand Charge (\$/kW)                 | 11.21      | 2.04         | 0.00         | 13.25  |
|               | Off-Peak Excess Demand Charge (\$/kW) | 1.14       | 0.20         | 0.00         | 1.34   |
|               | Energy Charge (¢/kWh)                 | 0.544      | 0.000        | 0.000        | 0.544  |

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Electricity from Appalachian Power Company dated July 1, 2009  
Per Final Order Case PUE-2011-00037

**PUBLIC AUTHORITY TARIFF NO. 16**

**SCHEDULE L.P.S.-T.O.D. P.A.  
(Large Power Service Time-of-Day – Public Authority)  
(continued)**

**MONTHLY RATE (Cont'd)**

| Schedule Code                         | Generation | Transmission | Distribution | Total  |
|---------------------------------------|------------|--------------|--------------|--------|
| <b>Transmission Voltage:</b>          |            |              |              |        |
| Customer Charge (\$)                  | --         |              | 430.00       | 430.00 |
| Demand Charge (\$/kW)                 | 11.04      | 2.01         | 0.00         | 13.05  |
| Off-Peak Excess Demand Charge (\$/kW) | 1.12       | 0.20         | 0.00         | 1.32   |
| Energy Charge (¢/kWh)                 | 0.537      | 0.000        | 0.000        | 0.537  |

Reactive Demand Charge for each KVAR of leading or lagging reactive demand in excess of 50% of the kW metered demand . . . . . \$0.75 per KVAR

Each kilowatt-hour of energy consumed is subject to all applicable riders and surcharges. Each kilowatt of demand consumed is subject to all applicable riders and surcharges.

**MINIMUM CHARGE**

This Schedule is subject to a minimum monthly charge equal to the sum of the Customer Charge, the product of the Demand Charge and the monthly billing demand, and all applicable adjustments.

**PAYMENT**

Bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company by the next bill date. On all accounts not so paid, a charge of 1½% per month will be applied to any account balances not received by the Company by the next bill date. If the Company fails to mail bills promptly after the billing date, the due date will be extended accordingly. The customer may designate its billing address.

**MEASUREMENT AND DETERMINATION OF BILLING DEMAND**

The billing demand in kW shall be taken each month as the single highest 30-minute peak in kW as registered during the month in the on-peak period by a demand meter or indicator. The monthly billing demand established hereunder shall not be less than 60% of the greater of (a) the customer's on-peak contract capacity, or (b) the customer's highest previously established monthly billing demand during the past 11 months.

The off-peak billing demand in kW shall be taken each month as the single highest 30-minute peak in kW as registered during the month in the off-peak period by a demand meter or indicator. The monthly off-peak billing demand established hereunder shall not be less than 60% of the greater of (a) the customer's off-peak contract capacity or (b) the customer's highest previously established off-peak monthly billing demand during the past 11 months.

The off-peak excess demand shall be the amount by which the monthly off-peak billing demand exceeds the monthly billing demand.

The reactive demand in KVAR shall be taken each month as the single highest 30-minute peak in KVAR as registered during the month by a demand meter or indicator.

Billing demands shall be rounded to the nearest whole kW and KVAR.

**PUBLIC AUTHORITY TARIFF NO. 16****SCHEDULE L.P.S.- P.A.  
(Large Power Service – Public Authority)  
(continued)****MEASUREMENT AND DETERMINATION OF BILLING DEMAND (Cont'd)**

For the purpose of this Schedule, the on-peak billing period is defined as 7 a.m. to 8 p.m., local time, for all weekdays, Monday through Friday. The off-peak billing period is defined as 8 p.m. to 7 a.m., local time, for all weekdays, all hours of the day on Saturdays and Sundays, and the legally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**METERED VOLTAGE ADJUSTMENT**

The rates set forth in this Schedule are based upon the delivery and measurement of energy at the same voltage. When the measurement of energy occurs at a voltage different than the delivery voltage, the measurement of energy will be compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, metered kWh, kW and KVAR will be adjusted for billing purposes. In cases where multipliers are used to adjust metered usage, the adjustment shall be as follows:

- (a) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (b) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

The Company shall not be required to supply capacity in excess of the contract capacity except by mutual agreement.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Schedule N.M.S.P.A. or by special agreement with the Company.

APPALACHIAN POWER COMPANY

Sheet No. 7

**PUBLIC AUTHORITY TARIFF NO. 16****SCHEDULE A.F.S.-P.A.  
(Alternate Feed Service-Public Authority)****AVAILABILITY OF SERVICE**

Available for electric service to general service customers who take P.A. Standard Service from the Company and who request the Company to provide an alternate service from existing distribution facilities which is in addition to their principal service, provided that the Company has available capacity in existing distribution facilities adjacent to the customer's requested delivery point.

Each customer electing to take service under this Schedule shall contract for a definite amount of electrical capacity in kilowatts, which shall be sufficient to meet the customer's normal maximum demand.

**MONTHLY RATE**

In addition to all monthly charges for the customer's principal service as determined under the appropriate P.A. Standard Schedule, the customer shall pay the following:

|  |                                   |
|--|-----------------------------------|
| For each kW of contract capacity<br>or highest demand established during<br>the last 11 months, whichever is greater | <u>Distribution</u><br>\$1.25 /kW |
|--|-----------------------------------|

**PAYMENT**

Bills are due upon presentation. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the bill preparation date shall be subject to a delayed payment charge of 1½%.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

Written agreements may be required pursuant to the Extension of Service provision contained in the Terms and Conditions of Service of the Virginia Public Authorities Agreement.

**SPECIAL TERMS AND CONDITIONS**

The customer shall be responsible for supplying any switching apparatus and facilities which are required in order for the installation to conform to the Company's construction standards and requirements. In those cases where the Company supplies the switching apparatus to conform to the Company's standards and requirements, the customer shall be responsible for the total cost of the switching apparatus, its installation, maintenance, and any future replacement costs.

In the event existing alternate distribution facilities adjacent to the customer's requested delivery point are not adequate, and the Company is able to construct additional facilities to meet this need, a Contribution in Aid-of-Construction may be required for such additional facilities pursuant to the Extension of Service provision contained in the Terms and Conditions of Service of the Virginia Public Authorities Agreement.

Customers currently receiving duplicate service and not paying the monthly A.F.S. rate will cease receiving such service when the Company's existing facilities no longer have sufficient excess capacity available to provide this service. Customers desiring to continue receiving alternate feed service may do so only under the terms and conditions of Schedule A.F.S.-P.A.

APPALACHIAN POWER COMPANY

**PUBLIC AUTHORITY TARIFF NO. 16**

**RIDER F.F.R. – P.A.  
(Fuel Factor Rider – Public Authority)**

**AVAILABILITY OF SERVICE**

Available for general service to municipal corporations and state governmental entities, excluding Public Housing Authorities and the Commonwealth of Virginia, as those terms are used in §§56-232 and 234 of the Code of Virginia and in pertinent decisions of the Supreme Court of Virginia, who take Public Authority Service from the Company. The Fuel Factor Rider shall be calculated by multiplying the customer's kWh by 2.953¢ per kilowatt-hour.

The Fuel Factor Rider shall remain in effect until such time as modified by the Commission.

APPALACHIAN POWER COMPANY

**PUBLIC AUTHORITY TARIFF NO. 16**

**RIDER S.U.T.-P.A.**  
**(Sales and Use Tax Rider-Public Authority)**

Effective January 1, 2013, a Sales and Use Tax surcharge of 0.010¢/kWh will be applied to all customer bills rendered under the applicable schedules or special contracts.

The current surcharge shall remain in effect through December 31, 2013. Prior to the beginning of each subsequent year, the Company will update the amount of the surcharge to reflect the estimated sales and use tax it expects to incur for that year plus any true-up amounts from the prior period.

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**Pursuant to the Virginia Public Authorities Agreement for the Purchase  
of Electricity from Appalachian Power Company dated July 1, 2009**

**Effective: January 1, 2013**

APPALACHIAN POWER COMPANY

Sheet No. 10

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER E.R.C.R.S.-P.A.**  
**(Environmental and Reliability Cost Recovery Surcharge-Public Authority)**

**AVAILABILITY OF SERVICE**

Effective with service rendered on or after February 12, 2012, an Incremental Environmental Compliance and Transmission & Distribution System Reliability Cost Recovery Surcharge (ERCRCR) will commence for all customer bills rendered under the applicable schedules or special contracts. As a result, the ERCRCR shall effectively be calculated by multiplying the customer's kWh's of energy and kW's of demand by the following functional Environmental & Reliability (E & R) Factors:

| <b>Appalachian Power Company</b>               |   |         |         |         |                                       |         |         |         |
|--|---|---------|---------|---------|---------------------------------------|---------|---------|---------|
| <b>Summary of Demand and Energy Surcharges</b> |   |         |         |         |                                       |         |         |         |
|  | <b>E&amp;R per kWh Factors-(\$/kWh)</b> |         |         |         | <b>E&amp;R per kW Factors-(\$/kW)</b> |         |         |         |
|  | Gen                                     | Tran    | Dist    | Total   | Gen                                   | Tran    | Dist    | Total   |
| SGS - (212,232,235)                            | 0.00023                                 | 0.00002 | 0.00010 | 0.00035 | 0.00000                               | 0.00000 | 0.00000 | 0.00000 |
| SGS - LMTOD (255)                              | 0.00021                                 | 0.00002 | 0.00007 | 0.00030 | 0.00000                               | 0.00000 | 0.00000 | 0.00000 |
| MGS - Standard (216)                           | 0.00003                                 | 0.00000 | 0.00001 | 0.00004 | 0.04731                               | 0.00432 | 0.01376 | 0.06539 |
| GS-TOD (237)                                   | 0.0002                                  | 0.00002 | 0.00007 | 0.00029 | 0.00000                               | 0.00000 | 0.00000 | 0.00000 |
| MGS - Primary (218)                            | 0.00002                                 | 0.00000 | 0.00001 | 0.00003 | 0.03887                               | 0.00361 | 0.00837 | 0.05085 |
| GS-TOD (249)                                   | 0.00000                                 | 0.00000 | 0.00000 | 0.00000 | 0.00000                               | 0.00000 | 0.00000 | 0.00000 |
| MGS - Subtransmission (245)                    | 0.00002                                 | 0.00000 | 0.00001 | 0.00003 | 0.03871                               | 0.00359 | 0.00822 | 0.05052 |
| GS-Secondary-(262)-Block 1                     | 0.00007                                 | 0.00001 | 0.00002 | 0.00010 | 0.04809                               | 0.00317 | 0.01413 | 0.06539 |
| Block 2  | 0.00006                                 | 0.00000 | 0.00002 | 0.00008 |                                       |         |         |         |
| GS-Primary-(264)-Block 1                       | 0.00008                                 | 0.00001 | 0.00002 | 0.00011 | 0.03809                               | 0.00250 | 0.01026 | 0.05085 |
| Block 2  | 0.00006                                 | 0.00000 | 0.00001 | 0.00007 |                                       |         |         |         |
| GS-Subtrans.-(266)-Block 1                     | 0.00008                                 | 0.00000 | 0.00001 | 0.00009 | 0.04307                               | 0.00258 | 0.00487 | 0.05052 |
| Block 2  | 0.00005                                 | 0.00000 | 0.00001 | 0.00006 |                                       |         |         |         |
| GS-Transmission-(268)-Block 1                  | 0.00002                                 | 0.00000 | 0.00001 | 0.00003 | 0.03326                               | 0.00270 | 0.00780 | 0.04376 |
| Block 2  | 0.00002                                 | 0.00000 | 0.00001 | 0.00003 |                                       |         |         |         |
| LGS - Secondary (375)                          | 0.00002                                 | 0.00000 | 0.00001 | 0.00003 | 0.07328                               | 0.00574 | 0.01995 | 0.09897 |
| LGS - Primary (376)                            | 0.00002                                 | 0.00000 | 0.00000 | 0.00002 | 0.07292                               | 0.00563 | 0.01318 | 0.09173 |
| LGS - Subtransmission (377)                    | 0.00002                                 | 0.00000 | 0.00000 | 0.00002 | 0.06724                               | 0.00534 | 0.00278 | 0.07536 |
| LGS - Transmission                             | 0.00000                                 | 0.00000 | 0.00000 | 0.00000 | 0.00000                               | 0.00000 | 0.00000 | 0.00000 |
| LPS - Secondary (301)                          | 0.00002                                 | 0.00000 | 0.00001 | 0.00003 | 0.07444                               | 0.00616 | 0.01976 | 0.10036 |
| LPS - Primary (307)                            | 0.00002                                 | 0.00000 | 0.00000 | 0.00002 | 0.07407                               | 0.00592 | 0.01205 | 0.09204 |
| OL-(173-195)                                   | 0.00011                                 | 0.00000 | 0.00038 | 0.00049 | 0.00000                               | 0.00000 | 0.00000 | 0.00000 |

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Per Final Order Case PUE-2009-00039

PUBLIC AUTHORITY TARIFF NO. 16

RIDER E-R.A.C.-P.A.

(Environmental Rate Adjustment Clause Rider-Public Authority)

AVAILABILITY OF SERVICE

Effective with bills rendered on and after January 29, 2012, an Environmental Compliance Rate Adjustment Clause Rider (E-RAC) will apply for all standard customer bills rendered under the applicable Standard Schedules or special contracts. As a result, the E-RAC shall effectively be calculated by multiplying the kWh of energy and kW of demand, by the following rates:

| Summary of Demand and Energy Surcharges |                            |                       |  |
|---|----------------------------|-----------------------|--|
|   | Energy (\$<br>(\$ per kWh) | Demand Dem<br>per kW) | and<br>(Off-Peak<br>Excess)<br>(\$ per kW) |
| SGS - (212,232,235)                     | 0.00200                    |                       |  |
| SGS - LMTOD (255)                       | On-Peak-0.00416            |                       |  |
|   | Off-Peak-0.00035           |                       |  |
| MGS - Standard (216)                    | 0.00187                    | 0.12                  | 0.05                                       |
| GS-TOD (237)                            | On-Peak-0.00395            |                       |  |
|   | Off-Peak-0.00053           |                       |  |
| MGS - Primary (218)                     | 0.00182                    | 0.12                  | 0.05                                       |
| GS-TOD (249)                            | On Peak-0.00383            |                       |  |
|   | Off-Peak-0.00051           |                       |  |
| MGS - Subtransmission (245)             | 0.0018                     | 0.11                  | 0.05                                       |
| LGS - Secondary (375)                   | 0.00072                    | 0.38                  | 0.05                                       |
| GS-Secondary-(262)-Block 1              | 0.00177                    | 0.12                  | 0.05                                       |
|   | Block 2                    |                       |  |
| GS-Primary-(264)-Block 1                | 0.00172                    | 0.12                  | 0.05                                       |
|   | Block 2                    |                       |  |
| GS-Subtrans.-(266)-Block 1              | 0.00169                    | 0.11                  | 0.05                                       |
|   | Block 2                    |                       |  |
| GS-Transmission-(268)-Block 1           | 0.00167                    | 0.11                  | 0.05                                       |
|   | Block 2                    |                       |  |
| LGS - Primary (376)                     | 0.00070                    | 0.36                  | 0.05                                       |
| LGS - Subtransmission (377)             | 0.00069                    | 0.36                  | 0.05                                       |
| LGS - Transmission                      | 0.00068                    | 0.36                  | 0.05                                       |
| LPS - Secondary (301)                   |                            | 0.79                  | 0.06                                       |
| LPS - Primary (307)                     |                            | 0.75                  | 0.06                                       |
| OL (173 to 195)                         | 0.00075                    |                       |  |

These factors may remain in effect through January 29, 2013.

PUBLIC AUTHORITY TARIFF NO. 16

RIDER R.P.S. – R.A.C.-P.A.

(Renewable Portfolio Standard Rate Adjustment Clause Rider-Public Authority)

AVAILABILITY OF SERVICE

Effective with service rendered on or after February 1, 2012, the rates in this Renewable Portfolio Standard (RPS) Rider will be applied to all customer bills, except those served under L.P.S. at primary, subtransmission or transmission voltages, rendered under the applicable schedules or special contracts. The RPS shall be calculated by multiplying the kWh's of energy by the rates below:

| Schedule                    | Energy Rate per kWh |
|-----------------------------|---------------------|
| SGS (212,232,235,255)       | \$0.00053           |
| MGS – Standard (216)        | \$0.00063           |
| MGS - Primary (218)         | \$0.00061           |
| MGS - Subtransmission (245) | \$0.00060           |
| GS – Secondary (262)        | Block 1 \$0.00063   |
|                             | Block 2 \$0.00015   |
| GS – Primary (264)          | Block 1 \$0.00061   |
|                             | Block 2 \$0.00015   |
| GS – Subtransmission (266)  | Block 1 \$0.00060   |
|                             | Block 2 \$0.00014   |
| GS – Transmission (268)     | Block 1 \$0.00059   |
|                             | Block 2 \$0.00014   |
| GS-TOD - Secondary (237)    | \$0.00063           |
| GS-TOD - Primary (249)      | \$0.00061           |
| LGS - Secondary (375)       | \$0.00045           |
| LGS - Primary (376)         | \$0.00044           |
| LGS - Subtransmission (377) | \$0.00043           |
| LGS – Transmission          | \$0.00042           |
| LPS – Secondary (301)       | \$0.00046           |
| LPS - Primary (307)         | \$0.00000           |
| OL (173-195)                | \$0.00023           |

This RPS rider shall remain in effect until such time as modified by the Commission.

APPALACHIAN POWER COMPANY

PUBLIC AUTHORITY TARIFF NO. 16

RIDER G-R.A.C.-P.A.

(Generation Rate Adjustment Clause Rider-Public Authority)

AVAILABILITY OF SERVICE

Effective with service rendered on and after March 1, 2012, a Generation Rate Adjustment Clause Rider (G-RAC) will apply for all standard customer bills rendered under the applicable standard Schedules or special contracts. As a result, the G-RAC shall effectively be calculated by multiplying the kWh of energy and kW of demand, by the following rates:

| Summary of Demand and Energy Surcharges |                    |                    |                                 |
|---|--------------------|--------------------|---------------------------------|
|   | Energy per kWh     | Demand per kW      | Demand per kW (Off-Peak Excess) |
|   | Generation in (\$) | Generation in (\$) |                                 |
| SGS - (212,232,235)                     | 0.00174            |                    |                                 |
| SGS - LMTOD (255)                       | On-Peak-0.00362    |                    |                                 |
|   | Off-Peak-0.00031   |                    |                                 |
| MGS - Standard (216)                    | 0.00159            | 0.12               | 0.05                            |
| GS-TOD (237)                            | On-Peak-0.00350    |                    |                                 |
|   | Off-Peak-0.00047   |                    |                                 |
| MGS - Primary (218)                     | 0.00156            | 0.12               | 0.05                            |
| GS-TOD (249)                            | On Peak-0.00339    |                    |                                 |
|   | Off-Peak-0.00046   |                    |                                 |
| MGS - Subtransmission (245)             | 0.00154            | 0.11               | 0.05                            |
| LGS - Secondary (375)                   | 0.00050            | 0.37               | 0.05                            |
| GS-Secondary-(262)-Block 1              | 0.00151            | 0.12               | 0.05                            |
| Block 2                                 | 0.00040            |                    |                                 |
| GS-Primary-(264)-Block 1                | 0.00146            | 0.12               | 0.05                            |
| Block 2                                 | 0.00039            |                    |                                 |
| GS-Subtransmission-(266)-Block 1        | 0.00145            | 0.11               | 0.05                            |
| Block 2                                 | 0.00038            |                    |                                 |
| GS-Transmission-(268)-Block 1           | 0.00143            | 0.11               | 0.05                            |
| Block 2                                 | 0.00038            |                    |                                 |
| LGS - Primary (376)                     | 0.00048            | 0.36               | 0.05                            |
| LGS - Subtransmission (377)             | 0.00048            | 0.35               | 0.05                            |
| LGS - Transmission                      | 0.00047            | 0.35               | 0.05                            |
| LPS - Secondary (301)                   | 0.00014            | 0.57               | 0.06                            |
| LPS - Primary (307)                     | 0.00014            | 0.55               | 0.06                            |
| OL (173 to 195)                         | 0.00051            |                    |                                 |

The G-RAC will remain in effect until such time as modified by the Commission.

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## APPALACHIAN POWER COMPANY

## PUBLIC AUTHORITY TARIFF NO. 16

RIDER P.A.S. – P.A.  
(Public Authority Surcredit)

Effective with service rendered on or after July 1, 2011, a surcredit, Public Authority Surcredit (PAS) will be applied to all customer bills rendered under the applicable schedules or special contracts. The PAS factor shown below shall be applied to the customer's kWh energy consumption:

|                           |
|---------------------------|
| Appalachian Power Company |
| Energy Surcredit-(\$/kWh) |
| 0.00301/kWh               |

This surcredit shall be in effect for service rendered, at a minimum, during the 12 months ending June 30, 2012. Effective April 1, 2013, the surcredit will terminate and cease to be a part of the Public Authority Tariff.

APPALACHIAN POWER COMPANY  
d/b/a American Electric Power

Sheet No. 15-1

PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)

AVAILABILITY OF SERVICE

Available for lighting service sold for the lighting of public streets, public highways and other public outdoor areas in municipalities and political subdivisions where such service can be supplied from the existing general distribution system.

MONTHLY RATE

A. Overhead Service on Existing Secondary Distribution Facilities

| Type of Lamp         | Approximate Lumens | Type of Mounting  | Facility Ownership<br>0-Unknown<br>1-Company<br>2- Customer<br>3-Customer<br>Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|-------------------|---|---------------------|-------------------|-------------------|---|
|                      |                    |                   |   | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| Mercury Vapor        | 3,500              | Wood or Bridge    | 1   | 0.31                | 0.02              | 3.35              | N/A                                       |
| Mercury Vapor        | 7,000              | Wood              | 2   | 0.52                | 0.03              | 2.56              | N/A                                       |
| Mercury Vapor        | 7,000              | Wood or Steel     | 1   | 0.52                | 0.03              | 4.12              | 276.00                                    |
| Mercury Vapor        | 11,000             | Wood              | 1   | 0.73                | 0.05              | 4.52              | N/A                                       |
| Mercury Vapor        | 21,000             | Wood              | 2   | 1.14                | 0.07              | 2.41              | N/A                                       |
| Mercury Vapor        | 21,000             | Wood or Steel     | 1   | 1.14                | 0.07              | 4.69              | 365.00                                    |
| Mercury Vapor        | 21,000             | Steel or Aluminum | 1   | 1.14                | 0.07              | 12.42             | N/A                                       |
| Mercury Vapor        | 58,000             | Wood              | 1   | 2.73                | 0.18              | 6.10              | 470.00                                    |
| High Pressure Sodium | 5,800              | Wood              | 1   | 0.21                | 0.01              | 4.35              | 267.00                                    |
| High Pressure Sodium | 9,500              | Wood or Bridge    | 1   | 0.29                | 0.02              | 4.57              | 285.00                                    |
| High Pressure Sodium | 9,500              | Steel or Aluminum | 1   | 0.29                | 0.02              | 11.12             | N/A (5)                                   |

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**PUBLIC AUTHORITY TARIFF NO. 16(a)**

**SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)**

| Type of Lamp         | Approximate Lumens | Type of Mounting                | Facility Ownership<br>o-Unknown<br>1-Company<br>2- Customer<br>3-Customer Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|---------------------------------|--|---------------------|-------------------|-------------------|---|
|                      |                    |                                 |  | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| High Pressure Sodium | 16,000             | Aluminum                        | 1  | 0.43                | 0.03              | 12.17             | N/A (5)                                   |
| High Pressure Sodium | 16,000             | Wood                            | 1  | 0.43                | 0.03              | 4.53              | 245.00                                    |
| High Pressure Sodium | 22,000             | Unclassified (2), Steel or Wood | 1  | 0.60                | 0.04              | 5.25              | 353.00                                    |
| High Pressure Sodium | 22,000             | Aluminum                        | 2  | 0.60                | 0.04              | 5.25              | 353.00                                    |
| High Pressure Sodium | 22,000             | Aluminum (3) or Steel (3)       | 1  | 0.60                | 0.04              | 12.68             | N/A (5) (6)                               |
| High Pressure Sodium | 22,000             | Aluminum or Steel               | 1  | 0.60                | 0.04              | 19.69             | N/A (5)                                   |
| High Pressure Sodium | 23,000             | Wood                            | 1  | 0.60                | 0.04              | 5.25              | N/A (5)                                   |
| High Pressure Sodium | 50,000             | Unclassified (2) or Wood        | 1  | 1.20                | 0.08              | 5.79              | 422.00                                    |
| High Pressure Sodium | 50,000             | Steel or Aluminum               | 1  | 1.20                | 0.08              | 14.13             | N/A (5) (6)                               |
| High Pressure Sodium | 50,000             | Steel or Aluminum               | 1  | 1.20                | 0.08              | 23.43             | N/A (5)                                   |

APPALACHIAN POWER COMPANY  
d/b/a American Electric Power

Sheet No. 15-3

## PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)

## MONTHLY RATE (Cont'd)

B. Service on Special Company Owned Standard Metal, Concrete, or Ornamental Poles, or Wood Poles, or Wood Poles Served from Underground Distribution

| Type of Lamp         | Approximate Lumens | Type of Mounting   | Facility Ownership<br>0-Unknown<br>1-Company<br>2-Customer<br>3-Customer<br>Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|--------------------|--|---------------------|-------------------|-------------------|---|
|                      |                    |                    |  | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| Mercury Vapor        | 7,000              | Post Top           | 2  | 0.52                | 0.03              | 2.56              | N/A (5)                                   |
| Mercury Vapor        | 7,000              | Wood or Steel      | 1  | 0.52                | 0.03              | 10.72             | 674.00                                    |
| Mercury Vapor        | 21,000             | Steel              | 2  | 1.14                | 0.07              | 8.12              | N/A (5)                                   |
| Mercury Vapor        | 21,000             | Aluminum           | 1  | 1.14                | 0.07              | 12.42             | 817.00                                    |
| Mercury Vapor        | 21,000             | Aluminum (4)       | 1  | 1.14                | 0.07              | 20.42             | N/A (5)                                   |
| Mercury Vapor        | 7,000              | Post Top           | 1  | 0.52                | 0.03              | 4.48              | 357.00                                    |
| High Pressure Sodium | 5,800              | Wood or Ornamental | 1  | 0.21                | 0.01              | 10.90             | 671.00                                    |
| High Pressure Sodium | 9,500              | Wood, Fiberglass,  | 1  | 0.29                | 0.02              | 11.12             | 688.00                                    |
| High Pressure Sodium | 9,500              | Underpass          | 1  | 0.29                | 0.02              | 4.57              | 0.00 (7)                                  |
| High Pressure Sodium | 9,500              | Wood               | 1  | 0.29                | 0.02              | 16.53             | N/A (5) (6)                               |
| High Pressure Sodium | 16,000             | Aluminum, Wood,    | 1  | 0.43                | 0.03              | 12.17             | 735.00                                    |

APPALACHIAN POWER COMPANY  
d/b/a American Electric Power

Sheet No. 15-4

## PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)

## MONTHLY RATE (Cont'd)

| Type of Lamp         | Approximate Lumens | Type of Mounting  | Facility Ownership<br>0-Unknown<br>1-Company<br>2- Customer<br>3-Customer Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|---|--|---------------------|-------------------|-------------------|---|
|                      |                    |   |  | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| High Pressure Sodium | 22,000             | Unclassified(2) or Steel                                  | 2  | 0.60                | 0.04              | 5.25              | 0.00 (7)                                  |
| High Pressure Sodium | 22,000             | Aluminum  | 1  |                     |                   | 7.11 (1)          | N/A (5)                                   |
| High Pressure Sodium | 22,000             | Aluminum, Wood, Fiberglass, Post Top, Ornamental or Steel | 1  | 0.60                | 0.04              | 12.68             | 805.00                                    |
| High Pressure Sodium | 50,000             | Unclassified(2) or Steel                                  | 2  | 1.20                | 0.08              | 5.79              | 0.00 (7)                                  |
| High Pressure Sodium | 50,000             | Aluminum  | 1  | 1.20                | 0.08              | 5.79              | 0.00 (7)                                  |
| High Pressure Sodium | 50,000             | Wood, Steel, Concrete, Aluminum, Fiberglass or Bridge     | 1  | 1.20                | 0.08              | 14.13             | 922.00                                    |
| High Pressure Sodium | 50,000             | Unclassified (2)  | 2  | 1.20                | 0.08              | 14.13             | 922.00                                    |
| High Pressure Sodium | 50,000             | Wood, Concrete, Fiberglass or Aluminum                    | 1  | 1.20                | 0.08              | 23.43             | N/A (5)<br>(6)                            |
| High Pressure Sodium | 9,500              | Post Top, Ornamental or Fiberglass                        | 1  | 0.29                | 0.02              | 4.94              | 356.00                                    |

Issued: January 29, 2012  
Pursuant to the Virginia Public Authorities Agreement for the Purchase of  
Electricity from Appalachian Power Company dated July 1, 2009

Effective: August 1, 2010

**PUBLIC AUTHORITY TARIFF NO. 16(a)**

**SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)**

**MONTHLY RATE (Cont'd)**

Each kilowatt-hour of energy consumed is subject to the Fuel Factor Rider in Schedule F.F.R.-P.A.

Each kilowatt-hour of energy consumed is subject to the Environmental and Reliability Cost Recovery Surcharge Rider in Schedule E.R.C.R.S-P.A-S.L.

Each kilowatt-hour of energy consumed is subject to the Sales and Use Tax Rider in Schedule S.U.T.-P.A.

Effective June 14, 2007 mercury vapor lamps will no longer be available for new installations or for repair or replacement of existing units.

Effective February 1, 2009, the 175 watt 13,000 lumens metal halide floor lamp will no longer be available for new installations or for repair or replacement of existing units.

- (1) This is a bundled rate.
- (2) Unclassified (metal, pilasters, multiple lamp, etc.)
- (3) Overhead highway or floodlight
- (4) Dedicated to street lighting
- (5) There is no facility charge amount due to the fact that the light is no longer available.
- (6) This is a twin light and it is no longer available.
- (7) Energy and minor maintenance

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after July 1, 2009.

**APPALACHIAN POWER COMPANY**  
d/b/a American Electric Power

Sheet No. 15-6

**PUBLIC AUTHORITY TARIFF NO. 16(a)**

**SCHEDULE S.L. – P.A.**  
**(Street Lighting – Public Authority)**  
**(continued)**

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

The above rates under Section A and B are based on the Company's investment in standard facilities in the amount as shown adjacent to the rate. When the investment in new standard facilities, including costs for service from underground, exceeds the prescribed amount, the difference will be paid to the Company by the Customer as a Contribution in Aid of Construction (CIAC). The customer shall also reimburse the Company for all state and federal income taxes associated with the CIAC.

Decorative and other non-standard fixtures and/or poles are not included in the above street lighting rate but may be installed at the Company's option. For new installations of more than 50 decorative or non-standard fixtures and related facilities by a single customer, the Company will install and maintain the non-standard facilities subject to the monthly charges for a standard street light of equivalent wattage in Sections A and B above and subject to the Company receiving the difference between the installed cost of the non-standard facilities and the Cost of Facilities included in the rates in Section A and B above. The Customer agrees to maintain a stock of replacement poles, fixtures and lamps which the Company will acquire, as needed to accomplish replacements. Charges and provisions of service for new installations of less than 50 non-standard fixtures and/or poles will be subject to individual negotiations.

Customers may request that existing Mercury Vapor lights be removed and replaced by High Pressure Sodium Vapor lights. Where such a request is made, the Company and the Customer will identify an orderly and mutually acceptable schedule for accomplishing the requested conversion. For conversion of all Mercury Vapor street lights, the Customer agrees to pay to the Company, prior to such conversion, an amount equal to the removal cost of \$45 per street light plus the remaining unused life of the Mercury Vapor facilities being removed. In those instances where the Mercury Vapor facilities being removed have been installed for 20 years or longer, there will be no charge for the remaining unused life of the facilities being removed.

Existing street lighting facilities served on special Company owned metal, concrete, or ornamental poles, and wood poles served from underground distribution will be billed under the rates contained in Section B.

Service to Customer owned facilities, such as bridge lighting, etc., will be billed under the rates contained in Section A.

PUBLIC AUTHORITY TARIFF NO. 16

**RIDER.-P.A.-S.L.**  
**( Rate Adjustment Clause-Public Authority –Street Lights)**

**AVAILABILITY OF SERVICE**

Effective on a Billing Basis relative to the Effective Date specified below Rate Adjustment Clause factors will commence for all customer bills under the applicable schedules or special contracts. As a result, the Rate Adjustment Clause factors shall effectively be calculated by multiplying the customer's kWh's of energy, exclusive of fuel, by the following Factors:

| Appalachian Power Company               |                                 |         |         |         |         |
|---|---------------------------------|---------|---------|---------|---------|
| Summary of Energy Charges               |                                 |         |         |         |         |
| E & R per kWh Factors-(\$/kWh)          |                                 |         |         |         |         |
| Effective Date & Billing Basis          |                                 | Gen     | Tran    | Dist    | Total   |
| <u>02/01/2012</u><br>Service Rendered   | Street Lights<br>(523,529, 538) | 0.00021 | 0.00002 | 0.00007 | 0.00030 |
| E-R.A.C.- per kWh Factors-(\$/kWh)      |                                 |         |         |         |         |
|   |                                 | Gen     | Tran    | Dist    | Total   |
| <u>01/29/2012</u><br>Bills Rendered     | Street Lights<br>(523,529, 538) | 0.00194 | 0.00000 | 0.00000 | 0.00194 |
| R.P.S.-R.A.C.- per kWh Factors-(\$/kWh) |                                 |         |         |         |         |
|   |                                 | Gen     | Tran    | Dist    | Total   |
| <u>02/1/2012</u><br>Service Rendered    | Street Lights<br>(523,529, 538) | 0.00048 | 0.00000 | 0.00000 | 0.00048 |
| G-R.A.C.- per kWh Factors-(\$/kWh)      |                                 |         |         |         |         |
|   |                                 | Gen     | Tran    | Dist    | Total   |
| <u>03/1/2012</u><br>Service Rendered    | Street Lights<br>(523,529, 538) | 0.00169 | 0.00000 | 0.00000 | 0.00169 |

## PUBLIC AUTHORITY TARIFF NO. 16

**SCHEDULE T-R.A.C-P.A.**  
**(Transmission Rate Adjustment Clause Rider-Public Authority)**

**AVAILABILITY OF SERVICE**

The Transmission Rate Adjustment Clause Rider (T-RAC) will be applied to all standard customer bills rendered under the applicable schedules or special contracts. The T-RAC shall be calculated by multiplying the kWh's of energy and kW's of demand by the rates below.

| Appalachian Power Company          |                         |                        |                                  |
|------------------------------------|-------------------------|------------------------|----------------------------------|
| Summary of Demand and Energy Rates |                         |                        |                                  |
|                                    | Energy T-RAC<br>per kWh | Demand T-RAC<br>per kW | T-RAC Per Off-<br>Peak Excess kW |
| SGS - (212,232,235)                | \$0.00000               |                        |                                  |
| SGS - LMTOD (255)                  | On-Peak: \$0.00000      |                        |                                  |
|                                    | Off-Peak: \$0.00000     |                        |                                  |
| MGS - Standard (216)               | \$0.00000               | \$0.00                 | \$0.00                           |
| GS-TOD Secondary (237,238)         | On-Peak: \$0.00000      |                        |                                  |
|                                    | Off-Peak: \$0.00000     |                        |                                  |
| MGS - Primary (218)                | \$0.00000               | \$0.00                 | \$0.00                           |
| GS-TOD Primary (249,250)           | On-Peak: \$0.00000      |                        |                                  |
|                                    | Off-Peak: \$0.00000     |                        |                                  |
| MGS - Subtransmission (245)        | \$0.00000               | \$0.00                 | \$0.00                           |
| GS-Secondary (262)                 | Block 1 \$0.00000       | \$0.00                 | \$0.00                           |
|                                    | Block 2 \$0.00000       |                        |                                  |
| GS-Primary (264)                   | Block 1 \$0.00000       | \$0.00                 | \$0.00                           |
|                                    | Block 2 \$0.00000       |                        |                                  |
| GS-Subtransmission (266)           | Block 1 \$0.00000       | \$0.00                 | \$0.00                           |
|                                    | Block 2 \$0.00000       |                        |                                  |
| GS-Transmission (268)              | Block 1 \$0.00000       | \$0.00                 | \$0.00                           |
|                                    | Block 2 \$0.00000       |                        |                                  |
| LGS - Secondary (375)              | \$0.00000               | \$0.00                 | \$0.00                           |
| LGS - Primary (376)                | \$0.00000               | \$0.00                 | \$0.00                           |
| LGS - Subtransmission (377)        | \$0.00000               | \$0.00                 | \$0.00                           |
| LGS - Transmission ( )             | \$0.00000               | \$0.00                 | \$0.00                           |
| LPS - Secondary (301)              |                         | \$0.00                 | \$0.00                           |
| LPS - Primary (307)                |                         | 0.00                   | \$0.000                          |
| OL-(173-195)                       | \$0.00000               |                        |                                  |

Issued: January 29, 2012

Effective: January 29, 2012

Pursuant to the Virginia Public Authorities Agreement for the  
Purchase of Electricity from Appalachian Power Company dated July 1, 2009  
Per Final Order Case PUE-2009-00030

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER N.M.S.P.A.**  
(Net Metering Service Rider-Public Authority)**AVAILABILITY OF SERVICE**

Available for new or existing customers who take service from the Company under the Public Authority Tariff, own and operate an eligible renewable fuel generator designed to operate in parallel with the Company's system and who request Net Metering Service (NMS) from the Company. NMS Customers must take service under Schedule S.G.S.P.A., Schedule M.G.S.P.A., Schedule G.S.P.A., Schedule L.G.S. P.A., or Schedule L.P.S.-T.O.D.P.A. Those Customers who utilize time-of-day provisions must have service that has two or more time of use tiers for energy-based charges and an electricity supply demand charge. The total capacity of all NMS Customers shall be limited to 1% of the Public Authority peak load forecast ("Public Authority Limit Renewable Generator Limit", and shall be available to customers with eligible renewable fuel generators on a first come, first serve basis. In the event a prospective net metering customer has submitted a notification form substantially similar to the form required by Rule 20VAC5-315-30 ("Interconnection Form") and that customer's interconnection would cause the Company to exceed the "Public Authority Renewable Generator Limit", the Company will provide the proper notification to the customer.

**DEFINITIONS**

The following terms shall solely be used to define the applicability of Schedule N.M.S.P.A.

"Billing period credit" means, for a non time-of-use net metering customer, the quantity of electricity generated and fed back into the electric grid by the customer's renewable fuel generator in excess of the electricity supplied to the customer over the billing period. For time-of-use net metering customers, billing period credits are determined separately for each time-of-use tier.

"Excess generation" means the amount of electricity generated by the renewable fuel generator in excess of the electricity consumed by the customer over the course of the net metering period. For time-of-use net metering customers, excess generation is determined separately for each time-of-use tier.

"Net metering customer (Customer)" means a customer owning and operating, or contracting with other persons to own or operate, or both, a renewable fuel generator under a net metering service arrangement.

"Net metering period" means such successive 12-month period beginning with the first meter reading date following the date of final interconnection of the renewable fuel generator with the electric distribution company's facilities.

"Net metering service" means providing retail electric service to a customer operating a renewable fuel generator and measuring the difference, over the net metering period, between electricity supplied to the customer from the electric grid and the electricity generated and fed back to the electric grid by the customer.

"Person" means any individual, corporation, partnership, association, company, business, trust, joint venture, or other private legal entity and the Commonwealth or any municipality.

"Renewable Energy Certificate (REC)" represents the renewable energy attributes associated with the production of one megawatt-hour (MWh) of electrical energy generated by a renewable fuel generator.

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER N.M.S.P.A.**  
**(Net Metering Service Rider-Public Authority)**

**DEFINITIONS (Cont.)**

"Renewable fuel generator" is an electrical generating facility which complies with all of the following requirements:

- (a) uses as its total source of fuel, renewable energy, as defined in § 56-576 of the Code of Virginia. "Renewable energy" means energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass;
- (b) the Net metering customer's facility is located on the customer's premises and is connected to the customer's wiring on the customer's side of the interconnection with the Company;
- (c) is designed and installed to operate in parallel with the Company's system without adversely affecting the operation of equipment and service of the Company and its customers and without presenting safety hazards to Company and customer personnel; and
- (d) is intended primarily to offset all or part of the customer's own electricity requirements.

**CONDITIONS OF SERVICE****A. Notification**

1. For a renewable fuel generator with an alternating current capacity of 25 kW or less, the customer shall submit the Interconnection Form to the Company at least thirty (30) days prior to the date the customer intends to interconnect the renewable fuel generator to the Company's facilities. For a renewable fuel generator with an alternating current capacity greater than 25 kW, the customer shall submit the approved Interconnection Form to the Company at least sixty (60) days prior to the date the customer intends to interconnect the renewable fuel generator to the Company's facilities. The submission may either be directly to the Company or by registered mail with return receipt. All sections, including appropriate signatures, of the Interconnection Form must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. For renewable fuel generators with capacities greater than 25 kW, the customer should contact the Company prior to making financial commitments. If mailed, the date of notification shall be the third day following the mailing of the Interconnection Form. The Company shall provide a copy of the Interconnection Form to the customer upon request.
2. The Company shall, within thirty (30) days of the date of notification for renewable fuel generators with a rated capacity of 25 kW or less, and within sixty (60) days of the date of notification for renewable fuel generators with a rated capacity greater than 25 kW, either return to the customer a copy of the valid Interconnection Notification form or return any incomplete form. A request for waiver shall extend the time during which the Company may determine whether the customer has satisfied all of the requirements for interconnection of its renewable fuel generator. If the Company determines that the Interconnection Notification form was incomplete or that any of the other requirements for interconnection were not satisfied, the customer shall submit another completed Interconnection Notification form and notify the Company once the customer has completed all work necessary to satisfy the deficiencies prior to interconnection. This notification requirement shall not replace or supersede any other applicable waiting period, or require interconnection authorization when other applicable law, rule, regulation or code would permit authorization to be withheld or delayed. Provided, that for the purposes of this tariff, the Company's approval via the Interconnection Form shall serve as the Company's express written consent for the Customer to operate the generating equipment described in the Interconnection Form in parallel with the Company's service as required in accordance with the provisions of the seventh paragraph of subsection (g) of section TENTH of the Virginia Public Authorities Agreement for the Purchase of Electricity from Appalachian Power Company dated July 1, 2009. The Company reserves the right to withdraw its consent as to the operation of the Renewable Fuel Generator should the Customer fail to comply with the terms contained within this tariff.

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER N.M.S.P.A.**  
**(Net Metering Service Rider-Public Authority)**

## CONDITIONS OF SERVICE (Cont'd)

3. The Net energy metering customer shall immediately notify the Company of any changes in the ownership of, operational responsibility for, or contact information for the generator.

**B. Conditions of Interconnection**

1. Renewable fuel generator equipment shall be installed in accordance with the manufacturer's specifications as well as all applicable provisions of the National Electrical Code. Renewable fuel generator equipment and installations shall comply with all applicable safety and performance standards of the National Electrical Code, the Institute of Electrical and Electronic Engineers and accredited testing laboratories in accordance with IEEE Standard 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003.

In addition, non-static inverter-connected renewable fuel generator equipment and installations shall comply with the Company's Interconnection Guidelines. The Company shall provide a copy of its Interconnection Guidelines to the customer upon request.

2. In the case of renewable fuel generators with an alternating current capacity greater than 25 kW, the following requirements shall be met before interconnection may occur:
- a. Electric Distribution Facilities and Customer Impact Limitations. A renewable fuel generator shall not be permitted to interconnect to the Company's distribution facilities if the interconnection would reasonably lead to damage of any of the Company's facilities or would reasonably lead to voltage regulation or power quality problems at other customer revenue meters due to the incremental effect of the Company's electric distribution system, unless the customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection. . In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such reimbursement.
  - b. Secondary, Service and Service Entrance Limitations. The capacity of the renewable fuel generator shall be less than the capacity of the Company-owned secondary, service, and service entrance cable connected to the point of interconnection, unless the customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection. . In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such reimbursement.
  - c. Transformer Loading Limitations. The renewable fuel generator shall not have the ability to overload the Company's transformer, or any transformer winding, beyond manufacturer or nameplate ratings, unless the customer reimburses the Company for its costs to modify any facilities needed to accommodate the interconnection. In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such reimbursement.
  - d. Integration With Company Facilities Grounding. The grounding scheme of the renewable fuel generator shall comply with IEEE 1547, Standard for Interconnecting Distributed Resources With Electric Power Systems, July 2003, and shall be consistent with the grounding scheme used by the Company. If requested by a prospective net metering customer, the Company shall assist the customer in selecting a grounding scheme the coordinates with the Company's distribution system.
  - e. Balance Limitation. The renewable fuel generator shall not create a voltage imbalance of more than 3.0% at any other customer's revenue meter if the Company's transformer, with the secondary connected to the point of interconnection, is a three-phase transformer, unless the customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection. In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such reimbursement.

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER N.M.S.P.A.**  
**(Net Metering Service Rider-Public Authority)**  
**(continued)**

3. The customer is required to maintain liability insurance which provides coverage in the event of losses or damages arising from the use of the customer's renewable fuel generator. If the customer's renewable fuel generator does not exceed 10 kW, then such coverage shall be in the amount of at least \$100,000 per claim. If the customer's renewable fuel generator exceeds 10 kW, then such coverage shall be in the amount of at least \$300,000 per claim. The customer must submit evidence of such insurance to the Company with the Interconnection Notification form.

The Company's receipt of evidence of liability insurance does not imply an endorsement of the terms and conditions of the coverage.

4. Following Notification by the customer, the Company shall have the right to inspect and test the renewable fuel generator equipment and installation prior to interconnection. The nature and extent of these tests shall be determined solely by the Company. The Company reserves the right to conduct additional tests and inspections and to install additional equipment or meters at any time following interconnection of the renewable fuel generator.
5. The renewable fuel generator installation must have a visibly open, lockable, manual disconnect switch which is accessible by the Company and clearly labeled. . A licensed certified technician must certify via the Interconnection Form that the disconnection switch has been installed properly. The Company reserves the right to install any additional equipment, including controls and meters, at the facility.

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER N.M.S.P.A.**  
**(Net Metering Service Rider-Public Authority)**  
**(continued)**

**CONDITIONS OF SERVICE (Cont'd)**

6. The customer shall periodically maintain and test the renewable fuel generator in accordance with the manufacturer's specifications and all applicable safety and performance standards. The customer shall notify the Company at least fourteen (14) days prior to making any material changes to the renewable fuel generator facility or installation, including, but not necessarily limited to, any modification to the equipment or protective equipment settings or disconnection of the renewable fuel generator from the Company's system, excluding temporary disconnects for routine maintenance. Following a notification of disconnection of the renewable fuel generator, the customer must again complete the notification process specified above prior to any subsequent reconnection.

In addition, the customer shall notify the Company immediately regarding either any damage to the renewable fuel generator facility or safety-related emergency disconnections.

7. Interconnection authorization is not transferable or assignable to other persons or service locations.

**FACILITIES CHARGES**

The customer is responsible for all equipment and installation costs of the renewable fuel generator facility.

The Company shall inspect the inverter settings of a static inverter-connected renewable fuel generator with capacity in excess of 10 kW prior to interconnection. The customer shall pay \$50 to the Company for each inspection.

The Company shall inspect the protective equipment settings of a non-static inverter-connected renewable fuel generator prior to interconnection. The customer shall pay \$50 to the Company for each inspection.

The customer shall pay to the Company any additional charges, as determined by the Company, for equipment, labor, metering, testing or inspections requested by the customer. In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such additional charges.

**METERING**

Net metered energy shall be measured in accordance with standard metering practices by metering equipment capable of measuring (but not necessarily displaying) power flow in both directions.

In instances where a net metering customer has requested, and where the Company would not have otherwise installed, metering equipment that is intended to be read off-site, the Company may charge the Net metering customer its actual cost of installing any additional equipment necessary to implement net metering service.

A time-of-use Net metering customer shall bear the incremental metering costs associated with Net Metering.

Any incremental metering costs associated with measuring the total output of the renewable fuel generator for the purposes of receiving Renewable Energy Certificates shall be installed at the customer's expense.

**MONTHLY CHARGES**

All monthly charges shall be in accordance with the Public Authority Schedule under which the customer takes service. Such charges shall be based on the customer's net energy for the billing period, to the extent that the net energy exceeds zero. To the extent that a non time of use customer's net energy is zero or negative during the billing period, the customer shall pay only the non-usage sensitive charges of the standard Schedule. To the extent that a time-of-use customer's net energy is zero or negative during the billing period, the customer shall pay only the demand charge or charges and non-usage sensitive charges of the standard Schedule. The customer shall receive no compensation from the Company for Excess Generation during the billing period. The Excess generation during the billing period shall be carried forward and credited against positive energy usage (by tiers, in the case of time-of-use customers) in subsequent billing periods.

## PUBLIC AUTHORITY TARIFF NO. 16

**RIDER N.M.S.-P.A.**  
**(Net Metering Service Rider-Public Authority)**  
**(continued)**

**MONTHLY CHARGES- (cont.)**

The Net Metering Period shall be defined as each successive 12-month period beginning with the first meter reading date following the date of interconnection of the renewable fuel generator with the Company's facilities. Any Excess generation at the end of a Net Metering Period shall be carried forward to the next Net Metering Period only to the extent that the Excess generation does not exceed the customer's billed consumption for the current net metering period, adjusted to exclude accumulated billing period credits carried forward and applied from the previous Net Metering Period (recognizing tiers for time-of-use customers).

Upon written request of the customer, the Company and the customer shall enter into a power purchase agreement for the customer's Excess generation for one or more Net Metering Periods. For Net Metering Periods beginning on or after January 1, 2009, the written request of the customer must be submitted prior to the beginning of the Net Metering Period. The power purchase agreement shall be consistent with the Commission's Rules Governing Net Energy Metering (20 VAC 5-315-50 et seq.) and will obligate the Company to purchase the customer's negative net energy for requested Net Metering Periods at a price equal to the PJM Interconnection, L.L.C. (PJM) day-ahead annual, simple average LMP (locational marginal price) in the case of time-of-use customers the simple average of hourly LMP's by tiers, for the AEP Zone, as published by the PJM Market Monitoring Unit, for the most recent calendar year ending on or before the end of each Net Metering Period. The Company shall make full payment annually to the customer within 30 days following the latter of the end of the Net Metering Period or the date of the PJM Market Monitoring Unit's publication of the previous calendar year's AEP Zone day-ahead annual, simple average LMP, or hourly LMP as appropriate.

Excess generation is not transferable, and the Customer, absent a signed power purchase agreement as outlined above, shall receive no compensation from the Company for any Excess generation upon termination of service from the Company, or upon the customer's choice of a qualified ESP.

**RENEWABLE ENERGY CREDITS**

A net metering customer owns any renewable energy certificates associated with the total output of its Renewable Fuel Generator.

The Company is only obligated to purchase a net metering customer's RECs if the net metering customer has exercised its one time option at the time of signing a power purchase agreement with the Company to include a provision requiring the purchase by the Company of all generated RECs over the duration of the power purchase agreement.

Payment for all whole RECs purchased by the Company during a Net Metering Period in accordance with the purchase power agreement shall be made at the same time as the payment for any Excess generation.

The Company will post a credit to the Customer's account. or the Customer may elect a direct payment.

Any fractional REC remaining shall not receive immediate payment, but, may be carried forward to subsequent net metering periods for the duration of the power purchase agreement.

The rate of the payment by the Company for a Customer's RECs shall be the daily unweighted average of the "CR" component of Virginia Electric and Power Company's Virginia jurisdiction Rider G tariff in effect over the period for which the rate of payment for the excess generation is determined.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after July 1, 2009.

Customers with cogeneration and/or small power production facilities shall take service under Rider N.M.S.P.A. or by special agreement with the Company.

VA. S.C.C. TARIFF NO. 24

SCHEDULE O.L.  
(Outdoor Lighting)

AVAILABILITY OF SERVICE

Available for outdoor lighting to individual customers who take Standard Service from the Company and are located outside areas covered by municipal street lighting systems, provided the lighting location designated by the customer is reasonably accessible to the Company's service vehicles without causing damage to the customer's or other's property.

MONTHLY RATE

A. Overhead Lighting Service

For each of the following, the Company will provide lamp, photo-electric relay control equipment, luminaire and upsweep arm not over 6 feet in length, and shall mount same on an existing wood distribution pole which is connected to secondary facilities of the Company.

| Schedule Code | Type of Lamp               | Nominal Lamp Wattage | Approx. Initial Lumens | Base Rate per Month \$ |              |             | ¢ per kWh    |
|---------------|----------------------------|----------------------|------------------------|------------------------|--------------|-------------|--------------|
|               |                            |                      |                        | Generation             | Distribution | G & D Total | Transmission |
| 094           | High Pressure Sodium       | 100                  | 9,500                  | 0.29                   | 7.34         | 7.63        | 0.149        |
| 097           | High Pressure Sodium       | 200                  | 22,000                 | 0.60                   | 9.24         | 9.84        | 0.149        |
| 098           | High Pressure Sodium       | 400                  | 50,000                 | 1.18                   | 11.16        | 12.34       | 0.149        |
| 127           | High Pressure Sodium-Flood | 250                  | 28,500                 | 0.73                   | 10.41        | 11.14       | 0.149        |
| 109           | High Pressure Sodium-Flood | 400                  | 50,000                 | 1.18                   | 11.67        | 12.85       | 0.149        |
| 093           | Mercury Vapor*             | 175                  | 8,500                  | 0.51                   | 7.96         | 8.47        | 0.149        |
| 096           | Mercury Vapor*             | 250*                 | 13,000*                | 0.71                   | 10.77        | 11.48       | 0.149        |
| 095           | Mercury Vapor*             | 400                  | 23,000                 | 1.12                   | 12.82        | 13.94       | 0.149        |
| 136           | Metal Halide               | 150                  | 13,000                 | 0.45                   | 9.37         | 9.82        | 0.149        |
| 134           | Metal Halide-Flood**       | 175**                | 13,000**               | 0.51                   | 11.42        | 11.93       | 0.149        |
| 102           | Metal Halide-Flood         | 400                  | 36,000                 | 1.12                   | 11.92        | 13.04       | 0.149        |
| 131           | Metal Halide-Flood         | 1000                 | 110,000                | 2.68                   | 25.96        | 28.64       | 0.149        |
| 117           | Mongoose                   | 100                  | 9,500                  | 0.29                   | 14.67        | 14.96       | 0.149        |
| 118           | Mongoose                   | 200                  | 22,000                 | 0.60                   | 15.27        | 15.87       | 0.149        |
| 119           | Mongoose                   | 400                  | 50,000                 | 1.18                   | 15.83        | 17.01       | 0.149        |

Each kilowatthour of energy consumed is subject to all applicable riders and surcharges.

\* Effective June 14, 2007 mercury vapor lamps will no longer be available for new installations or for repair or replacement of existing units.

\*\* Effective June 3, 2006, the 175 watt 13,000 lumen metal halide flood lamp will no longer be available for new installations or for repair or replacement of existing units.

When other additional overhead facilities are to be installed by the Company, the customer will, in addition to the above monthly charge, pay a CIAC in advance representing the installation cost of such additional overhead facilities extending from the nearest or most suitable pole of the Company to the point designated by the customer for the installation of said lamp, provided the location designated by the customer is reasonably accessible to the Company's service vehicles without causing damage to the customer's

VA. S.C.C. TARIFF NO. 24

SCHEDULE O.L.  
(Outdoor Lighting)  
(continued)

MONTHLY RATE (Cont'd)

or other's property. In lieu of paying in advance for the installation of additional facilities, the customer may, for the following facilities only, pay the following:

For each additional pole and overhead wire span not over 150 feet:  
 Wood Pole \$ 5.00 per month  
 Aluminum Pole \$17.50 per month  
 Fiberglass Pole \$19.50 per month

B. Post-Top Lighting Service

For each of the following, the Company will provide lamp, photo-electric relay control, post-top luminaire, post and installation (the type and height of which will be consistent with the Company's construction standards), including underground wiring for a distance of 30 feet from the Company's existing secondary facilities.

| Schedule Code | Type of Lamp                   | Nominal Lamp Wattage | Approx. Initial Lumens | Base Rate per Month (\$) |              |             | ¢ per kWh |
|---------------|--------------------------------|----------------------|------------------------|--------------------------|--------------|-------------|-----------|
|               |                                |                      |                        | Generation               | Distribution | G & D Total |           |
| 099           | Mercury Vapor*                 | 175                  | 8,500                  | 0.51                     | 10.42        | 10.93       | 0.149     |
| 106           | High Pressure Sodium           | 70                   | 6,300                  | 0.20                     | 14.46        | 14.66       | 0.149     |
| 111           | High Pressure Sodium           | 100                  | 9,500                  | 0.29                     | 14.63        | 14.92       | 0.149     |
| 103           | High Pressure Sodium - ShoeBox | 250                  | 28,500                 | 0.73                     | 17.09        | 17.82       | 0.149     |
| 113           | High Pressure Sodium           | 250                  | 28,500                 | 0.73                     | 18.36        | 19.09       | 0.149     |
| 104           | High Pressure Sodium           | 400                  | 50,000                 | 1.18                     | 18.24        | 19.42       | 0.149     |
| 124           | High Pressure Sodium-Flood     | 400                  | 50,000                 | 1.18                     | 18.24        | 19.42       | 0.149     |
| 137           | Metal Halide                   | 150                  | 13,000                 | 0.45                     | 15.45        | 15.90       | 0.149     |
| 105           | Metal Halide                   | 400                  | 36,000                 | 1.12                     | 15.81        | 16.93       | 0.149     |
| 135           | Metal Halide-Flood             | 175                  | 13,000                 | 0.51                     | 15.76        | 16.27       | 0.149     |
| 126           | Metal Halide-Flood             | 400                  | 36,000                 | 1.12                     | 15.87        | 16.99       | 0.149     |
| 132           | Metal Halide-Flood             | 1000                 | 110,000                | 2.68                     | 43.81        | 46.49       | 0.149     |
| 141           | Mongoose                       | 100                  | 9,500                  | 0.29                     | 27.29        | 27.58       | 0.149     |
| 142           | Mongoose                       | 200                  | 22,000                 | 0.60                     | 27.89        | 28.49       | 0.149     |
| 143           | Mongoose                       | 400                  | 50,000                 | 1.18                     | 28.54        | 29.72       | 0.149     |

Each kilowatthour of energy consumed is subject to all applicable riders and surcharges.

\* Effective June 14, 2007 mercury vapor lamps will no longer be available for new installations or for repair or replacement of existing units

\*\* Effective February 1, 2009 the 175 watt 13,000 lumen metal halide flood lamp will no longer be available for new installations or for repair or replacement of existing units.

Issued: January 29, 2012  
 Pursuant to Final Order  
 Dated: November 30, 2011  
 Case PUE-2011-00037

Effective: January 29, 2012

## VA. S.C.C. TARIFF NO. 24

**SCHEDULE O.L.  
(Outdoor Lighting)  
(continued)****MONTHLY RATE (Cont'd)**

When the customer's service requires an underground circuit longer than 30 feet from existing secondary facilities for post-top lighting service, the customer will pay to the Company, in advance, a charge for the additional length of underground circuit. In addition, the customer shall reimburse the Company for all state and federal income taxes associated with such charges.

|  |  |
|--|--|
| Company trenches and backfills:  | \$4.93 per foot for the length of underground circuit in excess of 30 feet.  |
| Customer trenches and backfills entire trench*<br>(including the first 30 feet): | \$2.75 per foot for the length of underground circuit in excess of 150 feet. |

\* Trench must comply with all Company and local standards.

The customer will, where applicable, be subject to the following conditions in addition to paying the monthly charges set forth above:

1. Customers requiring service where rock or other adverse soil conditions are encountered will be furnished service provided the excess cost of trenching and backfilling (cost in excess of \$4.93 per foot of the total trench length) is paid to the Company by the customer.
2. In the event the customer requires that an underground circuit be located beneath a driveway or other pavement, the Company may require the customer to install protective conduit in the paved areas.

**PAYMENT**

For all residential customers with outdoor lights, bills are due upon presentation and payable by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the bill preparation date. A charge of 1½% per month will be applied to any account balances, excluding local consumer utility taxes, not received by the Company by the next bill preparation date.

For all other customers with outdoor lights, bills are due upon presentation. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the bill preparation date shall be subject to a delayed payment charge of 1½%. This charge shall not be applicable to local consumer utility taxes.

**HOURS OF LIGHTING**

All lamps shall burn from one-half hour after sunset until one-half hour before sunrise, every night and all night, burning approximately 4,000 hours per annum.

**OWNERSHIP OF FACILITIES**

All facilities necessary for service, including fixtures, controls, poles, transformers, secondaries, lamps and other appurtenances, shall be owned and maintained by the Company. All service and necessary maintenance will be performed only during the regular scheduled working hours of the Company. The Company shall be allowed 48 hours after notification by the customer to replace all burned-out lamps.

**TERM**

The minimum billing term for new residential outdoor lighting installations will be 12 months. At the Company's option, a written agreement may be required pursuant to the Extension of Service provision of the Company's Terms and Conditions of Standard Service. The minimum billing term for new commercial, industrial and other non-residential outdoor lighting installations will be 36 months. At the Company's option, a written agreement may be required pursuant to the Extension of Service provision of the Company's Terms and Conditions of Standard Service.

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to the Company's Terms and Conditions of Standard Service.

Issued: January 29, 2012

Effective: January 29, 2012

Pursuant to Final Order

Dated: November 30, 2011

Case PUE-2011-00037

APPALACHIAN POWER COMPANY  
d/b/a American Electric Power

First Revision of  
Sheet No. 15-1

PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)

AVAILABILITY OF SERVICE

Available for lighting service sold for the lighting of public streets, public highways and other public outdoor areas in municipalities and political subdivisions where such service can be supplied from the existing general distribution system.

MONTHLY RATE

A. Overhead Service on Existing Secondary Distribution Facilities

| Type of Lamp         | Approximate Lumens | Type of Mounting               | Facility Ownership<br>0-Unknown<br>1-Company<br>2- Customer<br>3-Customer<br>Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|--------------------------------|---|---------------------|-------------------|-------------------|---|
|                      |                    |                                |   | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| Mercury Vapor        | 3,500              | Wood or Bridge                 | 1   | 0.33                | 0.02              | 3.58              | N/A                                       |
| Mercury Vapor        | 7,000              | Wood                           | 2   | 0.56                | 0.03              | 2.74              | N/A                                       |
| Mercury Vapor        | 7,000              | Wood or Steel                  | 1   | 0.56                | 0.03              | 4.41              | 276.00                                    |
| Mercury Vapor        | 11,000             | Wood                           | 1   | 0.78                | 0.05              | 4.83              | N/A                                       |
| Mercury Vapor        | 21,000             | Wood                           | 2   | 1.22                | 0.07              | 2.58              | N/A                                       |
| Mercury Vapor        | 21,000             | Wood or Steel                  | 1   | 1.22                | 0.07              | 5.01              | 365.00                                    |
| Mercury Vapor        | 21,000             | Steel or Aluminum              | 1   | 1.22                | 0.07              | 13.28             | N/A                                       |
| Mercury Vapor        | 58,000             | Wood                           | 1   | 2.92                | 0.19              | 6.52              | 470.00                                    |
| High Pressure Sodium | 5,800              | Wood                           | 1   | 0.22                | 0.01              | 4.65              | 267.00                                    |
| High Pressure Sodium | 9,500              | Wood or Bridge                 | 1   | 0.31                | 0.02              | 4.89              | 285.00                                    |
| High Pressure Sodium | 9,500              | Steel or Aluminum              | 1   | 0.31                | 0.02              | 11.89             | N/A (5)                                   |
| High Pressure Sodium | 16,000             | Aluminum                       | 1   | 0.46                | 0.03              | 13.01             | N/A (5)                                   |
| High Pressure Sodium | 16,000             | Wood                           | 1   | 0.46                | 0.03              | 4.84              | 245.00                                    |
| High Pressure Sodium | 22,000             | Unclassified(2), Steel or Wood | 1   | 0.64                | 0.04              | 5.61              | 353.00                                    |
| High Pressure Sodium | 22,000             | Aluminum                       | 2   | 0.64                | 0.04              | 5.61              | 353.00                                    |
| High Pressure Sodium | 22,000             | Aluminum (3) or Steel (3)      | 1   | 0.64                | 0.04              | 13.56             | N/A (5) (6)                               |

Issued: April 1, 2013  
Pursuant to the Virginia Public Authorities Agreement for the Purchase of  
Electricity from Appalachian Power Company dated July 1, 2009

Effective: April 1, 2013

PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)

| Type of Lamp         | Approximate Lumens | Type of Mounting        | Facility Ownership<br>0-Unknown<br>1-Company<br>2- Customer<br>3-Customer Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|-------------------------|--|---------------------|-------------------|-------------------|---|
|                      |                    |                         |  | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| High Pressure Sodium | 22,000             | Aluminum or Steel       | 1  | 0.64                | 0.04              | 21.05             | N/A (5)                                   |
| High Pressure Sodium | 23,000             | Wood                    | 1  | 0.64                | 0.04              | 5.61              | N/A (5)                                   |
| High Pressure Sodium | 50,000             | Unclassified(2) or Wood | 1  | 1.28                | 0.09              | 6.19              | 422.00                                    |
| High Pressure Sodium | 50,000             | Steel or Aluminum       | 1  | 1.28                | 0.09              | 15.11             | N/A (5) (6)                               |
| High Pressure Sodium | 50,000             | Steel or Aluminum       | 1  | 1.28                | 0.09              | 25.05             | N/A (5)                                   |
| LED - Experimental   | 5,100              | Unclassified (8)        | 1  | 0.20                | 0.01              | 22.39             | 1,341.00                                  |
| LED - Experimental   | 5,100              | Unclassified            | 2  | 0.20                | 0.01              | 13.50             | 772.00                                    |
| LED - Experimental   | 8,700              | Unclassified (8)        | 1  | 0.35                | 0.02              | 27.83             | 1,646.00                                  |
| LED - Experimental   | 8,700              | Unclassified            | 2  | 0.35                | 0.02              | 18.95             | 1,077.00                                  |

PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)

MONTHLY RATE (Cont'd)

B. Service on Special Company Owned Standard Metal, Concrete, or Ornamental Poles, or Wood Poles, or Wood Poles Served from Underground Distribution

| Type of Lamp         | Approximate Lumens | Type of Mounting         | Facility Ownership<br>0-Unknown<br>1-Company<br>2-Customer<br>3-Customer Contribution | Base Rate per Month |                   |                   | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|--------------------------|---|---------------------|-------------------|-------------------|---|
|                      |                    |                          |   | Generation (\$)     | Transmission (\$) | Distribution (\$) |   |
| Mercury Vapor        | 7,000              | Post Top                 | 2   | 0.56                | 0.03              | 2.74              | N/A (5)                                   |
| Mercury Vapor        | 7,000              | Wood or Steel            | 1   | 0.56                | 0.03              | 11.46             | 674.00                                    |
| Mercury Vapor        | 21,000             | Steel                    | 2   | 1.22                | 0.07              | 8.68              | N/A (5)                                   |
| Mercury Vapor        | 21,000             | Aluminum                 | 1   | 1.22                | 0.07              | 13.28             | 817.00                                    |
| Mercury Vapor        | 21,000             | Aluminum (4)             | 1   | 1.22                | 0.07              | 21.83             | N/A (5)                                   |
| Mercury Vapor        | 7,000              | Post Top                 | 1   | 0.56                | 0.03              | 4.79              | 357.00                                    |
| High Pressure Sodium | 5,800              | Wood or Ornamental       | 1   | 0.22                | 0.01              | 11.65             | 671.00                                    |
| High Pressure Sodium | 9,500              | Wood, Fiberglass,        | 1   | 0.31                | 0.02              | 11.89             | 688.00                                    |
| High Pressure Sodium | 9,500              | Underpass                | 1   | 0.31                | 0.02              | 4.89              | 0.00 (7)                                  |
| High Pressure Sodium | 9,500              | Wood                     | 1   | 0.31                | 0.02              | 17.67             | N/A (5) (6)                               |
| High Pressure Sodium | 16,000             | Aluminum, Wood,          | 1   | 0.46                | 0.03              | 13.01             | 735.00                                    |
| High Pressure Sodium | 22,000             | Unclassified(2) or Steel | 2   | 0.64                | 0.04              | 5.61              | 0.00 (7)                                  |
| High Pressure Sodium | 22,000             | Aluminum                 | 1   |                     |                   | 7.60 (1)          | N/A (5)                                   |
| High Pressure Sodium | 22,000             | Aluminum, Wood,          | 1   | 0.64                | 0.04              | 13.56             | 805.00                                    |
| High Pressure Sodium | 50,000             | Unclassified(2) or Steel | 2   | 1.28                | 0.09              | 6.19              | 0.00 (7)                                  |
| High Pressure Sodium | 50,000             | Aluminum                 | 1   | 1.28                | 0.09              | 6.19              | 0.00 (7)                                  |

PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)

MONTHLY RATE (Cont'd)

B. Service on Special Company Owned Standard Metal, Concrete, or Ornamental Poles, or Wood Poles, or Wood Poles Served from Underground Distribution

| Type of Lamp         | Approximate Lumens | Type of Mounting                                      | Facility Ownership<br>0-Unknown<br>1-Company<br>2- Customer<br>3-Customer Contribution | Generation (\$) | Transmission (\$) | Distribution (\$) | Cost of Facilities Included in Rates (\$) |
|----------------------|--------------------|---|--|-----------------|-------------------|-------------------|---|
| High Pressure Sodium | 50,000             | Wood, Steel, Concrete, Aluminum, Fiberglass or Bridge | 1  | 1.28            | 0.09              | 15.11             | 922.00                                    |
| High Pressure Sodium | 50,000             | Unclassified (2)                                      | 2  | 1.28            | 0.09              | 15.11             | 922.00                                    |
| High Pressure Sodium | 50,000             | Wood, Concrete, Fiberglass or Aluminum                | 1  | 1.28            | 0.09              | 25.05             | N/A (5) (6)                               |
| High Pressure Sodium | 9,500              | Post Top, Ornamental or Fiberglass                    | 1  | 0.31            | 0.02              | 5.28              | 356.00                                    |
| LED - Experimental   | 3,170              | Post Top or Ornamental                                | 1  | 0.29            | 0.02              | 31.37             | 1,891.00                                  |
| LED - Experimental   | 5,100              | Unclassified (8)                                      | 1  | 0.20            | 0.01              | 22.39             | 1,341.00                                  |
| LED - Experimental   | 5,100              | Unclassified  | 2  | 0.20            | 0.01              | 13.50             | 772.00                                    |
| LED - Experimental   | 8,700              | Unclassified (8)                                      | 1  | 0.35            | 0.02              | 27.83             | 1,646.00                                  |
| LED - Experimental   | 8,700              | Unclassified  | 2  | 0.35            | 0.02              | 18.95             | 1,077.00                                  |

APPALACHIAN POWER COMPANY  
d/b/a American Electric Power

**PUBLIC AUTHORITY TARIFF NO. 16(a)**

**SCHEDULE S.L. – P.A.**  
**(Street Lighting – Public Authority)**  
**(continued)**

**MONTHLY RATE (Cont'd)**

Each kilowatthour of energy consumed is subject to all applicable riders and surcharges.

Effective June 14, 2007 mercury vapor lamps will no longer be available for new installations or for repair or replacement of existing units.

Effective February 1, 2009, the 175 watt 13,000 lumens metal halide floor lamp will no longer be available for new installations or for repair or replacement of existing units.

- (1) This is a bundled rate.
- (2) Unclassified (metal, pilasters, multiple lamp, etc.)
- (3) Overhead highway or floodlight
- (4) Dedicated to street lighting
- (5) There is no facility charge amount due to the fact that the light is no longer available.
- (6) This is a twin light and it is no longer available.
- (7) Energy and minor maintenance
- (8) Wood mounting is assumed for the Cost of Facilities Included in Rates for LED Experimental Company Owned Mounting.

**TERM**

The term shall be as contained in the agreement for electric service, between the Company and each city, county, and town governmental authority, for service on and after April 1, 2013.

**APPALACHIAN POWER COMPANY**  
d/b/a American Electric Power

**First Revision of**  
**Sheet No. 15-6**

**PUBLIC AUTHORITY TARIFF NO. 16(a)**

**SCHEDULE S.L. – P.A.**  
**(Street Lighting – Public Authority)**  
**(continued)**

**SPECIAL TERMS AND CONDITIONS**

This Schedule is subject to all terms and conditions contained in the agreement for electric service between the Company and each city, county, and town governmental authority for service on and after April 1, 2013.

The above rates under Section A and B are based on the Company's investment in standard facilities in the amount as shown adjacent to the rate. When the investment in new standard facilities, including costs for service from underground, exceeds the predescribed amount, the difference will be paid to the Company by the Customer as a Contribution in Aid of Construction (CIAC). The customer shall also reimburse the Company for all state and federal income taxes associated with the CIAC.

Decorative and other non-standard fixtures and/or poles are not included in the above street lighting rate but may be installed at the Company's option. For new installations of more than 50 decorative or non-standard fixtures and related facilities by a single customer, the Company will install and maintain the non-standard facilities subject to the monthly charges for a standard street light of equivalent wattage in Sections A and B above and subject to the Company receiving the difference between the installed cost of the non-standard facilities and the Cost of Facilities included in the rates in Section A and B above. The Customer agrees to maintain a stock of replacement poles, fixtures and lamps which the Company will acquire, as needed to accomplish replacements. Charges and provisions of service for new installations of less than 50 non-standard fixtures and/or poles will be subject to individual negotiations.

Customers may request that existing Mercury Vapor lights be removed and replaced by High Pressure Sodium Vapor lights. Where such a request is made, the Company and the Customer will identify an orderly and mutually acceptable schedule for accomplishing the requested conversion. For conversion of all Mercury Vapor street lights, the Customer agrees to pay to the Company, prior to such conversion, an amount equal to the removal cost of \$45 per street light plus the remaining unused life of the Mercury Vapor facilities being removed. In those instances where the Mercury Vapor facilities being removed have been installed for 20 years or longer, there will be no charge for the remaining unused life of the facilities being removed.

Existing street lighting facilities served on special Company owned metal, concrete, or ornamental poles, and wood poles served from underground distribution will be billed under the rates contained in Section B.

Service to Customer owned facilities, such as bridge lighting, etc., will be billed under the rates contained in Section A.

## PUBLIC AUTHORITY TARIFF NO. 16(a)

SCHEDULE S.L. – P.A.  
(Street Lighting – Public Authority)  
(continued)

TOTAL MONTHLY ENERGY CONSUMPTION IN KILOWATT HOURS PER SINGLE LAMP

ALL NIGHT LAMPS (Adjusted for Photocell Operation to Total 4000 Hour Operation Per Year)

| TYPE OF LAMP,<br>APPROXIMATE LUMENS,<br>&<br>NOMINAL WATTAGE | Total<br>Watts | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>MERCURY VAPOR</b>   |                |     |     |     |     |     |     |     |     |     |     |     |     |
| 7,560 L 8,500 L 175W   | 216            | 91  | 76  | 76  | 65  | 58  | 52  | 55  | 63  | 69  | 81  | 86  | 92  |
| 10,700 L 13,000 L 250W                                       | 301            | 126 | 106 | 106 | 90  | 81  | 72  | 77  | 88  | 97  | 113 | 119 | 129 |
| 19,100 L 23,000 L 400W                                       | 474            | 199 | 167 | 167 | 142 | 127 | 114 | 121 | 138 | 152 | 178 | 188 | 203 |
| 33,600 L 43,000 L 700W                                       | 803            | 337 | 283 | 283 | 241 | 215 | 193 | 205 | 234 | 257 | 302 | 318 | 344 |
| 45,500 L 63,000 L 1,000W                                     | 1,135          | 477 | 400 | 400 | 340 | 304 | 272 | 291 | 331 | 363 | 427 | 449 | 486 |
| <b>SODIUM VAPOR</b>  |                |     |     |     |     |     |     |     |     |     |     |     |     |
| 3,600 L 4,000 L 50W  | 58             | 24  | 20  | 20  | 18  | 15  | 14  | 15  | 17  | 19  | 22  | 23  | 25  |
| 5,670 L 6,300 L 70W  | 86             | 36  | 30  | 30  | 26  | 23  | 21  | 22  | 25  | 28  | 32  | 34  | 37  |
| 8,550 L 9,500 L 100W   | 121            | 51  | 43  | 43  | 36  | 32  | 29  | 31  | 35  | 39  | 45  | 48  | 52  |
| 14,400 L 16,000 L 150W                                       | 176            | 74  | 62  | 62  | 53  | 47  | 42  | 45  | 51  | 57  | 66  | 70  | 75  |
| 19,800 L 22,000 L 200W                                       | 253            | 106 | 89  | 89  | 76  | 68  | 61  | 65  | 74  | 81  | 95  | 100 | 108 |
| 25,600 L 28,500 L 250W                                       | 309            | 130 | 109 | 109 | 93  | 83  | 74  | 79  | 90  | 99  | 116 | 122 | 132 |
| 33,300 L 37,000 L 310W                                       | 365            | 153 | 128 | 128 | 110 | 98  | 88  | 93  | 107 | 117 | 137 | 145 | 156 |
| 45,000 L 50,000 L 400W                                       | 500            | 210 | 176 | 176 | 150 | 134 | 120 | 128 | 146 | 160 | 188 | 198 | 214 |
| 126,000 L 140,000 L 1,000W                                   | 1,135          | 477 | 400 | 400 | 340 | 304 | 272 | 291 | 331 | 363 | 427 | 449 | 486 |
| <b>LED</b>   |                |     |     |     |     |     |     |     |     |     |     |     |     |
| 5,100 L 80W  | 80             | 34  | 28  | 28  | 24  | 21  | 19  | 20  | 23  | 26  | 30  | 32  | 34  |
| 3,170 L 116W   | 116            | 49  | 41  | 41  | 35  | 31  | 28  | 30  | 34  | 37  | 43  | 46  | 50  |
| 8,700 L 142W   | 142            | 60  | 50  | 50  | 43  | 38  | 34  | 36  | 41  | 45  | 53  | 56  | 61  |

ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens**   
  **Consent Item**   
  **Old Business**   
  **New Business**  
 **Committee Report**   
  **Other**

|                            |                   |
|----------------------------|-------------------|
| FOR COUNCIL MEETING DATED: | February 11, 2013 |
|----------------------------|-------------------|

|                           |   |
|---------------------------|---|
| STAFF MAKING REQUEST:     | C. James Ervin, Town Manager  |
| BRIEF SUMMARY OF REQUEST: | Attached is a letter dated January 18, 2013 to the Mayor and Town Council from Lorinda Lionberger, Chairman of the Rocky Mount Beautification and Urban Design (BUD) Commission, requesting Council's review and consideration of appointing Aaron Burdick to a three-year term as a voting member of the BUD Commission. Mr. Burdick has consented to serve. |
| ACTION NEEDED:            | Approval/denial of request.   |

Attachment(s): Yes

|  |
|--|
| FOLLOW-UP ACTION:<br>(To be completed by Town Clerk) |
|  |

**ROCKY MOUNT BEAUTIFICATION  
AND  
URBAN DESIGN COMMISSION**

18 January 2013

Mayor and Town Council  
Town of Rocky Mount  
345 Donald Avenue  
Rocky Mount, VA 24151

REF: B.U.D. Commission appointment

Dear Mayor Angle:

At its January meeting the Commission approved the following recommendation to Town Council:

That Aaron S. Burdick be appointed to a three-term as a voting member of the B.U.D. Commission. He has consented to serve if appointed.

The Commission would appreciate consideration of this recommendation at the February Council meeting.

Please call me at 576-1590 or 537-7564(cell) if have questions or need further information.

Sincerely,



Lorinda G. Lionberger  
Chairman

ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens**   
 **Consent Item**   
 **Old Business**   
 **New Business**  
 **Committee Report**   
 **Other**

|                            |                   |
|----------------------------|-------------------|
| FOR COUNCIL MEETING DATED: | February 11, 2013 |
|----------------------------|-------------------|

|                           |  |
|---------------------------|--|
| STAFF MAKING REQUEST:     | C. James Ervin, Town Manager   |
| BRIEF SUMMARY OF REQUEST: | <p>Attached is a letter dated January 15, 2013 to the Rocky Mount Town Council from Johnny Nolen, Race Director for the "Johnny CASA 5-Miler-5k Run/Walk Event". He is requesting Council's review and consideration of approval for them to be able to hold their 8<sup>th</sup> Annual Johnny CASA event in Rocky Mount to benefit the Child Advocacy Center located at 300 South Main Street in Rocky Mount. In the past, they have held the event at the Lakewatch Plantation in Moneta.</p> <p>Due to the other events taking place during the month of October, Mr. Nolen has discussed the best time to hold the event this fall in the Town with the Chief of Police, with both agreeing that Saturday, October 12<sup>th</sup>, starting at 8:30 a.m. would be the best date.</p> <p>The attached letter outlines the proposed route.</p> |
| ACTION NEEDED:            | Approval/denial of request.  |

Attachment(s): Yes

|  |
|--|
| FOLLOW-UP ACTION:<br>(To be completed by Town Clerk) |
|  |

January 15, 2013

Town of Rocky Mount

Re: Johnny CASA 5Miler-5k Run/Walk Event Request

This year will be the 8<sup>th</sup> Annual Johnny CASA event to benefit The Child Advocacy Center located at 300 S. Main Street, Rocky Mount, VA. For the past 7 years the event has been held at Lakewatch Plantation in Moneta.

To grow the running event, I am requesting to move our event to the Town of Rocky Mount. In the past two years we had +/-130 participants with more walkers than runners. After speaking with Asst. Town Chief of Police Roger Smith about possible fall dates to not interfere with traffic from other events, i.e. Folklife Festival, the date of Saturday, October 12 seems most appropriate with an 8:30am start.

The proposed run-walk out and back event would begin on North Main Street at the intersection of Church Street and would proceed out N. Main to a turn-around for the 5K near the firehouse/police station and the 5 miler would proceed on to Benjamin Franklin Middle School for the turn-around back to S. Main to a left on Floyd and to the finish on Bank Street behind The Child Advocacy Center.

Johnny Nolen

Race Director

78 Cromwell Dr., Rocky Mount, VA 24151 H (540) 483-9658

ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens   
  Consent Item   
  Old Business   
  New Business  
 Committee Report   
  Other

|                            |                   |
|----------------------------|-------------------|
| FOR COUNCIL MEETING DATED: | February 11, 2013 |
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|                           |  |
|---------------------------|--|
| STAFF MAKING REQUEST:     | C. James Ervin, Town Manager   |
| BRIEF SUMMARY OF REQUEST: | <p>The Outlaw Cruisers Car Club is requesting:</p> <p>(1) Permission to hold their annual car show to benefit several non-profit organizations. This event is tentatively scheduled for Sunday, May 26, 2013, from 1 p.m. to 4 p.m., with a rain date of Sunday, June 2, 2013, during the same time.</p> <p>(2) Permission to have two Cruise-Ins downtown at the same location on Saturday, June 29, 2013 and August 31, 2013, from 5:30 p.m. until ??? (no rain date).</p> <p>The club is also asking: (1) permission for these events to be held downtown on the stated dates; (2) permission to close Franklin Street and streets intersecting it beginning at Arrington Flowers and ending at the stoplight intersection of the post office for both the annual car show and the Cruise-Ins.</p> <p>The Chief of Police has looked at the request for both events and sees no problem with both requests being held downtown, along with no problem in closing the streets as the annual car show will take place on Sundays, and even though the Cruise-Ins will take place on Saturdays, <b><u>they will be after businesses close.</u></b></p> |
| ACTION NEEDED:            | Approval/denial of requests.   |

Attachment(s): Yes

|  |
|--|
| FOLLOW-UP ACTION:<br>(To be completed by Town Clerk) |
|  |



Rocky Mount Town Council  
Municipal Building  
Rocky Mount, VA 24151

February 4, 2013

To Whom It May Concern:

The Outlaw Cruisers Car Club is beginning to plan our annual car show to benefit several non-profit organizations. This event is tentatively scheduled for Sunday, May 26, 2013 from 1PM to 4PM with a rain date of Sunday, June 2, 2013 during the same time. The club would like to request permission for this event downtown at the stated dates.

The club would also like to request permission to have two Cruise-Ins downtown at the same location. The dates of the Cruise-Ins will be Saturday, June 29 and August 31, 2013 from 5:30pm until. No rain dates.

We respectfully request permission to close Franklin Street and the streets intersecting it beginning at Arrington Flowers and ending at the stop light intersection of the Post Office for both the Car Show and Cruise-Ins. Thank you for your time and consideration in this matter.

Sincerely,

Sondra F. Agee, Secretary  
Outlaw Cruisers Car Club

ITEM(S) TO BE CONSIDERED UNDER:

- Hearing of Citizens**   
  **Consent Item**   
  **Old Business**   
  **New Business**  
 **Committee Report**   
  **Other**

|                            |                   |
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| FOR COUNCIL MEETING DATED: | February 11, 2013 |
|----------------------------|-------------------|

|                           |   |
|---------------------------|---|
| STAFF MAKING REQUEST:     | C. James Ervin, Town Manager<br>Linda Woody, Finance Director   |
| BRIEF SUMMARY OF REQUEST: | <p>Enclosed is the proposed "FY 14 Budget &amp; Capital Improvement Plan Schedule" listing dates of activity for the upcoming Fiscal Year 2014 budget process.</p> <p>Highlighted in yellow are the proposed dates that will affect Council regarding meetings related to the budget and proposed budget work sessions and public hearings.</p> |
| ACTION NEEDED:            | Approval/denial of proposed plan schedule.  |

Attachment(s): Yes

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|--|
| FOLLOW-UP ACTION:<br>(To be completed by Town Clerk) |
|  |

| TOWN OF ROCKY MOUNT                              |           |                                  |   |      |                 |
|--|-----------|----------------------------------|---|------|-----------------|
| FY 14 BUDGET & CAPITAL IMPROVEMENT PLAN SCHEDULE |           |                                  |   |      |                 |
| Day  | Date      | Responsible Party                | Activity  | Time | Place           |
| Mon  | 2/11/2013 | Town Council                     | Approval of Budget / CIP Calendar   | 7:00 | Municipal Bldg. |
| Mon  | 2/11/2013 | Mgr / Fin Dir                    | CIP / Budget worksheets to Department Heads   |      |                 |
| Tues   | 2/19/2013 | Finance Director                 | Revenue Projections   |      |                 |
| Tues   | 2/19/2013 | Department Heads                 | CIP Requests to Finance Director  |      |                 |
| Tues   | 2/19/2013 | Department Heads                 | Operating Budget Requests to Finance Director   |      |                 |
| Fri  | 3/8/2013  | Mgr / Fin Dir                    | Proposed 5 year CIP finalized by Town Manager & Finance Director  |      |                 |
| Mon  | 3/18/2013 | Clerk / Finance Dir              | Public Notice of Planning Commission CIP public hearing   |      |                 |
| Fri  | 3/22/2013 | Mgr / Fin Dir                    | Distribution of FY 13 - 17 CIP to Planning Commission<br>(with copy to Town Council)                          |      |                 |
| Thurs  | 3/28/2013 | Mgr / Fin Dir                    | Distribution of Proposed FY 13 Budget & FY 13 - 17 CIP  |      |                 |
| Tues   | 4/2/2013  | Planning Cmsn.                   | Public Hearing & Recommendation of Proposed CIP   | 6:00 | Municipal Bldg. |
| Mon  | 4/8/2013  | Town Council                     | Presentation of FY 14 Budget and FY 14 - 18 CIP to Council<br>(Regular Council Meeting)                       | 7:00 | Municipal Bldg. |
| Wed  | 4/10/2013 | Town Council                     | Budget Work Session #1  | 4:00 | Municipal Bldg. |
| Mon  | 4/15/2013 | Town Council                     | Budget Work Session #2  | 4:00 | Municipal Bldg. |
| Mon  | 4/15/2013 | Finance Director                 | Public Notice of Tax Rate effect if greater than 1% (if needed)   |      |                 |
| Mon  | 4/22/2013 | Finance Director                 | Public Notice of proposed Budget and public hearings  |      |                 |
| Mon  | 4/29/2013 | Town Council                     | Budget Work Session #3 <i>(if needed)</i>   | 4:00 | Municipal Bldg. |
| Mon  | 4/29/2013 | Planning Cmsn.<br>& Town Council | Joint Work session on proposed 5 year CIP (optional)<br><i>(if desired) (Special meeting for both bodies)</i> | 7:00 | Municipal Bldg. |
| Mon  | 4/29/2013 | Town Council                     | Public Hearing on Tax Rate effect if greater than 1%<br><i>(if needed) (Special meeting)</i>                  | 7:00 | Municipal Bldg. |
| Mon  | 5/6/2013  | Town Council                     | Public Hearing on Proposed FY 14 - 18 CIP & FY 14 Budget<br><i>(Special Council meeting)</i>                  | 7:00 | Municipal Bldg. |
| Mon  | 5/13/2013 | Town Council                     | Adoption of FY 14 - 18 CIP, FY 14 Budget, & Appropriation Resolution<br>(Regular Council meeting)             | 7:00 | Municipal Bldg. |
| Fri  | 5/31/2013 | Finance Director                 | Distribution of Approved Budget and CIP   |      |                 |