



**ROCKY MOUNT TOWN COUNCIL
AGENDA
REGULAR COUNCIL MEETING
TO BE HELD IN COUNCIL CHAMBERS
ROCKY MOUNT MUNICIPAL BUILDING
345 DONALD AVENUE
ROCKY MOUNT, VIRGINIA
DECEMBER 10, 2018
AT 7:00 P.M.**

When speaking before Town Council, please come to the podium and give your name and address for the record. Please address the Council and not the audience. If you provide Council with any documentation, please also give a copy to the town clerk prior to speaking.

◆
All cellular phones must be turned off during the Council Meeting.
◆

The Town of Rocky Mount is pleased to offer assistive listening devices for meeting attendees with special hearing needs. Please ask any staff member or the town clerk for assistance.

- I. Roll Call
- II. Pledge of Allegiance
- III. Approval of Agenda
- IV. Special Items
 - Presentation of Town of Rocky Mount Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018
- V. Public Hearing
 - 90 Woodland Drive - Nuisance
- VI. Approval of Draft Minutes
 - November 13, 2018 – Regular Meeting Minutes
- VII. Approval of Consent Agenda
 - Miscellaneous Action
 1. Award of Contract for Meter Installation Services
 - Miscellaneous Resolutions/Proclamations (*none at this time*)
 - Departmental Monthly Reports
 - Community Development Department
 - Finance Department
 - Fire Department
 - Police Department
 - Public Works Department
 - Wastewater Department
 - Water Department
- VIII. Hearing of Citizens
- IX. Old Business
 1. Review and Consideration for Approval of the Western Virginia Water Authority Agreements
- X. New Business
 1. Review and Consideration of Town Holiday on December 31, 2018
 2. Review and Consideration of Utility Rate Adjustment
 3. Review and Consideration for Approval of 2019 Town Meeting Calendar
 4. Review and Consideration for Asphalt Zipper

XI. Committee Reports

1. Finance and Human Services Committee Meeting met on December 10, 2018 which was past the time to be included in the packet.

XII. Referrals to Planning (*none at this time*)

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

XIV. Closed Meeting and Action

Section 2.2-3711(A)(1) Discussion, consideration or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of any public body. (Rocky Mount Police Department)

XV. Adjournment

Copies of the 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 (8 a.m. to 5 p.m.), or by going to Town of Rocky Mount website: 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.

ITEM(S) TO BE CONSIDERED UNDER:

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

FOR COUNCIL MEETING DATED:	December 10, 2018
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STAFF MAKING REQUEST:	C. James Ervin, Town Manager Linda Woody, Finance Director
BRIEF SUMMARY OF REQUEST:	Re: Presentation of Town of Rocky Mount Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018 and the Economic Development Authority Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. Emily Veirs with the audit firm Robinson, Farmer, Cox Associates will be here to formally present the annual reports.
ACTION NEEDED:	Accept the audited financial statements.

Attachment(s): The 2018 CAFR for the Town and for the EDA.

FOLLOW-UP ACTION: (To be completed by Town Clerk)
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TOWN OF ROCKY MOUNT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

Prepared by the Finance Director/Treasurer

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Directory of Principal Officials	1
GFOA Certificate of Achievement	2
Organizational Chart	3
Letter of Transmittal	4-6

FINANCIAL SECTION

Independent Auditors' Report	7-9
Management's Discussion and Analysis.....	10-17

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	18
Statement of Activities	2	19
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	5	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	23
Statement of Net Position - Proprietary Funds	7	24
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	25
Statement of Cash Flows - Proprietary Funds	9	26
Notes to the Financial Statements		27-89

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: General Fund	10	90
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios.....	11	91
Notes to Required Supplementary Information - OPEB.....	12	92
Schedule of Town's Share of Net OPEB Liability - Group Life Insurance Program	13	93
Schedule of Employer Contributions - Group Life Insurance Program	14	94
Notes to Required Supplementary Information - Group Life Insurance Program.....	15	95-96
Schedule of Changes in Net Pension Liability and Related Ratios	16	97
Schedule of Employer Contributions - Pension Plan	17	98
Notes to Required Supplementary Information - Pension Plan.....	18	99

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Capital Projects Fund.....	19	100
Supporting Schedules:		
	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues - Budget and Actual - Governmental Funds	1	101-102
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	103-111

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component.....	1	112
Changes in Net Position	2	113-114
Fund Balances of Governmental Funds	3	115
Changes in Fund Balances of Governmental Funds	4	116
Assessed Value of Taxable Property.....	5	117
Principal Property Taxpayers.....	6	118
Property Tax Levies and Collections	7	119
Principal Utility Customers	8	120
General Government Local Taxes	9	121
Computation of Legal Debt Margin	10	122
Ratios of Outstanding Debt by Type.....	11	123
Demographic and Economic Statistics	12	124
Principal Employers	13	125
Full-Time Equivalent Town Government Employees by Function/Program.....	14	126
Operating Indicators by Function/Program	15	127
Capital Assets and Infrastructure Statistics by Function/Program	16	128

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	129-130
Schedule of Findings and Responses	131

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
Bobby M. Moyer
Mark H. Newbill
Jon W. Snead
Billie W. Stockton

APPOINTED OFFICIALS

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Rocky Mount
Virginia**

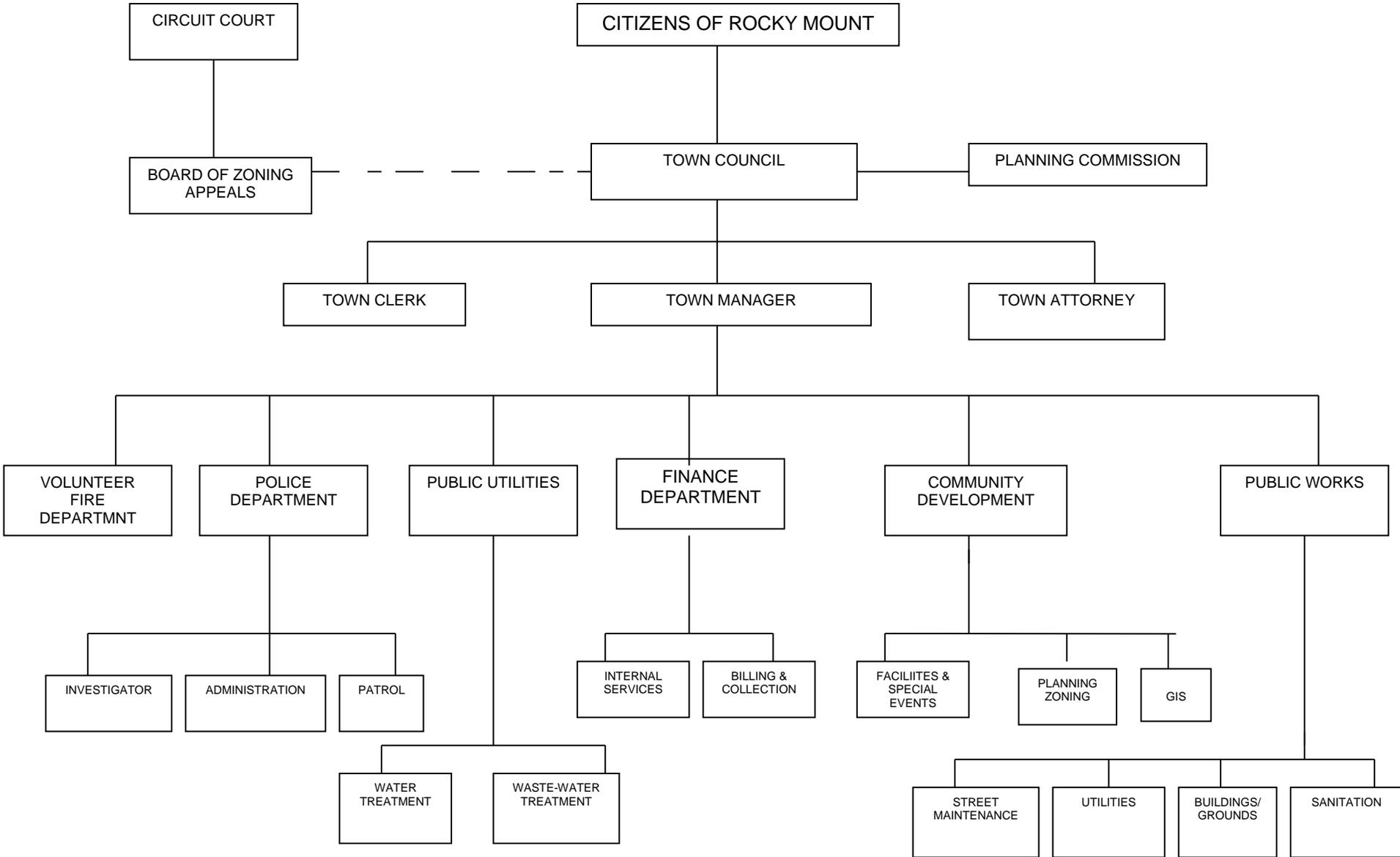
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

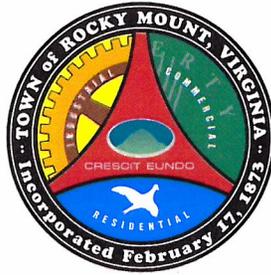
TOWN OF ROCKY MOUNT, VIRGINIA – ORGANIZATIONAL CHART



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

540.483.5243
FAX 540.483.8830

E-mail: jervin@rockymountva.org
www.rockymountva.org



TOWN COUNCIL
Steven C. Angle, Mayor
Billie W. Stockton, Vice Mayor

Bobby M. Cundiff P. Ann Love
Jon W. Snead Bobby L. Moyer
Gregory B. Walker

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

November 12, 2018

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

State Law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. We are pleased to submit the Town's comprehensive annual financial report for the fiscal year ended June 30, 2018.

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, 2018, 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 the financial statements present fairly, in all material respects, the financial position of the Town of Rocky Mount for the fiscal year ended June 30, 2018, in conformity with generally accepted accounting principles (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 4.6 square miles

and boasts a population of 4,800. The Town of Rocky Mount is empowered to levy a property tax on both real and personal properties located within its boundaries

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 Harvester Performance Center (HPC) is a part of this reporting entity as a component unit.

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 (e.g. general 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.

The Town of Rocky Mount serves as the central business and education hub for Franklin County. The Town continues to enjoy growth in the retail and service businesses that serve and are supported by town residents and county residents. Long-term manufacturers within the Town limits are experiencing growth. Residential growth continues with new single-family construction. Because of these up-turns in employment and housing opportunities, Town residents are continuing to feel the security of a positive local economy.

The unemployment rate for Franklin County (no statistics are available for the Town individually) as of June 30, 2018 is 3.4%, which is a slight decrease from the annual rate of 4.2% a year ago according to the Virginia Employment Commission. The state's average unemployment rate as of June 30, 2018 is 3.3% and the national average rate is 3.9%. The occupancy rate of the Town's central business district continues to remain high and in demand by service businesses.

Inflationary trends in the region compare favorably to national indices. Town Council has continued its dedication to citizens and businesses by not increasing taxes or fees during fiscal year 2018. The last modest increase in the usage fee for water was implemented in February 2016, but none during fiscal years 2017 or 2018. Water consumption has remained stable for the fiscal year.

Rocky Mount is the eastern gateway to the Crooked Road, Virginia's Heritage Music Trail. Five years ago, the Town invested \$2.7 million in the transformation of the old Lynch Hardware Building in the central business district into a performance venue. Funding from federal and state historic tax credits and from a state Tobacco Commission grant was used to fund about half the costs of the renovation. The Harvester Performance Center celebrated its fourth anniversary of operations during this fiscal year and is showing a strong financial position with a full slate of performances and large audiences who spend their dollars at local retail and service businesses. In these four years of economic stimulation, the Town has seen an increase in job creation, meals tax revenue, and lodging tax revenue. The Town anticipates a continued large impact on the local economy from the Harvester patrons. The Harvester Performance Center continues to win awards from various municipal leagues across the country to recognize Town Council's investment in spurring local economic growth. At the end of fiscal year 2018, the Harvester Performance Center showed a small profit meeting its self-sufficiency goal earlier than expected.

The Town of Rocky Mount continues to methodically plan for future growth by investing resources in infrastructure improvements and expansion. 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. With the revised utility rate structure introduced in mid-fiscal year 2013 to include a capital recovery fee for meters greater than 5/8" to be used to fund utility capital needs, projects to further the lives of the Water Treatment Plant, the Wastewater Treatment Plant, the existing water distribution lines, and the existing sewer collection lines have seen a modest increase in funding for fiscal year 2018. A total meter replacement project for the Town's water distribution system is scheduled to occur in fiscal year 2019.

Awards and Acknowledgements

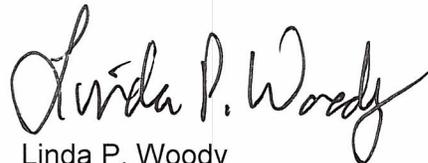
The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a locality's comprehensive annual financial report (CAFR). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must also satisfy GAAP and applicable legal requirements. The Town has achieved this prestigious award for eleven years. 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 Town Manager's offices as well as the Town's department heads. We would like to express our appreciation to all members of the Town staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standard of professionalism in the management of the Town of Rocky Mount's finances.

Respectively submitted,



C. James Ervin
Town Manager



Linda P. Woody
Town Finance Director

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Rocky Mount, Virginia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2018, the Town restated beginning balances to reflect the requirements of GASB Statement No. 75 and for the correction of an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 10-17, 90, and 91-99, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Rocky Mount's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rocky Mount, Virginia, Virginia's internal control over financial reporting and compliance.

Prolina, Fava, Cox Associates

Blacksburg, Virginia
November 12, 2018

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, 2018. 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 in the introductory section of this report.

Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,060,499 (net position). Of this amount, \$6,092,483 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors (Exhibit 1).
- The Town's total net position decreased by \$1,258,512 from prior year report amounts. This decrease is due to a decrease in fund balance used to finance several capital projects and a restatement related to the adoption of an accounting principle and correction of an error.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$7,620,181, a decrease of \$269,061 in comparison with the prior year. 97.52% of the Town's fund balance constitutes an unassigned fund balance, which is available for spending at the government's discretion (Exhibit 3).
- As of the close of the current fiscal year, the Town's proprietary funds reported an ending net position of \$9,690,592, a decrease of \$43,661 in comparison with the prior year as originally reported (Exhibit 1).
- The Town's total outstanding debt decreased \$606,270 due to the repayment of principal. There was no new bond issue this fiscal year. There was a \$1.5 million issue in the prior fiscal year.
- The net position of the Harvester Performance Center, the component unit, is (\$785,370), a decrease of \$385,098 from the prior fiscal year because of the increase in the amount due to the Town of Rocky Mount (Exhibit 1).
- The general fund revenues were less than the final budgeted amount by \$289,721 (4.2%). Actual expenditures were \$1,042,374 (12.9%) less than the final budget (Exhibit 10).

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

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

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.

The government-wide financial statements include the Town (known as the primary government) as well as funds of the Economic Development Authority (EDA) and its component unit the Harvester Performance Center (HPC) (known as the component unit). Financial information for this component unit is reported separately from the financial information presented for the primary government.

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, capital project, and Harvester Performance Center funds. Budgetary comparison statements have been provided for the general fund and the capital project fund to demonstrate compliance with these budgets.

Proprietary Funds – The Town maintains two types of proprietary funds. *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. The second type of proprietary fund is a *utility capital projects fund* to finance water and wastewater projects.

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 along with its utility capital projects department.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,060,499 at the close of the most recent fiscal year.

By far the largest portion of the Town’s net assets, \$21,841,006 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.

Unrestricted net assets of \$6,092,483 may be used to meet the government’s obligations to citizens and creditors.

The Town’s Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 12,521,879	\$ 10,447,724	\$ 2,208,630	\$ 2,373,136	\$ 14,730,509	\$ 12,820,860
Capital assets	14,764,842	14,879,952	11,568,925	11,524,078	26,333,767	26,334,067
Total assets	<u>27,286,721</u>	<u>25,327,676</u>	<u>13,777,555</u>	<u>13,897,214</u>	<u>41,064,276</u>	<u>39,224,890</u>
Deferred outflows	445,620	727,538	185,392	167,580	631,012	895,118
Long-term liabilities	4,893,279	5,124,682	3,951,527	4,086,239	8,844,806	9,210,921
Other liabilities	4,215,488	1,345,618	246,081	141,219	4,461,569	1,486,837
Total liabilities	<u>9,108,767</u>	<u>6,470,300</u>	<u>4,197,608</u>	<u>4,227,458</u>	<u>13,306,375</u>	<u>10,697,758</u>
Deferred inflows	253,667	156	74,747	103,083	328,414	103,239
Net position						
Net Invested in capital assets	13,324,081	13,382,249	8,516,925	8,179,578	21,841,006	21,561,827
Restricted	127,010	451,764	-	-	127,010	451,764
Unrestricted	4,918,816	5,750,745	1,173,667	1,554,675	6,092,483	7,305,420
Total net position	<u>\$ 18,369,907</u>	<u>\$ 19,584,758</u>	<u>\$ 9,690,592</u>	<u>\$ 9,734,253</u>	<u>\$ 28,060,499</u>	<u>\$ 29,319,011</u>

*Amounts do not reflect restatement.

Governmental activities – Governmental activities decreased the Town’s net position by \$1,214,851 because fund balance was used to finance several capital projects and there was a restatement in the current year for the adoption of an accounting principle and correction of an error.

Business-type activities – Business-type activities increased the Town’s net position by \$43,661 because a large portion of capital funds received this fiscal year were set aside for use in future periods.

The Town’s Changes in Net Activities						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 198,433	\$ 200,187	\$ 2,714,441	\$ 2,581,401	\$ 2,912,874	\$ 2,781,588
Operating grants and contributions	1,631,703	1,562,401	-	-	1,631,703	1,562,401
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	1,022,648	1,009,816	-	-	1,022,648	1,009,816
Other taxes	3,291,230	3,151,194	-	-	3,291,230	3,151,194
Intergovernmental revenue unrestricted	241,254	245,240	-	4,000	241,254	249,240
Investment earnings	51,434	52,266	-	-	51,434	52,266
Other	100,590	8,965	-	-	100,590	8,965
Total revenues	6,231,189	6,230,069	2,582,591	2,585,401	8,813,780	8,815,470
Expenses						
General government	936,954	983,926	-	-	936,954	983,926
Public safety	2,440,595	2,374,024	-	-	2,440,595	2,374,024
Public works	2,088,558	1,743,964	-	-	2,088,558	1,743,964
Parks, recreation, and cultural	216,058	161,397	-	-	216,058	161,397
Community development	1,284,101	905,959	-	-	1,284,101	905,959
Interest on long-term debt	58,784	49,285	-	-	58,784	49,285
Water and wastewater	-	-	2,501,509	2,442,424	2,501,509	2,442,424
Total expenses	7,025,050	6,218,555	2,501,509	2,442,424	9,526,559	8,660,979
Increase (decrease) in net position before transfers	(487,758)	11,514	212,932	142,977	(274,826)	154,491
Transfers	144,511	(606,059)	(144,511)	606,059	-	-
Change in net position	\$ (343,247)	\$ (594,545)	\$ 68,421	\$ 749,036	\$ (274,826)	\$ 154,491
Net position, beginning*	18,713,154	20,103,612	9,622,171	8,757,094	28,335,325	28,860,706
Net position, ending	\$ 18,369,907	\$ 19,584,758	\$ 9,690,592	\$ 9,734,253	\$ 28,060,499	\$ 29,319,011

*Amounts restated

Revenues and Expenses – Governmental Activities

Revenues

For the fiscal year ended June 30, 2018, revenues from governmental activities totaled \$6,537,292, an increase of \$307,223 from the prior fiscal year due to a loan repayment to the general fund from the Economic Development Authority of \$107,734 and small increases in local taxes (meals tax, lodging tax, and real estate taxes).

Other local taxes include meals tax, business license taxes, consumer utility taxes, bank stock tax, local sales tax, lodging tax, and cigarette taxes. Other local taxes, which are the Town's largest general fund revenue source, were \$3,291,230, an increase of \$140,036 from the prior fiscal year. Property taxes (real estate, personal property, machinery and tools, and public service) were \$1,022,482, an increase of \$12,832 from the prior fiscal year.

Charges for services totaled \$198,433 of the governmental activities. Garbage collection fees (\$94,673) are the largest component of charges for services.

The Town's largest intergovernmental revenue is for street maintenance (\$1,410,026). Other intergovernmental revenues include communications tax (\$179,439) and law enforcement aid (\$111,952).

Business-type revenues consist of charges to customers for water consumption and wastewater treatment. Cell tower rent (\$51,442) also contributes to the water and sewer operating fund.

Component unit revenue consists of Harvester Performance venue sales and sponsorships. The Town of Rocky Mount contributed \$709,364 to the Harvester operations.

Expenses

For the fiscal year ended June 30, 2018, expenses for governmental activities totaled \$7,025,050, a decrease of \$806,495 from the prior fiscal year.

General fund expenses consist of general government (Town Council, Town Manager, Town Attorney, and Finance) and were \$936,954 (13.4%). Public Safety expenses were \$2,440,595 (34.7%). Public Works expenses totaled \$2,088,558 (29.7%). Parks totaled \$216,058 (3.1%). Community Development expenses were \$1,151,040 (16.3%). Interest expense totaled \$58,784 (0.0%).

Business-type activities account for the operating and capital expenses of the Town's water production and distribution system and the Town's wastewater treatment plant and operations.

Component unit expenses consist of performance and operating expenses. The Town's contribution towards operations is \$709,364. The Town does not contribute to the performance expenses.

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 *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 \$7,620,181 (Exhibit 3), a decrease of \$269,061 in comparison with the prior year, as restated. 97.6% of the \$7,620,181, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$7,560,402 (Exhibit 3). As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 105.4% of total general fund expenditures.

The fund balance of the Town's general fund decreased by \$269,061 during the fiscal year. Rather than reserving revenues that exceeded expenditures from prior years to offset future operating costs, the fund balance was used to finance several long-needed capital projects.

The fund balance of the Town's capital projects fund increased by \$2,136 during the year. The increase is due to the repayment of microenterprise loans.

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

Unrestricted net position of the water and wastewater departments at the end of the year amounted to \$1,173,667 (Exhibit 7). This is a \$381,008 decrease from the prior year attributed mostly due to increases in current utility operating expenses.

General Fund Budgetary Highlights

There was an increase of \$1,207,361 between the original budget and the final amended budget for revenues, and an increase of \$1,372,361 between the original and final amended budget for expenditures (Exhibit 10). The increase in expenditure budgets came from \$889,569 in carry-over funds for bond projects and carry-over VDOT funds for paving. Funds for two additional positions in the Police Department for one-half year (\$57,815) was also taken from fund balance. The offsetting budgeted revenue difference is largely from fund balance accumulated from prior fiscal years.

Capital Asset and Debt Administration

Capital assets – The Town’s net investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$26,333,767 (Exhibit 1). This investment in capital assets includes land, buildings, building improvements, infrastructure, machinery, and equipment. The total decrease in the Town’s investment in capital assets for the current fiscal year was 0.27% (a 0.77% decrease for governmental activities and a 0.38% increase for business-type activities). Additional information on the Town’s capital assets can be found in Note 8 of this report.

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

New Impound Lot for the Police Department \$85,776
Municipal Building Security \$68,235
Gilley’s Park bathroom \$48,038
Mary Elizabeth Park court upgrades and fencing \$68,791
New garbage truck \$144,511
Other Public Works equipment \$113,387
Police vehicles (3) \$119,148
Diamond Avenue water line replacement \$528,496
Replace Wastewater Treatment Plant clarifiers \$111,491
Scuffling Hill water tank aerator \$68,155

The Town’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
	Land	\$ 2,598,952	\$ 2,598,952	\$ 189,454	\$ 189,454	\$ 2,788,406
Buildings and improvements	7,184,382	7,105,852	-	-	7,184,382	7,105,852
Public domain infrastructure	13,531,321	12,237,614	-	-	13,531,321	12,237,614
Distribution/transmission Systems	-	-	21,633,958	21,633,958	21,633,958	21,633,958
Water and wastewater plants	-	-	7,832,224	7,279,691	7,832,224	7,279,691
Machinery and equipment	5,566,007	5,142,911	1,690,391	1,428,510	7,256,398	6,571,421
Construction in progress	23,201	1,146,226	-	-	23,201	1,146,226
Accumulated depreciation	(14,139,021)	(13,351,603)	(19,777,102)	(19,007,535)	(33,916,123)	(32,359,138)
Total	\$ 14,764,842	\$ 14,879,952	\$ 11,568,925	\$ 11,524,078	\$ 26,333,767	\$ 26,404,030

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of \$4,919,000. Of this amount, \$3,052,000 comprises debt backed by the full faith and credit of the government, \$1,867,000 is related to notes payable, and there are no capital leases.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation	\$ 1,867,000	\$ 2,162,000	\$ -	\$ -	\$ 1,867,000	\$ 2,162,000
Revenue bonds	-	-	3,052,000	3,344,500	3,052,000	3,344,500
Capital Lease	-	18,770	-	-	-	18,770
	<u>\$ 1,867,000</u>	<u>\$ 2,180,770</u>	<u>\$ 3,052,000</u>	<u>\$ 3,344,500</u>	<u>\$ 4,919,000</u>	<u>\$ 5,525,270</u>

The Town’s total debt decreased by \$606,270 (11.0%) during the fiscal year due to principal payments. Additional information on the Town’s long-term debt can be found in Note 9 of this report.

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. The Town strives to demonstrate its accountability for the resources it receives and their uses. 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. The Town’s website is www.rockymountva.org.

Basic Financial Statements

Town of Rocky Mount, Virginia
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 2,578,047	\$ 1,630,024	\$ 4,208,071	\$ 678,723
Investments	7,648,902	-	7,648,902	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	93,629	-	93,629	-
Accounts receivable	265,137	487,928	753,065	6,167
Loans receivable	52,826	-	52,826	-
Long-term receivable	634,956	-	634,956	-
Due from component unit	1,034,300	-	1,034,300	-
Due from other governmental units	85,234	-	85,234	-
Inventories	-	35,658	35,658	-
Prepaid items	1,838	18,620	20,458	-
Restricted assets:				
Cash and cash equivalents	127,010	36,400	163,410	-
Capital assets (net of accumulated depreciation):				
Land	2,598,952	189,454	2,788,406	68,244
Machinery and equipment	1,884,865	925,050	2,809,915	16,110
Distribution/transmission systems	-	6,087,129	6,087,129	-
Buildings and improvements	3,160,246	-	3,160,246	3,016,089
Water and wastewater plants	-	4,367,292	4,367,292	-
Public domain infrastructure	7,097,578	-	7,097,578	-
Construction in progress	23,201	-	23,201	-
Total assets	<u>\$ 27,286,721</u>	<u>\$ 13,777,555</u>	<u>\$ 41,064,276</u>	<u>\$ 3,785,333</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	\$ 28,489	\$ 8,053	\$ 36,542	\$ -
Pension related items	417,131	177,339	594,470	-
Total deferred outflows of resources	<u>\$ 445,620</u>	<u>\$ 185,392</u>	<u>\$ 631,012</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 375,399	\$ 137,006	\$ 512,405	\$ 4,887
Reconciled overdraft	3,709,499	-	3,709,499	-
Accrued liabilities	64,210	21,967	86,177	-
Customer deposits	-	36,400	36,400	-
Accrued interest payable	21,466	32,088	53,554	-
Amount held for others	44,914	18,620	63,534	-
Long-term liabilities:				
Due within one year	474,268	363,491	837,759	5,147,166
Due in more than one year	4,419,011	3,588,036	8,007,047	-
Total liabilities	<u>\$ 9,108,767</u>	<u>\$ 4,197,608</u>	<u>\$ 13,306,375</u>	<u>\$ 5,152,053</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 129	-	\$ 129	-
OPEB related items	20,556	4,444	25,000	-
Pension related items	232,982	70,303	303,285	-
Total deferred inflows of resources	<u>\$ 253,667</u>	<u>\$ 74,747</u>	<u>\$ 328,414</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 13,324,081	\$ 8,516,925	\$ 21,841,006	\$ 3,100,443
Restricted				
Debt service	127,010	-	127,010	-
Unrestricted	4,918,816	1,173,667	6,092,483	(4,467,163)
Total net position	<u>\$ 18,369,907</u>	<u>\$ 9,690,592</u>	<u>\$ 28,060,499</u>	<u>\$ (1,366,720)</u>

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

Town of Rocky Mount, Virginia
Statement of Activities
Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 936,954	\$ -	\$ 25,000	\$ -	\$ (911,954)		\$ (911,954)	
Public safety	2,440,595	85,651	196,677	-	(2,158,267)		(2,158,267)	
Public works	2,088,558	94,673	1,410,026	-	(583,859)		(583,859)	
Parks, recreation, and cultural	216,058	2,625	-	-	(213,433)		(213,433)	
Community development	1,284,101	15,484	-	-	(1,268,617)		(1,268,617)	
Interest on long-term debt	58,784	-	-	-	(58,784)		(58,784)	
Total governmental activities	\$ 7,025,050	\$ 198,433	\$ 1,631,703	\$ -	\$ (5,194,914)		\$ (5,194,914)	
Business-type activities:								
Water and wastewater	\$ 2,501,509	\$ 2,714,441	\$ -	\$ -		\$ 212,932	\$ 212,932	
Total business-type activities	\$ 2,501,509	\$ 2,714,441	\$ -	\$ -		\$ 212,932	\$ 212,932	
Total primary government	\$ 9,526,559	\$ 2,912,874	\$ 1,631,703	\$ -	\$ (5,194,914)	\$ 212,932	\$ (4,981,982)	\$ -
COMPONENT UNIT:								
Harvester Performance Center	\$ 2,275,689	\$ 1,783,102	\$ -	\$ -				\$ (492,587)
Total component unit	\$ 2,275,689	\$ 1,783,102	\$ -	\$ -				\$ (492,587)
General revenues:								
General property taxes					\$ 1,022,648	\$ -	\$ 1,022,648	\$ -
Other local taxes:								
Bank stock taxes					295,140	-	295,140	-
Business license taxes					658,908	-	658,908	-
Consumers' utility taxes					330,020	-	330,020	-
Local sales and use taxes					187,370	-	187,370	-
Lodging taxes					203,737	-	203,737	-
Meals taxes					1,526,284	-	1,526,284	-
Cigarette taxes					89,771	-	89,771	-
Unrestricted revenues from the use of money and property					51,434	-	51,434	-
Miscellaneous					100,590	-	100,590	112,473
Grants and contributions not restricted to specific programs					241,254	-	241,254	-
Transfers					144,511	(144,511)	-	-
Total general revenues and transfers					\$ 4,851,667	\$ (144,511)	\$ 4,707,156	\$ 112,473
Change in net position					\$ (343,247)	\$ 68,421	\$ (274,826)	\$ (380,114)
Net position - beginning, as restated					18,713,154	9,622,171	28,335,325	(986,606)
Net position - ending					\$ 18,369,907	\$ 9,690,592	\$ 28,060,499	\$ (1,366,720)

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

Town of Rocky Mount, Virginia
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,571,094	\$ 6,953	\$ 2,578,047
Investments	7,648,902	-	7,648,902
Receivables (net of allowance for uncollectibles):			
Taxes receivable	93,629	-	93,629
Accounts receivable	265,137	-	265,137
Loans receivable	-	52,826	52,826
Long-term receivable	634,956	-	634,956
Due from component unit	1,034,300	-	1,034,300
Due from other governmental units	85,234	-	85,234
Prepaid items	1,838	-	1,838
Restricted assets:			
Cash and cash equivalents	127,010	-	127,010
Total assets	<u>\$ 12,462,100</u>	<u>\$ 59,779</u>	<u>\$ 12,521,879</u>
LIABILITIES			
Accounts payable	\$ 375,399	\$ -	\$ 375,399
Reconciled overdraft	3,709,499	-	3,709,499
Amounts held for others	44,914	-	44,914
Accrued payroll and related liabilities	64,210	-	64,210
Total liabilities	<u>\$ 4,194,022</u>	<u>\$ -</u>	<u>\$ 4,194,022</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 72,720	\$ -	\$ 72,720
Unavailable revenue - long-term receivable	634,956	-	634,956
Total deferred inflows of resources	<u>\$ 707,676</u>	<u>\$ -</u>	<u>\$ 707,676</u>
FUND BALANCES			
Nonspendable			
Prepaid items	\$ 1,838	\$ -	\$ 1,838
Restricted			
Debt service	127,010	-	127,010
Assigned			
Capital projects	-	59,779	59,779
Unassigned	7,431,554	-	7,431,554
Total fund balances	<u>\$ 7,560,402</u>	<u>\$ 59,779</u>	<u>\$ 7,620,181</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,462,100</u>	<u>\$ 59,779</u>	<u>\$ 12,521,879</u>

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

Town of Rocky Mount, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,620,181
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	2,598,952
Buildings and improvements		3,160,246
Machinery and equipment		1,884,865
Public domain infrastructure		7,097,578
Construction in progress		23,201
		14,764,842
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes	\$	72,591
Unavailable revenue - loan receivable		634,956
		707,547
Pension contributions subsequent to the measurement date will be a reduction to the net pension and OPEB liabilities in the next fiscal year and, therefore, are not reported in the funds.		
Pension related items	\$	301,795
OPEB related items		11,190
		312,985
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	115,336
OPEB related items		17,299
		132,635
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(1,867,000)
Accrued interest payable		(21,466)
Net OPEB liabilities		(791,276)
Compensated absences		(245,691)
Net pension liability		(1,989,312)
		(4,914,745)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(232,982)
OPEB related items		(20,556)
		(253,538)
Net position of governmental activities	\$	18,369,907

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
Fiscal Year Ended June 30, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,022,482	\$ -	\$ 1,022,482
Other local taxes	3,291,230	-	3,291,230
Permits, privilege fees, and regulatory licenses	21,776	-	21,776
Fines and forfeitures	43,419	-	43,419
Revenue from the use of money and property	49,298	2,136	51,434
Charges for services	133,238	-	133,238
Miscellaneous	208,324	-	208,324
Intergovernmental	1,872,957	-	1,872,957
Total revenues	<u>\$ 6,642,724</u>	<u>\$ 2,136</u>	<u>\$ 6,644,860</u>
EXPENDITURES			
Current:			
General government administration	\$ 723,804	\$ -	\$ 723,804
Public safety	2,277,564	-	2,277,564
Public works	2,144,584	-	2,144,584
Parks, recreation, and cultural	289,807	-	289,807
Community development	1,151,040	-	1,151,040
Nondepartmental	105,204	-	105,204
Debt service:			
Principal retirement	313,770	-	313,770
Interest and other fiscal charges	52,659	-	52,659
Total expenditures	<u>\$ 7,058,432</u>	<u>\$ -</u>	<u>\$ 7,058,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (415,708)</u>	<u>\$ 2,136</u>	<u>\$ (413,572)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 144,511</u>	<u>\$ -</u>	<u>\$ 144,511</u>
Net change in fund balances	\$ (271,197)	\$ 2,136	\$ (269,061)
Fund balances - beginning, as restated	7,831,599	57,643	7,889,242
Fund balances - ending	<u>\$ 7,560,402</u>	<u>\$ 59,779</u>	<u>\$ 7,620,181</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
 Fiscal Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$	(269,061)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay	\$ 710,533	
Depreciation expense	<u>(787,418)</u>	(76,885)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and disposals) is to decrease net position.</p>		
		(38,225)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	\$ 166	
Change in unavailable loan revenue	<u>(107,734)</u>	(107,568)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal repayments:		
Principal payments on general obligation bonds	\$ 295,000	
Capital lease	<u>18,770</u>	313,770
<p>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.</p>		
Change in compensated absences	\$ (6,509)	
Change in accrued interest	(6,125)	
Pension expense	(114,992)	
OPEB expense	<u>(37,652)</u>	(165,278)
Change in net position of governmental activities	\$	<u><u>(343,247)</u></u>

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

Town of Rocky Mount, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2018

	Water and Wastewater Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,630,024
Accounts receivable	487,928
Inventories	35,658
Prepaid items	18,620
Total current assets	\$ 2,172,230
Noncurrent assets:	
Restricted assets:	
Customer deposits - cash and cash equivalents	\$ 36,400
Capital assets, net of accumulated depreciation:	
Land	\$ 189,454
Water and wastewater plants	4,367,292
Machinery and equipment	925,050
Distribution/transmission systems	6,087,129
Total capital assets	\$ 11,568,925
Total noncurrent assets	\$ 11,605,325
Total assets	\$ 13,777,555
 DEFERRED OUTFLOWS OF RESOURCES	
OPEB related items	\$ 8,053
Pension related items	177,339
Total deferred outflows of resources	\$ 185,392
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 137,006
Accrued payroll and related liabilities	21,967
Customer deposits	36,400
Accrued interest payable	32,088
Amount held for others	18,620
Compensated absences - current portion	61,491
Bonds payable - current portion	302,000
Total current liabilities	\$ 609,572
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 20,497
Bonds payable - net of current portion	2,750,000
Net OPEB liabilities	221,724
Net pension liability	595,815
Total noncurrent liabilities	\$ 3,588,036
Total liabilities	\$ 4,197,608
 DEFERRED INFLOWS OF RESOURCES	
OPEB related items	\$ 4,444
Pension related items	70,303
Total deferred inflows of resources	\$ 74,747
 NET POSITION	
Net investment in capital assets	\$ 8,516,925
Unrestricted	1,173,667
Total net position	\$ 9,690,592

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

Town of Rocky Mount, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Water and Wastewater Fund
OPERATING REVENUES	
Charges for services:	
Water service charges and fees	\$ 1,335,989
Sewer service charges and fees	762,995
Capital fund water service charges and fees	289,083
Capital fund sewer service charges and fees	225,110
Capital fund garbage service charges and fees	20,219
Water/sewer penalties	29,603
Other revenues	51,442
Total operating revenues	\$ 2,714,441
OPERATING EXPENSES	
Salaries	\$ 696,603
Fringe benefits	333,479
Maintenance	41,918
Utilities and insurance	203,362
Materials and supplies	206,727
Contractual Services	74,818
Other	95,376
Depreciation	769,567
Total operating expenses	\$ 2,421,850
Operating income (loss)	\$ 292,591
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (79,659)
Total nonoperating revenues (expenses)	\$ (79,659)
Income (loss) before transfers	\$ 212,932
Transfers out	\$ (144,511)
Change in net position	\$ 68,421
Total net position - beginning, as restated	9,622,171
Total net position - ending	\$ 9,690,592

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

Town of Rocky Mount, Virginia
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Water and Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,668,844
Payments to suppliers	(514,446)
Payments to employees	(1,031,909)
Net cash provided by (used for) operating activities	\$ 1,122,489
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	\$ (144,511)
Net cash provided by (used for) noncapital financing activities	\$ (144,511)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (814,414)
Principal payments on bonds and leases	(292,500)
Interest payments	(82,247)
Net cash provided by (used for) capital and related financing activities	\$ (1,189,161)
Net increase (decrease) in cash and cash equivalents	\$ (211,183)
Cash and cash equivalents - beginning (including restricted cash of \$32,125)	1,877,607
Cash and cash equivalents - ending (including restricted cash of \$36,400)	\$ 1,666,424
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 292,591
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 769,567
Pension expense	
OPEB expense	
(Increase) decrease in accounts receivable	(52,682)
(Increase) decrease in intergovernmental receivables	2,810
(Increase) decrease in inventories	3,195
(Increase) decrease in deferred outflows of resources	(11,822)
Increase (decrease) in customer deposits	4,275
Increase (decrease) in accounts payable	104,560
Increase (decrease) in accrued payroll and related liabilities	(1,385)
Increase (decrease) in compensated absences	(5,943)
Increase (decrease) in net OPEB liabilities	8,673
Increase (decrease) in net pension liability	36,986
Increase (decrease) in deferred inflow of resources	(28,336)
Total adjustments	\$ 829,898
Net cash provided by (used for) operating activities	\$ 1,122,489

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, 2018

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Town of Rocky Mount, Virginia 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, Virginia (the “Town”) was established in 1873. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. These financial statements present the Town as the primary government. The Town Council consists of a mayor and six other council members. The Town is part of County of Franklin, Virginia 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.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit - None

Discretely Presented Component Unit - The Economic Development Authority (the “EDA”) was created for the purposes of promoting economic development within the Town. Its component unit, the Harvester Performance Center (the “HPC”) is a mid-sized music venue for purposes of industrial and economic development in the Rocky Mount community. Because the Town owns the EDA which in turn owns the building housing the Harvester, the Town has its own operating budget for the HPC consisting of utilities, building and grounds maintenance, and other building related expenses. The HPC has a separate operating budget to cover performance expenses. Neither the Town nor the EDA can override the HPC’s performance budget or setting of rates. The HPC is fiscally dependent on the EDA and Town as the Town is responsible for funding any operating/performing deficits. As the HPC is not self-sustaining, this dependency creates a financial burden for the EDA and Town. The EDA has a year end of June 30, 2018 but its only activity consists of the HPC, whose entities have a December 31, 2017 year end. The EDA issues separate financial statements which include the operations of the HPC and can be obtained by contacting the Town’s administrative office.

Related Organizations - None

Jointly Governed Organizations - None

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

B. Government-wide and fund financial statements:

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

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

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

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

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues.

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

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

The Town reports the following major governmental funds:

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

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

The Town reports the following major proprietary funds:

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

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

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

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

1. Cash and cash equivalents

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

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

3. 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 “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

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.

4. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are presented at cost and are expended when used.

5. 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.

6. 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.

7. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts for taxes and water and sewer using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$61,742 for property taxes at June 30, 2018. The allowance amounted to approximately \$14,182 for water and sewer at June 30, 2018. An allowance totaling \$767,616 was established for the long-term receivable based on the anticipated payment that will be received.

8. 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
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

9. 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 acquisition 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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30-40
Machinery and Equipment	5-10
Distribution/Transmission Systems	40-50
Water and Wastewater Plants	40-50
Infrastructure	20-40

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liabilities and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liabilities and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

10. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid are deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. Long-term receivables are also reported in the governmental funds as deferred inflows of resources when the underlying revenues are considered unavailable as a result of a nonexchange transaction. In addition, certain items related to the measurement of the net pension liabilities and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

11. Compensated Absences

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

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

13. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

15. Fund Equity

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

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

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

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

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

15. Fund Equity (Continued)

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

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

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

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

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

16. Net Position

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

17. Net Position Flow Assumption

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2018, expenditures did not exceed appropriations in any functions.

C. Deficit fund equity

At June 30, 2018, no funds had negative fund equity.

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TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 3-Deposits and Investments:

Deposits

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

Investments

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

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the Town's investment policy (Policy) permits investments in U.S. treasury securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U.S. treasury/agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP). 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 position value of \$1 per share). The LGIP investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

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

Credit Risk of Debt Securities

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

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

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 3-Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

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, 2018, issuers that equal or exceed 5% of the total portfolio are as follows:

	% of Portfolio
Certificates of Deposit	39.32%
Federal Home Loan Mortgage Corporation	9.08%
Federal National Mortgage Association	6.34%
LGIP	45.14%

The Town's rated debt investments as of June 30, 2018 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Rated Debt Investments	Town's Rated Debt Investment Value		
	Fair Quality Ratings		
	AAAm	AA+	Unrated
Money Market Mutual Funds	\$ -	\$ -	\$ 7,050
Certificates of Deposit	-	-	3,008,241
Federal Home Loan Mortgage Corporation	-	695,281	-
Federal National Mortgage Association	-	485,462	-
LGIP	3,452,868	-	-
Total	\$ 3,452,868	\$ 1,180,743	\$ 3,015,291

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	
Money Market Mutual Funds	\$ 7,050	\$ 7,050	\$ -	None
Certificates of Deposit	3,008,241	432,743	2,575,498	None
Federal Home Loan Mortgage Corporation	695,281	-	695,281	6/29/2018 & 6/30/2018
Federal National Mortgage Association	485,462	-	485,462	7/27/2018
LGIP	3,452,868	3,452,868	-	None
Total	\$ 7,648,902	\$ 3,892,661	\$ 3,756,241	

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 3-Deposits and Investments: (Continued)

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.

External Investment Pool

The fair value of the positions held in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Town maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

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TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 4-Fair Value Measurements: (Continued)

The Town has the following recurring fair value measurements as of June 30, 2018:

	Fair Value	Level 1
Money Market Mutual Funds	\$ 7,050	\$ 7,050
Certificates of Deposit	3,008,241	3,008,241
Federal Home Loan Mortgage Corporation	695,281	695,281
Federal National Mortgage Association	485,462	485,462
Total investments	\$ 4,196,034	\$ 4,196,034

Note 5-Due from Other Governmental Units:

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

	Governmental Activities
Local Government:	
Franklin County	\$ 7,500
Commonwealth of Virginia:	
Sales Tax	38,426
Communication Tax	14,308
USDA	25,000
Total	\$ 85,234

Note 6-Interfund Transfers:

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 144,511	\$ -
Water and Wastewater Fund	-	144,511
Total	\$ 144,511	\$ 144,511

The primary purpose of transfers is to eliminate negative pooled cash amounts due to normal operations.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 7-Component-Unit Obligations:

At year end, the component-unit Economic Development Authority carries a liability to the Town's general fund for monies advanced during the year to cover expenses of the Harvester Performance Center.

Fund	Due from Primary Government/ Component Unit	Due to Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 1,034,000	\$ -
Component Unit - Economic Development Authority:		
Performance Venue Fund	-	4,512,210
Total	\$ 1,034,000	\$ 4,512,210

Amounts above differ as the EDA's activity is comprised solely of its component unit's, the Harvester Performance Center, activity. The Harvester Performance Center has a calendar year end and information is presented as of December 31, 2017. The difference results in additional amounts contributed by the Town after that time as well as recognition of contribution buildings and improvements. Further, an allowance has been established by the Town to reflect the realizable amount on the receivable while the Harvester Performance Center reflects the amounts due in full as they have not been forgiven by the Town.

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TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 8-Capital Assets:

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,598,952	\$ -	\$ -	\$ 2,598,952
Construction in progress	1,146,226	158,958	(1,281,983)	23,201
Total capital assets not being depreciated	<u>\$ 3,745,178</u>	<u>\$ 158,958</u>	<u>\$ (1,281,983)</u>	<u>\$ 2,622,153</u>
Capital assets, being depreciated:				
Public Domain Infrastructure	\$ 12,237,614	\$ 1,331,932	\$ (38,225)	\$ 13,531,321
Buildings and improvements	7,105,852	78,530	-	7,184,382
Machinery and equipment	5,142,911	423,096	-	5,566,007
Total capital assets being depreciated	<u>\$ 24,486,377</u>	<u>\$ 1,833,558</u>	<u>\$ (38,225)</u>	<u>\$ 26,281,710</u>
Accumulated depreciation:				
Public Domain Infrastructure	\$ (6,106,204)	\$ (327,539)	\$ -	\$ (6,433,743)
Buildings and improvements	(3,819,895)	(204,241)	-	(4,024,136)
Machinery and equipment	(3,425,504)	(255,638)	-	(3,681,142)
Total accumulated depreciation	<u>\$ (13,351,603)</u>	<u>\$ (787,418)</u>	<u>\$ -</u>	<u>\$ (14,139,021)</u>
Total capital assets being depreciated, net	<u>\$ 11,134,774</u>	<u>\$ 1,046,140</u>	<u>\$ (38,225)</u>	<u>\$ 12,142,689</u>
Governmental activities capital assets, net	<u>\$ 14,879,952</u>	<u>\$ 1,205,098</u>	<u>\$ (1,320,208)</u>	<u>\$ 14,764,842</u>

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TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 8-Capital Assets: (Continued)

Capital asset activity for the year ended June 30, 2018 was as follows: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 189,454	\$ -	\$ -	\$ 189,454
Capital assets being depreciated:				
Distributions/transmission systems	\$ 21,633,958	\$ -	\$ -	\$ 21,633,958
Water and wastewater plants	7,279,691	552,533	-	7,832,224
Machinery and equipment	1,428,510	261,881	-	1,690,391
Total capital assets being depreciated	<u>\$ 30,342,159</u>	<u>\$ 814,414</u>	<u>\$ -</u>	<u>\$ 31,156,573</u>
Accumulated depreciation:				
Distributions/transmission systems	(15,072,158)	(474,671)	-	(15,546,829)
Water and wastewater plants	(3,278,520)	(186,412)	-	(3,464,932)
Machinery and equipment	(656,857)	(108,484)	-	(765,341)
Total accumulated depreciation	<u>\$ (19,007,535)</u>	<u>\$ (769,567)</u>	<u>\$ -</u>	<u>\$ (19,777,102)</u>
Total capital assets being depreciated, net	<u>\$ 11,334,624</u>	<u>\$ 44,847</u>	<u>\$ -</u>	<u>\$ 11,379,471</u>
Business-type activities capital assets, net	<u>\$ 11,524,078</u>	<u>\$ 44,847</u>	<u>\$ -</u>	<u>\$ 11,568,925</u>

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

Governmental activities:	
General government administration	\$ 92,846
Public safety	195,702
Public works	332,878
Parks, recreation, and culture	43,834
Community development	122,158
Total depreciation expense-governmental activities	<u>\$ 787,418</u>
Business-type activities:	
Water	\$ 342,480
Wastewater	427,087
Total depreciation expense-business-type activities	<u>\$ 769,567</u>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 9-Long-term Obligations:

Primary Government - Governmental Activities:

The following is a summary of long-term obligations transactions of the Town for the year ended June 30, 2018:

	Balance July 1, 2017, As restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018
General obligation bonds	\$ 2,162,000	\$ -	\$ (295,000)	\$ 1,867,000
Capital lease	18,770	-	(18,770)	-
Compensated absences	239,182	66,305	(59,796)	245,691
Net OPEB liabilities	768,949	66,758	(44,431)	791,276
Net pension liability	2,417,709	896,323	(1,324,720)	1,989,312
 Total	 <u>\$ 5,606,610</u>	 <u>\$ 1,029,386</u>	 <u>\$ (1,742,717)</u>	 <u>\$ 4,893,279</u>

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

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

Year Ending June 30,	General obligation bonds	
	Principal	Interest
2019	\$ 290,000	\$ 50,161
2020	288,000	40,652
2021	291,000	31,082
2022	134,000	20,203
2023	136,000	17,273
2024-2028	728,000	40,210
Totals	<u>\$ 1,867,000</u>	<u>\$ 199,581</u>

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 9-Long-term Obligations (Continued):

Primary Government - Governmental Activities: (Continued)

Details of long-term obligations:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
General Obligation Bonds:						
Emergency Services Building	3.70%	12/10	12/21	\$ 1,640,000	\$ 485,000	\$ 165,000
GO Bond Series 2017	2.17%	04/17	08/27	1,512,000	<u>1,382,000</u>	<u>125,000</u>
Total General Obligation Bonds					\$ 1,867,000	\$ 290,000
Other Long-term Obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 791,276	\$ -
Compensated absences	n/a	n/a	n/a	n/a	245,691	184,268
Net pension liability	n/a	n/a	n/a	n/a	<u>1,989,312</u>	<u>-</u>
Total Other Long-term Obligations					\$ 3,026,279	\$ 184,268
Total Long-term Obligations					<u>\$ 4,893,279</u>	<u>\$ 474,268</u>

Primary Government-Business-type Activities:

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2018:

	Balance July 1, 2017, As restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018
Revenue bonds	\$ 3,344,500	\$ -	\$ (292,500)	\$ 3,052,000
Compensated absences	87,931	16,040	(21,983)	81,988
Net OPEB liabilities	213,051	19,242	(10,569)	221,724
Net pension liability	<u>558,829</u>	<u>433,749</u>	<u>(396,763)</u>	<u>595,815</u>
Total	<u>\$ 4,204,311</u>	<u>\$ 469,031</u>	<u>\$ (721,815)</u>	<u>\$ 3,951,527</u>

The business-type activities' compensated absences, pension obligations, and postemployment benefits are generally liquidated by the enterprise fund.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 9-Long-term Obligations: (Continued)

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2019	\$ 302,000	\$ 76,013
2020	306,000	69,558
2021	310,000	63,028
2022	317,000	56,434
2023	202,000	49,725
2024-2028	510,000	201,924
2029-2033	585,000	125,117
2034-2037	520,000	37,479
Totals	<u>\$ 3,052,000</u>	<u>\$ 679,278</u>

Details of long-term obligations:

	Interest Rates	Date Issued	Final Maturity	Original Amount	Amount Outstanding	Amount Due Within One Year
Revenue Bonds:						
Virginia Municipal League	2.85%	8/13	02/37	\$ 2,205,000	\$ 2,055,000	\$ 85,000
Virginia Municipal League	1.85%	8/13	8/22	\$ 2,042,500	997,000	217,000
Total Revenue Bonds					<u>\$ 3,052,000</u>	<u>\$ 302,000</u>
Other Long-term Obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 221,724	\$ -
Compensated absences	n/a	n/a	n/a	n/a	81,988	61,491
Net pension liability	n/a	n/a	n/a	n/a	595,815	-
Total Other Long-term Obligations					<u>\$ 899,527</u>	<u>\$ 61,491</u>
Total Long-term Obligations					<u>\$ 3,951,527</u>	<u>\$ 363,491</u>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

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TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contribution Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	42
Inactive members:	
Vested inactive members	12
Non-vested inactive members	11
Inactive members active elsewhere in VRS	17
Total inactive members	40
Active members	61
Total covered employees	143

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town’s contractually required employer contribution rate for the year ended June 30, 2018 was 14.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$392,185 and \$361,992 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The Town's net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town of Rocky Mount Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% if rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town of Rocky Mount Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 11,852,795	\$ 8,709,505	\$ 3,143,290
Changes for the year:			
Service cost	\$ 346,951	\$ -	\$ 346,951
Interest	809,351	-	809,351
Changes in assumptions	(68,836)	-	(68,836)
Differences between expected and actual experience	(70,973)	-	(70,973)
Contributions - employer	-	385,774	(385,774)
Contributions - employee	-	134,360	(134,360)
Net investment income	-	1,061,541	(1,061,541)
Benefit payments, including refunds of employee contributions	(581,269)	(581,269)	-
Administrative expenses	-	(6,071)	6,071
Other changes	-	(948)	948
Net changes	\$ 435,224	\$ 993,387	\$ (558,163)
Balances at June 30, 2017	\$ 12,288,019	\$ 9,702,892	\$ 2,585,127

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town			
Net Pension Liability	\$ 4,203,438	\$ 2,585,127	\$ 1,241,820

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town recognized pension expense of \$384,632. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 142,490	\$ 52,296
Change in assumptions	-	50,721
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,795	59,795
Net difference between projected and actual earnings on pension plan investments	-	140,473
Employer contributions subsequent to the measurement date	392,185	-
Total	\$ 594,470	\$ 303,285

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 10-Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$392,185 was reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2019	\$ (37,049)
2020	55,591
2021	(28,689)
2022	(90,853)

Note 11-Other Postemployment Benefits (OPEB):

Plan Description

In addition to the pension benefits described in Note 10, the Town administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Town’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

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

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 11-Other Postemployment Benefits (OPEB): (Continued)

Plan Membership

At July 1, 2017 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	59	
Total retirees with coverage	5	
Total	64	

Contributions

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2018 was \$15,000.

Total OPEB Liability

The Town’s total OPEB liability was measured as of July 1, 2017. The total OPEB liability was determined by an actuarial valuation as July 1, 2016.

Actuarial Assumptions

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	24.80% for fiscal year end 2017, 1.60% for fiscal year end 2018, 7.00% for fiscal year end 2019, decreasing 0.33% per year to an ultimate rate of 5.10%.
Salary Increases	2.50%
Discount Rate	3.56%
Investment Rate of Return	N/A

The mortality rates for active and healthy retirees was calculated using the RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 11-Other Postemployment Benefits (OPEB): (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is from a 20-Year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher. Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date. The final equivalent single discount rate used for this year's valuation is 3.56% as of the end of the fiscal year.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2017	\$	730,000
Changes for the year:		
Service cost		48,000
Interest		27,000
Benefit payments		(15,000)
Net changes		60,000
Balances at June 30, 2018	\$	790,000

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

	Rate		
	1% Decrease 2.56%	Current Discount 3.56%	1% Increase 4.56%
Town's proportionate share of the Town's healthcare net OPEB liability	\$ 961,000	\$ 790,000	\$ 659,000

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 11-Other Postemployment Benefits (OPEB): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing by 0.33% annually to an ultimate rate of 4.10%) or one percentage point higher (8.00% decreasing by 0.33% annually to an ultimate rate of 6.10%) than the current healthcare cost trend rates:

	Rate		
	1% Decrease	Healthcare Cost Trend	1% Increase
	6.00% decreasing to 4.10%	7.00% decreasing to 5.10%	8.00% decreasing to 6.10%
Town's proportionate share of the Town's healthcare net OPEB liability	\$ 637,000	\$ 790,000	\$ 995,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the Town recognized OPEB expense in the amount of \$75,000. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 15,000	\$ -

\$15,000 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the fiscal year ended June 30, 2019.

Additional disclosures on changes in net OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

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TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
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Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** - The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$14,542 and \$14,248 for the years ended June 30, 2018 and June 30, 2017, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the entity reported a liability of \$223,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.01486% as compared to 0.01443% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$4,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,000
Change in assumptions	-	12,000
Changes in proportion	7,000	-
Employer contributions subsequent to the measurement date	14,542	-
Total	\$ 21,542	\$ 25,000

\$14,542 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	\$ (4,000)
2020	(4,000)
2021	(4,000)
2022	(4,000)
2023	(2,000)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - General State Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates - SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - JRS Employees (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 2,942,426
Plan Fiduciary Net Position	1,437,586
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,504,840</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 289,000	\$ 223,000	\$ 170,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-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.

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

Real estate	\$ 0.13
Personal Property	\$ 0.51
Machinery and Tools	\$ 0.17

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 14-Unavailable/Deferred Revenue:

Unavailable/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. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue totaling \$707,676 is comprised of the following:

Property Taxes - Property tax revenue representing uncollected tax billings not available for funding current expenditures totaled \$72,591.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$129.

Unavailable Long-Term Receivable - Unearned revenue representing uncollected long-term receivable amounts not available for funding current expenditures totaled \$634,956.

Note 15-Related Party Transactions:

In 2015, the Town issued an interest free loan in the amount of \$1,287,519 to the Component Unit-Harvester Performance Center. The loan does not have defined repayment terms and is payable to the Town as the Harvester has available funds. As of June 30, 2018, the Harvester had a remaining loan balance of \$634,956.

Note 16-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 17-Surety Bonds:

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

TOWN OF ROCKY MOUNT, VIRGINIA
 FINANCIAL REPORT
 JUNE 30, 2018 (CONTINUED)

Note 18-Commitments and Contingent Liabilities:

At June 30, 2018 there were no significant matters of litigation pending involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Note 19-Adoption of Accounting Principles:

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Town implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in a restatement of net position, reference Note 20.

Note 20-Restatement of Beginning Balances:

	Primary Government	
	General Fund	
Fund balance, July 1, 2017, as previously stated	\$ 8,244,533	
Record allowance on HPC receivable	(412,934)	
Fund balance, July 1, 2017, as restated	\$ 7,831,599	
	Governmental Activities	Business-type Activities
Net position, July 1, 2017, as previously stated	\$ 19,584,758	\$ 9,734,253
Record allowance on HPC receivable	(412,934)	-
GASB 75 implementation	(458,670)	(112,082)
Net position, July 1, 2017, as restated	\$ 18,713,154	\$ 9,622,171

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 21-Subsequent Events:

On October 26, 2018, the Town issued general obligation bonds totaling \$1,116,500 for the purpose of funding infrastructure improvements, including the installation of piping and water meters, along with related engineering and costs, to interconnect the Town's water system with the Western Virginia Water Authority. Interest on the bonds is fixed at 3.58% until the final maturity on August 1, 2033.

Note 22-Upcoming Pronouncements:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

TOWN OF ROCKY MOUNT, VIRGINIA
FINANCIAL REPORT
JUNE 30, 2018 (CONTINUED)

Note 22-Upcoming Pronouncements: (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Town of Rocky Mount, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 1,006,841	\$ 1,006,841	\$ 1,022,482	\$ 15,641
Other local taxes	3,171,289	3,171,289	3,291,230	119,941
Permits, privilege fees, and regulatory licenses	15,400	15,400	21,776	6,376
Fines and forfeitures	52,700	52,700	43,419	(9,281)
Revenue from the use of money and property	77,955	77,955	49,298	(28,657)
Charges for services	117,791	117,791	133,238	15,447
Miscellaneous	44,725	44,725	208,324	163,599
Intergovernmental:				
Local government	29,632	29,632	29,632	-
Commonwealth	2,391,112	2,391,112	1,802,639	(588,473)
Federal	-	25,000	40,686	15,686
Total revenues	\$ 6,907,445	\$ 6,932,445	\$ 6,642,724	\$ (289,721)
EXPENDITURES				
Current:				
General government administration	\$ 723,004	\$ 726,753	\$ 723,804	\$ 2,949
Public safety	2,263,554	2,371,869	2,277,564	94,305
Public works	2,415,037	3,034,747	2,144,584	890,163
Parks, recreation, and cultural	292,551	396,913	289,807	107,106
Community development	867,811	904,371	1,151,040	(246,669)
Nondepartmental	292,739	292,739	105,204	187,535
Debt service:				
Principal retirement	295,000	313,770	313,770	-
Interest and other fiscal charges	59,644	59,644	52,659	6,985
Total expenditures	\$ 7,209,340	\$ 8,100,806	\$ 7,058,432	\$ 1,042,374
Excess (deficiency) of revenues over (under) expenditures	\$ (301,895)	\$ (1,168,361)	\$ (415,708)	\$ 752,653
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 144,511	\$ 144,511
Net change in fund balances	\$ (301,895)	\$ (1,168,361)	\$ (271,197)	\$ 897,164
Fund balances - beginning, as restated	301,895	1,168,361	7,831,599	6,663,238
Fund balances - ending	\$ -	\$ -	\$ 7,560,402	\$ 7,560,402

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

Town of Rocky Mount, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Year Ended June 30, 2018

	2018
Total OPEB liability	
Service cost	\$ 48,000
Interest	27,000
Benefit payments	(15,000)
Net change in total OPEB liability	\$ 60,000
Total OPEB liability - beginning	730,000
Total OPEB liability - ending	\$ 790,000
 Covered-employee payroll	 \$ 2,616,000
 Town's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 30.20%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2018

Valuation Date: 7/1/2016
Measurement Date: 7/1/2017

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.56%
Inflation	2.50%
Healthcare Trend Rate	24.8% for fiscal year end 2017, 1.60% for fiscal year end 2018 (to reflect actual experience), 7.00% for fiscal year end 2019, decreasing 0.33% per year to an ultimate rate of 5.10%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017

Town of Rocky Mount, Virginia
 Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.01486% \$	223,000 \$	2,740,066	8.14%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Rocky Mount, Virginia
 Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 14,542	\$ 14,542	\$ -	\$ 2,798,748	0.52%
2017	14,248	14,248	-	2,740,066	0.52%
2016	12,449	12,449	-	2,593,577	0.48%
2015	12,148	12,148	-	2,530,860	0.48%
2014	11,492	11,492	-	2,394,076	0.48%
2013	10,639	10,639	-	2,216,459	0.48%
2012	5,673	5,673	-	2,026,143	0.28%
2011	5,564	5,564	-	1,987,073	0.28%
2010	4,353	4,353	-	2,138,409	0.20%
2009	5,847	5,847	-	2,165,663	0.27%

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Town of Rocky Mount, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Fiscal Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 346,951	\$ 317,557	\$ 311,299	\$ 271,936
Interest	809,351	717,349	675,381	645,150
Differences between expected and actual experience	(70,973)	201,701	130,521	-
Changes in assumptions	(68,836)	-	-	-
Impact in change of proportion	628,791	(9,646)	-	-
Benefit payments, including refunds of employee contributions	(581,269)	(520,844)	(495,244)	(475,165)
Net change in total pension liability	\$ 1,064,015	\$ 706,117	\$ 621,957	\$ 441,921
Total pension liability - beginning	11,224,001	10,517,884	9,895,927	9,454,006
Total pension liability - ending (a)	\$ <u>12,288,016</u>	\$ <u>11,224,001</u>	\$ <u>10,517,884</u>	\$ <u>9,895,927</u>
 Plan fiduciary net position				
Impact in change of proportion	\$ 462,039	\$ (7,482)	\$ -	\$ -
Contributions - employer	385,774	357,965	349,774	332,610
Contributions - employee	134,360	121,946	119,251	112,574
Net investment income	1,061,541	142,757	360,480	1,070,448
Benefit payments, including refunds of employee contributions	(581,269)	(520,844)	(495,244)	(475,165)
Administrative expense	(6,071)	(5,041)	(4,872)	(5,743)
Other	(948)	(61)	(75)	56
Net change in plan fiduciary net position	\$ 1,455,426	\$ 89,240	\$ 329,314	\$ 1,034,780
Plan fiduciary net position - beginning	8,247,463	8,158,223	7,828,909	6,794,129
Plan fiduciary net position - ending (b)	\$ <u>9,702,889</u>	\$ <u>8,247,463</u>	\$ <u>8,158,223</u>	\$ <u>7,828,909</u>
 Town's net pension liability - ending (a) - (b)	\$ 2,585,127	\$ 2,976,538	\$ 2,359,661	\$ 2,067,018
 Plan fiduciary net position as a percentage of the total pension liability	78.96%	73.48%	77.57%	79.11%
 Covered payroll	\$ 2,571,152	\$ 2,463,898	\$ 2,398,797	\$ 2,378,594
 Town's net pension liability as a percentage of covered payroll	100.54%	120.81%	98.37%	86.90%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Town of Rocky Mount, Virginia
 Schedule of Employer Contributions - Pension Plan
 Fiscal Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 392,185	\$ 392,185	\$ -	\$ 2,796,491	14.02%
2017	361,992	361,992	-	2,571,152	14.08%
2016	357,965	357,965	-	2,463,898	14.53%
2015	349,775	349,775	-	2,398,797	14.58%
2014	351,081	351,081	-	2,378,594	14.76%
2013	327,149	327,149	-	2,216,459	14.76%
2012	258,333	258,333	-	2,026,143	12.75%
2011	253,352	253,352	-	1,987,073	12.75%
2010	250,408	250,408	-	2,138,409	11.71%
2009	253,599	253,599	-	2,165,663	11.71%

Current year contributions are from Town records and prior year contributions are from the VRS actuarial valuation performed each year.

Town of Rocky Mount, Virginia
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Other Supplementary Information

Town of Rocky Mount, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,136	\$ 2,136
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2,136	\$ 2,136
Net change in fund balances	\$ -	\$ -	\$ 2,136	\$ 2,136
Fund balances - beginning, as restated	-	-	57,643	57,643
Fund balances - ending	\$ -	\$ -	\$ 59,779	\$ 59,779

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

Town of Rocky Mount, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 602,308	\$ 602,308	\$ 589,825	\$ (12,483)
Public service corporation taxes	28,474	28,474	27,733	(741)
Personal Property Tax	237,980	237,980	254,814	16,834
Machinery and tools tax	132,379	132,379	139,352	6,973
Penalties	4,000	4,000	7,218	3,218
Interest	1,700	1,700	3,540	1,840
Total general property taxes	<u>\$ 1,006,841</u>	<u>\$ 1,006,841</u>	<u>\$ 1,022,482</u>	<u>\$ 15,641</u>
Other local taxes:				
Local sales and use taxes	\$ 188,064	\$ 188,064	\$ 187,370	\$ (694)
Consumers' utility taxes	325,033	325,033	330,020	4,987
Business license taxes	692,589	692,589	658,908	(33,681)
Bank stock taxes	216,500	216,500	295,140	78,640
Lodging taxes	163,977	163,977	203,737	39,760
Meals taxes	1,491,812	1,491,812	1,526,284	34,472
Cigarette taxes	93,314	93,314	89,771	(3,543)
Total other local taxes	<u>\$ 3,171,289</u>	<u>\$ 3,171,289</u>	<u>\$ 3,291,230</u>	<u>\$ 119,941</u>
Permits, privilege fees, and regulatory licenses:				
Farmers Market permits	\$ 4,100	\$ 4,100	\$ 3,674	\$ (426)
Welcome Center fees	4,000	4,000	6,350	2,350
Planning and zoning	7,300	7,300	11,752	4,452
Total permits, privilege fees, and regulatory licenses	<u>\$ 15,400</u>	<u>\$ 15,400</u>	<u>\$ 21,776</u>	<u>\$ 6,376</u>
Fines and forfeitures:				
Court fines	\$ 52,500	\$ 52,500	\$ 42,819	\$ (9,681)
Parking fines	100	100	30	(70)
Other fines	100	100	570	470
Total fines and forfeitures	<u>\$ 52,700</u>	<u>\$ 52,700</u>	<u>\$ 43,419</u>	<u>\$ (9,281)</u>
Revenue from use of money and property:				
Interest earned	\$ 73,007	\$ 73,007	\$ 43,923	\$ (29,084)
Revenue from use of property	4,948	4,948	5,375	427
Total revenue from use of money and property	<u>\$ 77,955</u>	<u>\$ 77,955</u>	<u>\$ 49,298</u>	<u>\$ (28,657)</u>
Charges for services:				
Waste collection charges	\$ 90,792	\$ 90,792	\$ 94,673	\$ 3,881
Grave preparation	1,500	1,500	2,625	1,125
Police reports	1,100	1,100	1,182	82
Security services	2,840	2,840	3,855	1,015
Passport services	10,000	10,000	15,419	5,419
Miscellaneous services	11,559	11,559	15,484	3,925
Total charges for services	<u>\$ 117,791</u>	<u>\$ 117,791</u>	<u>\$ 133,238</u>	<u>\$ 15,447</u>
Miscellaneous:				
Donations	\$ -	\$ -	\$ 5	\$ 5
Local contributions and grants	34,000	34,000	34,000	-
Miscellaneous	10,725	10,725	66,585	55,860
Loan repayments	-	-	107,734	107,734
Total miscellaneous	<u>\$ 44,725</u>	<u>\$ 44,725</u>	<u>\$ 208,324</u>	<u>\$ 163,599</u>
Total revenue from local sources	<u>\$ 4,486,701</u>	<u>\$ 4,486,701</u>	<u>\$ 4,769,767</u>	<u>\$ 283,066</u>

Town of Rocky Mount, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental:				
Revenue from local governments:				
County of Franklin, Virginia School Board	\$ 29,632	\$ 29,632	\$ 29,632	\$ -
Revenue from the Commonwealth:				
Noncategorical aid:				
Personal property tax relief funds	\$ 53,861	\$ 53,861	\$ 53,861	\$ -
Communications tax	186,119	186,119	179,439	(6,680)
Litter tax	2,475	2,475	2,480	5
Rolling Stock	3,250	3,250	3,340	90
Other revenue	200	200	2,134	1,934
Total noncategorical aid	<u>\$ 245,905</u>	<u>\$ 245,905</u>	<u>\$ 241,254</u>	<u>\$ (4,651)</u>
Categorical aid:				
Fire programs	\$ 15,210	\$ 15,210	\$ 36,144	\$ 20,934
Highway maintenance	1,421,537	1,421,537	1,410,026	(11,511)
COPS grant	-	-	3,263	3,263
Law enforcement aid	108,460	108,460	111,952	3,492
VDOT grant	600,000	600,000	-	(600,000)
Total other categorical aid	<u>\$ 2,145,207</u>	<u>\$ 2,145,207</u>	<u>\$ 1,561,385</u>	<u>\$ (583,822)</u>
Total revenue from the Commonwealth	<u>\$ 2,391,112</u>	<u>\$ 2,391,112</u>	<u>\$ 1,802,639</u>	<u>\$ (588,473)</u>
Revenue from the federal government:				
Categorical aid:				
DMV mini grant	\$ -	\$ -	\$ 12,505	\$ 12,505
USDA grant	-	25,000	25,000	-
Law enforcement block grant	-	-	3,181	3,181
Total categorical aid	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 40,686</u>	<u>\$ 15,686</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 40,686</u>	<u>\$ 15,686</u>
Total General Fund	<u><u>\$ 6,907,445</u></u>	<u><u>\$ 6,932,445</u></u>	<u><u>\$ 6,642,724</u></u>	<u><u>\$ (289,721)</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Interest earned	\$ -	\$ -	\$ 2,136	\$ 2,136
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,136</u>	<u>\$ 2,136</u>
Total Primary Government	<u><u>\$ 6,907,445</u></u>	<u><u>\$ 6,932,445</u></u>	<u><u>\$ 6,644,860</u></u>	<u><u>\$ (287,585)</u></u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Mayor and Town Council:				
Wages - elected officials	\$ 2,200	\$ 2,200	\$ 2,150	\$ 50
Wages - contractual services	30,450	30,450	27,375	3,075
Fringes/benefits	2,839	2,839	2,614	225
Contractual services	2,704	2,704	852	1,852
Advertising	1,325	1,325	890	435
Printing and binding	2,200	2,200	2,416	(216)
Postage and delivery services	115	115	63	52
Motor fuel expense	3,561	3,561	-	3,561
Communication	-	-	3,361	(3,361)
Uniforms and clothing	-	-	637	(637)
Travel, training, and education	3,500	3,500	3,495	5
Meeting expenses	850	850	661	189
Stipends	900	900	300	600
Dues and professional memberships	10,488	10,488	10,698	(210)
Books and subscriptions	100	100	200	(100)
Office supplies	3,000	3,000	2,385	615
Miscellaneous	14,000	14,000	14,487	(487)
Data processing equipment	600	600	-	600
Total Mayor and Town Council	<u>\$ 78,832</u>	<u>\$ 78,832</u>	<u>\$ 72,584</u>	<u>\$ 6,248</u>
Town Manager:				
Wages	\$ 161,732	\$ 161,732	\$ 156,912	\$ 4,820
Fringes/benefits	65,186	65,186	60,819	4,367
Contractual services	1,295	5,044	8,856	(3,812)
Advertising	-	-	1,804	(1,804)
Printing and binding	40	40	-	40
Postage and delivery services	140	140	147	(7)
Motor fuel expense	500	500	554	(54)
Motor vehicle expense	275	275	286	(11)
Communication	5,868	5,868	6,129	(261)
Uniform and clothing	-	-	306	(306)
Travel, training, and education	6,900	6,900	10,762	(3,862)
Dues and professional memberships	1,100	1,100	1,225	(125)
Books and subscriptions	704	704	695	9
Office supplies	6,000	6,000	8,174	(2,174)
Miscellaneous	-	-	11	(11)
Data processing equipment	1,500	1,500	1,157	343
Total Town Manager	<u>\$ 251,240</u>	<u>\$ 254,989</u>	<u>\$ 257,837</u>	<u>\$ (2,848)</u>
Town Attorney/Legal Services:				
Contractual services	\$ 5,000	\$ 5,000	\$ 3,142	\$ 1,858
Retainer	21,000	21,000	21,000	-
Professional services	10,000	10,000	10,337	(337)
Travel, training, and education	100	100	-	100
Dues and professional memberships	250	250	250	-
Books and subscriptions	395	395	237	158
Total Town Attorney/Legal Services	<u>\$ 36,745</u>	<u>\$ 36,745</u>	<u>\$ 34,966</u>	<u>\$ 1,779</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
General government administration: (continued)				
Finance:				
Wages	\$ 168,592	\$ 168,592	\$ 174,539	\$ (5,947)
Fringes/benefits	72,660	72,660	70,195	2,465
Contractual services	68,500	68,500	65,968	2,532
Advertising	650	650	1,556	(906)
Printing and binding	7,750	7,750	9,931	(2,181)
Postage and delivery services	6,700	6,700	4,886	1,814
Fees	3,250	3,250	5,062	(1,812)
Communications	6,200	6,200	5,754	446
Uniforms	-	-	101	(101)
Travel, training, and education	5,500	5,500	5,714	(214)
Dues and professional memberships	1,470	1,470	839	631
Books and subscriptions	115	115	115	-
Miscellaneous	-	-	4	(4)
Office Supplies	8,900	8,900	7,565	1,335
Furniture and fixtures	-	-	253	(253)
Data processing	3,000	3,000	914	2,086
Total Finance	\$ 353,287	\$ 353,287	\$ 353,396	\$ (109)
Board of elections	\$ 2,900	\$ 2,900	\$ 5,021	\$ (2,121)
Total General Government Administration	\$ 723,004	\$ 726,753	\$ 723,804	\$ 2,949
Public safety:				
Police Department:				
Wages	\$ 1,179,192	\$ 1,213,022	\$ 1,167,241	\$ 45,781
Fringes/benefits	610,870	634,855	585,049	49,806
Contractual services	16,000	16,000	9,304	6,696
Subscription - safety radios	15,600	15,600	-	15,600
Repairs and maintenance	900	900	231	669
Advertising	520	520	1,058	(538)
Printing and binding	880	880	29	851
Postage and delivery services	700	700	758	(58)
Motor fuel expense	36,250	36,250	39,847	(3,597)
Motor vehicle expense	30,000	30,000	27,806	2,194
Communications	26,236	26,236	25,684	552
Purchases-DMV Grants	-	-	233	(233)
Purchases-comm grant	3,186	3,186	2,457	729
Police K-9 unit	9,500	9,500	10,975	(1,475)
SWAT/warrant expenses	100	100	-	100
Uniforms	5,700	5,700	7,142	(1,442)
Travel, training, and education	9,200	9,200	5,689	3,511
Transportation and extraditions	100	100	-	100
Uniform stipend	12,600	12,600	12,700	(100)
Dues and professional memberships	10,600	10,600	9,385	1,215
Books and subscriptions	100	100	-	100
Miscellaneous	100	100	-	100
Office supplies	2,630	2,630	2,559	71
Police supplies	26,377	26,377	23,468	2,909
Land and building	-	-	5,507	(5,507)
Furniture and fixtures	-	-	95	(95)
Data processing	13,000	13,000	3,782	9,218
Motor vehicles	38,000	88,500	119,148	(30,648)
Motor vehicle lease	8,342	8,342	8,222	120

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public safety: (continued)				
Police Department: (continued)				
Audio and video equipment	27,000	27,000	38,749	(11,749)
Police equipment	-	-	3,500	(3,500)
Lease expense	-	-	15,451	(15,451)
Total Police Department	<u>\$ 2,083,683</u>	<u>\$ 2,191,998</u>	<u>\$ 2,126,069</u>	<u>\$ 65,929</u>
Volunteer Fire Department:				
Fringes/benefits	\$ 6,326	\$ 6,326	\$ 6,813	\$ (487)
Contractual services	1,500	1,500	8,516	(7,016)
Subscription - safety radios	6,000	6,000	-	6,000
Repairs and maintenance	3,000	3,000	9	2,991
Advertising	500	500	451	49
Printing and binding	100	100	-	100
Permits, licenses, and fees	100	100	-	100
Postage and delivery services	30	30	-	30
Motor fuel expense	4,800	4,800	6,217	(1,417)
Motor vehicle expense	11,000	11,000	18,294	(7,294)
Small equipment expense	100	100	75	25
Communications	2,705	2,705	2,802	(97)
Insurance	11,250	11,250	9,551	1,699
Uniforms/turnout gear	11,000	11,000	1,354	9,646
Travel, training, and education	100	100	-	100
Stipends	67,000	67,000	78,311	(11,311)
Dues and professional memberships	1,350	1,350	100	1,250
Books and subscriptions	250	250	138	112
Office supplies	260	260	291	(31)
Fire department supplies	5,000	5,000	1,744	3,256
Data processing	700	700	-	700
Audio and video equipment	-	-	1,875	(1,875)
Fire equipment	39,800	39,800	8,554	31,246
Lease expense	-	-	1,545	(1,545)
Safety equipment	7,000	7,000	-	7,000
DOFP reporting	-	-	4,855	(4,855)
Total Volunteer Fire Department	<u>\$ 179,871</u>	<u>\$ 179,871</u>	<u>\$ 151,495</u>	<u>\$ 28,376</u>
Total public safety	<u>\$ 2,263,554</u>	<u>\$ 2,371,869</u>	<u>\$ 2,277,564</u>	<u>\$ 94,305</u>
Public works:				
Administration:				
Wages	\$ 65,227	\$ 65,227	\$ 66,485	\$ (1,258)
Fringes/benefits	30,816	30,816	27,941	2,875
Contractual services	500	500	301	199
Permits, licenses and fees	-	-	64	(64)
Advertising	100	100	667	(567)
Printing and binding	40	40	-	40
Postage and delivery	8	8	-	8
Communications	3,816	3,816	3,178	638
Uniforms	10,280	10,280	9,562	718
Travel, training, and education	250	250	637	(387)
Dues and professional memberships	-	-	210	(210)
Data processing equipment	-	-	1,005	(1,005)
Books and subscriptions	410	410	693	(283)
Office supplies	275	275	228	47
Total Administration	<u>\$ 111,722</u>	<u>\$ 111,722</u>	<u>\$ 110,971</u>	<u>\$ 751</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
PW Non-VDOT Highway Eligible:				
Uniforms	\$ -	\$ -	\$ 690	\$ (690)
Street Lights:				
Wages	\$ 2,645	\$ 2,645	\$ 107	\$ 2,538
Fringes/benefits	1,538	1,538	183	1,355
Contractual services	4,000	4,000	-	4,000
Repairs and maintenance	450	450	-	450
Utilities	102,000	102,000	106,186	(4,186)
Streets, street lights, sidewalks	2,000	2,000	171	1,829
Capital outlay	-	65,000	-	65,000
Total Street Lights	\$ 112,633	\$ 177,633	\$ 106,647	\$ 70,986
Traffic Control and Parking:				
Wages	\$ 10,582	\$ 10,582	\$ 6,269	\$ 4,313
Fringes/benefits	6,167	6,167	4,359	1,808
Contractual services	20,000	20,000	18,729	1,271
Repairs and maintenance	1,700	1,700	375	1,325
Utilities	11,100	11,100	10,732	368
Motor fuel expense	450	450	808	(358)
Motor vehicle expense	500	500	511	(11)
Small equipment	300	300	-	300
Communications	-	-	2,938	(2,938)
Traffic control/parking supplies	9,000	9,000	(9,906)	18,906
Traffic signals	617,200	617,200	19,721	597,479
Total Traffic Control and Parking	\$ 676,999	\$ 676,999	\$ 54,536	\$ 622,463
Streets:				
Wages	\$ 279,776	\$ 279,776	\$ 285,684	\$ (5,908)
Fringes/benefits	162,000	162,000	161,616	384
Contractual services	373,996	760,996	490,222	270,774
Repairs and maintenance	-	-	128	(128)
Advertising	285	285	-	285
Permits, licenses, fees	750	750	-	750
Motor fuel expense	17,304	17,304	22,386	(5,082)
Motor vehicle expense	20,000	20,000	19,485	515
Travel and training	100	100	150	(50)
Small equipment expense	6,100	6,100	5,836	264
Miscellaneous	100	100	-	100
Agricultural supplies	650	650	-	650
Chemicals and materials	3,800	3,800	5,637	(1,837)
Streets, street lights, sidewalk supplies	32,000	32,000	43,072	(11,072)
Motor vehicles	-	45,154	58,620	(13,466)
Machinery and equipment	8,500	8,500	13,880	(5,380)
Infrastructure	142,999	150,000	67,926	82,074
Total Streets	\$ 1,048,360	\$ 1,487,515	\$ 1,174,642	\$ 312,873
Sidewalks, curbs, and guttering:				
Wages	\$ 5,291	\$ 5,291	\$ 6,398	\$ (1,107)
Fringes/benefits	3,078	3,078	3,888	(810)
Street and sidewalk supplies	2,500	2,500	4,959	(2,459)
Capital outlay	26,000	33,000	-	33,000
Infrastructure	14,000	14,000	51,651	(37,651)
Total Sidewalks, curbs, and guttering	\$ 50,869	\$ 57,869	\$ 66,896	\$ (9,027)

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
Street Cleaning:				
Wages	\$ 10,582	\$ 4,297	\$ 2,722	\$ 1,575
Fringes/benefits	6,156	2,441	2,415	26
Repairs and maintenance	-	-	-	-
Motor fuel expense	650	650	696	(46)
Motor vehicle expense	2,000	1,000	1,779	(779)
Streets, street lights, cleaning, and sidewalk supplies	-	-	105	(105)
Total Street Cleaning	<u>\$ 19,388</u>	<u>\$ 8,388</u>	<u>\$ 7,717</u>	<u>\$ 671</u>
Refuse Collection:				
Wages	\$ 90,547	\$ 90,547	\$ 66,945	\$ 23,602
Fringes/benefits	53,268	53,268	38,344	14,924
Contractual services	536	536	-	536
Repairs and maintenance	-	-	444	(444)
Printing and binding	500	500	-	500
Advertising	700	700	824	(124)
Motor fuel expense	7,000	7,000	7,651	(651)
Motor vehicle expense	6,000	6,000	147,603	(141,603)
Machinery and equipment	-	45,000	36,144	8,856
Refuse collection supplies	1,200	1,200	1,850	(650)
Total Refuse Collection	<u>\$ 159,751</u>	<u>\$ 204,751</u>	<u>\$ 299,805</u>	<u>\$ (95,054)</u>
Snow Removal:				
Wages	\$ 17,936	\$ 3,936	\$ 7,208	\$ (3,272)
Fringes/benefits	5,590	5,590	4,863	727
Motor fuel expense	1,300	1,300	776	524
Motor vehicle expense	1,500	1,500	2,733	(1,233)
Chemicals, materials, supplies	17,000	17,000	17,330	(330)
Streets, street lights, cleaning, and sidewalk supplies	1,000	1,000	879	121
Machinery & equipment	30,260	30,260	26,501	3,759
Total Snow Removal	<u>\$ 74,586</u>	<u>\$ 60,586</u>	<u>\$ 60,290</u>	<u>\$ 296</u>
Municipal Building:				
Wages	\$ -	\$ -	\$ 1,970	\$ (1,970)
Fringes/benefits	-	-	639	(639)
Contractual services	28,500	28,500	15,648	12,852
Repairs and maintenance	1,500	1,500	554	946
Utilities	24,000	24,000	22,317	1,683
Communications	4,200	4,200	4,151	49
Municipal building supplies	1,800	1,800	2,169	(369)
Agricultural supplies	270	270	470	(200)
Janitorial supplies	2,000	2,000	2,144	(144)
Land and buildings	6,242	54,242	76,477	(22,235)
Data processing	1,500	1,500	-	1,500
Total Municipal Building	<u>\$ 70,012</u>	<u>\$ 118,012</u>	<u>\$ 126,539</u>	<u>\$ (8,527)</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
Emergency Services Building:				
Wages	\$ -	\$ -	\$ 1,203	\$ (1,203)
Fringes/benefits	-	-	464	(464)
Contractual services	18,900	18,900	23,584	(4,684)
Repairs and maintenance	7,500	7,500	7,958	(458)
Utilities	18,200	18,200	15,263	2,937
Heating fuel expense	6,400	6,400	11,777	(5,377)
Communications	3,924	3,924	3,869	55
Grant purchases	-	4,000	3,999	1
Firefighters memorial	-	18,255	6,852	11,403
Agricultural supplies	180	180	-	180
Janitorial supplies	1,400	1,400	1,226	174
ES building supplies	130	130	759	(629)
Land and buildings	5,778	5,778	11,848	(6,070)
Total Emergency Services Building	<u>\$ 62,412</u>	<u>\$ 84,667</u>	<u>\$ 88,802</u>	<u>\$ (4,135)</u>
Public Works Building:				
Wages	\$ -	\$ -	\$ 1,936	\$ (1,936)
Fringes/benefits	-	-	827	(827)
Contractual services	2,000	2,000	4,741	(2,741)
Repairs and maintenance	300	300	1,616	(1,316)
Utilities	5,927	5,927	5,883	44
Heating fuel expense	3,000	3,000	3,535	(535)
Communications	3,500	3,500	3,595	(95)
Office supplies	100	100	135	(35)
Janitorial supplies	2,600	2,600	3,500	(900)
Agricultural supplies	100	100	-	100
Shop supplies	2,000	10,500	6,342	4,158
Land & buildings	5,778	15,578	9,799	5,779
Furniture & fixtures	-	-	3,640	(3,640)
Data processing	500	500	-	500
Audio video equipment	2,500	2,500	1,500	1,000
Total Public Works Building	<u>\$ 28,305</u>	<u>\$ 46,605</u>	<u>\$ 47,049</u>	<u>\$ (444)</u>
Total public works	<u>\$ 2,415,037</u>	<u>\$ 3,034,747</u>	<u>\$ 2,144,584</u>	<u>\$ 890,163</u>
Parks, recreation, and cultural:				
Cemetery Maintenance:				
Wages	\$ 10,582	\$ 10,582	\$ 12,147	\$ (1,565)
Fringes/benefits	6,171	6,171	7,229	(1,058)
Contractual services	1,000	1,000	-	1,000
Motor fuel expense	495	495	532	(37)
Small equipment expense	600	600	542	58
Agricultural supplies	350	350	340	10
Total Cemetery Maintenance	<u>\$ 19,198</u>	<u>\$ 19,198</u>	<u>\$ 20,790</u>	<u>\$ (1,592)</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Parks, recreation, and cultural: (continued)				
Playgrounds and Parks:				
Wages	\$ 15,873	\$ 15,873	\$ 29,438	\$ (13,565)
Fringes/benefits	9,391	9,391	17,198	(7,807)
Contractual services	2,400	2,400	3,515	(1,115)
Repairs and maintenance	2,000	2,000	1,043	957
Utilities	2,025	2,025	1,544	481
Motor fuel expense	435	435	550	(115)
Small equipment expense	500	500	-	500
Agricultural supplies	250	250	385	(135)
Parks, recreation, cemetery supplies	2,000	2,000	2,472	(472)
Machinery and equipment	28,300	28,300	10,266	18,034
Land & building	-	-	13,678	(13,678)
Furniture & fixtures	-	-	34,360	(34,360)
Total Playgrounds and Parks	<u>\$ 63,174</u>	<u>\$ 63,174</u>	<u>\$ 114,449</u>	<u>\$ (51,275)</u>
Mary Elizabeth Park				
Capital outlay	<u>\$ -</u>	<u>\$ 104,362</u>	<u>\$ 68,791</u>	<u>\$ 35,571</u>
Celeste Park				
Capital outlay	<u>\$ 5,245</u>	<u>\$ 5,245</u>	<u>\$ -</u>	<u>\$ 5,245</u>
Gilley's Park				
Capital outlay	<u>\$ 48,038</u>	<u>\$ 48,038</u>	<u>\$ -</u>	<u>\$ 48,038</u>
Impound Lot				
Wages	-	-	15,776	(15,776)
Fringes/benefits	-	-	8,802	(8,802)
Impound lot	82,216	82,216	61,199	21,017
Total Impound Lot	<u>\$ 82,216</u>	<u>\$ 82,216</u>	<u>\$ 85,777</u>	<u>\$ (3,561)</u>
Veterans Memorial Park				
Infrastructure	<u>\$ 74,680</u>	<u>\$ 74,680</u>	<u>\$ -</u>	<u>\$ 74,680</u>
Total parks, recreation, and cultural	<u>\$ 292,551</u>	<u>\$ 396,913</u>	<u>\$ 289,807</u>	<u>\$ 107,106</u>
Community development:				
Planning and Zoning:				
Wages	\$ 78,260	\$ 78,260	\$ 59,051	\$ 19,209
Fringes/benefits	30,504	30,504	26,584	3,920
Contractual services	7,000	7,000	268	6,732
Advertising	2,500	2,500	3,597	(1,097)
Printing and binding	50	50	-	50
Postage and delivery services	70	70	267	(197)
Motor fuel expense	70	70	-	70
Motor vehicle expense	500	500	-	500
Communications	5,918	5,918	5,490	428
Clothing	-	-	229	(229)
Travel	1,000	1,000	1,001	(1)
Meeting expenses	300	300	41	259
Stipends	8,200	8,200	8,921	(721)
Dues and professional memberships	500	500	306	194
Office Supplies	4,000	4,000	2,287	1,713
Furniture and fixtures	-	-	80	(80)
Data processing equipment	1,500	1,500	2,732	(1,232)
Total Planning and Zoning	<u>\$ 140,372</u>	<u>\$ 140,372</u>	<u>\$ 110,854</u>	<u>\$ 29,518</u>

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Community development: (continued)				
Community and Economic Development:				
Wages	\$ 95,086	\$ 95,086	\$ 89,803	\$ 5,283
Fringes/benefits	41,618	41,618	36,201	5,417
Contractual services	25,000	25,000	53,144	(28,144)
Advertising	3,500	3,500	857	2,643
Branding of Town	54,659	66,219	44,788	21,431
Printing and binding	40	40	-	40
Postage and delivery services	620	620	650	(30)
Motor fuel expense	1,700	1,700	1,674	26
Motor vehicle expense	1,500	1,500	2,322	(822)
Communications	2,920	2,920	3,687	(767)
Uniforms and clothing	-	-	212	(212)
Travel, training, and education	5,000	5,000	2,836	2,164
Dues and professional memberships	1,400	1,400	1,807	(407)
Books and subscriptions	480	480	1,300	(820)
Special events/promotions	21,000	21,000	21,461	(461)
Shop local campaign	15,000	15,000	-	15,000
Office supplies	5,900	5,900	6,903	(1,003)
Capital outlay	600	600	-	600
Furniture and fixtures	-	-	176	(176)
Data processing equipment	3,000	3,000	11,772	(8,772)
Audio and video equipment	1,700	1,700	4,440	(2,740)
Town decorations	7,500	7,500	595	6,905
Total Community and Economic Development	\$ 288,223	\$ 299,783	\$ 284,628	\$ 15,155
Citizens' Square:				
Wages	\$ 2,645	\$ 2,645	\$ 736	\$ 1,909
Fringes/benefits	1,538	1,538	679	859
Contractual services	10,160	10,160	8,420	1,740
Repairs and maintenance	1,500	1,500	683	817
Advertising	500	500	-	500
Permits, licenses, fees	40	40	40	-
EBT expense	-	-	468	(468)
Utilities	2,868	2,868	2,339	529
Janitorial supplies	100	100	183	(83)
Citizens' Square/Depot supplies	1,000	1,000	752	248
Infrastructure	-	25,000	-	25,000
Total Citizens' Square	\$ 20,351	\$ 45,351	\$ 14,300	\$ 31,051
Community and Hospitality Center:				
Wages	\$ 14,995	\$ 14,995	\$ 10,584	\$ 4,411
Fringes/benefits	2,483	2,483	1,278	1,205
Contractual services	4,550	4,550	8,139	(3,589)
Repairs and maintenance	2,000	2,000	95	1,905
Advertising	-	-	656	(656)
Utilities	4,500	4,500	3,427	1,073
Communications	985	985	1,000	(15)
Travel, training, and education	150	150	40	110
Office supplies	350	350	111	239
Janitorial supplies	500	500	242	258
Citizens' Square/Depot supplies	500	500	170	330
Total Community and Hospitality Center	\$ 31,013	\$ 31,013	\$ 25,742	\$ 5,271

Town of Rocky Mount, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Community development: (continued)				
Passport Program:				
Postage and delivery services	\$ 1,350	\$ 1,350	\$ 1,780	\$ (430)
Office supplies	860	860	807	53
Total Passport Program	<u>\$ 2,210</u>	<u>\$ 2,210</u>	<u>\$ 2,587</u>	<u>\$ (377)</u>
Remediation of Blighted Structures:				
Contractual services	\$ -	\$ -	\$ 1,440	\$ (1,440)
Demolition	15,000	15,000	-	15,000
Total Remediation of Blighted Structures	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 1,440</u>	<u>\$ 13,560</u>
Economic Development Authority:				
Wages	\$ 600	\$ 600	\$ 500	\$ 100
Fringes/benefits	360	360	225	135
Travel and training	1,000	1,000	-	1,000
Stipends	4,000	4,000	1,400	2,600
Land and buildings	10,000	10,000	-	10,000
Total Economic Development Authority	<u>\$ 15,960</u>	<u>\$ 15,960</u>	<u>\$ 2,125</u>	<u>\$ 13,835</u>
Contributions to Harvester Performance Center	<u>\$ 354,682</u>	<u>\$ 354,682</u>	<u>\$ 709,364</u>	<u>\$ (354,682)</u>
Total Community Development	<u>\$ 867,811</u>	<u>\$ 904,371</u>	<u>\$ 1,151,040</u>	<u>\$ (246,669)</u>
General Fund: (continued)				
Nondepartmental:				
Wages	\$ -	\$ -	\$ 14,199	\$ (14,199)
Fringes/benefits	68,057	68,057	11,097	56,960
Insurance	72,524	72,524	64,458	8,066
Contributions to other entities	16,500	16,500	15,450	1,050
Contingency	135,658	135,658	-	135,658
Total Nondepartmental	<u>\$ 292,739</u>	<u>\$ 292,739</u>	<u>\$ 105,204</u>	<u>\$ 187,535</u>
Debt service:				
Principal retirement	\$ 295,000	\$ 313,770	\$ 313,770	\$ -
Interest and fiscal charges	59,644	59,644	52,659	6,985
Total debt service	<u>\$ 354,644</u>	<u>\$ 373,414</u>	<u>\$ 366,429</u>	<u>\$ 6,985</u>
Total General Fund	<u>\$ 7,209,340</u>	<u>\$ 8,100,806</u>	<u>\$ 7,058,432</u>	<u>\$ 1,042,374</u>
Total Primary Government	<u>\$ 7,209,340</u>	<u>\$ 8,100,806</u>	<u>\$ 7,058,432</u>	<u>\$ 1,042,374</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends	1-4
<i>These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-9
<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	10-11
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	12-13
<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	14-16
<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.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 8,949,640	\$ 9,938,639	\$ 12,308,493	\$ 12,768,337	\$ 12,824,596	\$ 13,421,135	\$ 13,173,384	\$ 13,194,309	\$ 13,382,249	\$ 13,324,081
Restricted	-	-	-	-	-	-	-	-	451,764	127,010
Unrestricted	11,126,647	10,998,693	10,934,072	10,241,470	9,524,633	5,700,375	4,942,843	6,909,303	5,750,745	4,918,816
Total governmental activities net position	<u>\$ 20,076,287</u>	<u>\$ 20,937,332</u>	<u>\$ 23,242,565</u>	<u>\$ 23,009,807</u>	<u>\$ 22,349,229</u>	<u>\$ 19,121,510</u>	<u>\$ 18,116,227</u>	<u>\$ 20,103,612</u>	<u>\$ 19,584,758</u>	<u>\$ 18,369,907</u>
Business-type activities										
Net investment in capital assets	\$ 7,619,260	\$ 7,601,301	\$ 9,435,263	\$ 9,712,564	\$ 9,967,807	\$ 8,910,140	\$ 8,741,269	\$ 8,522,241	\$ 13,324,081	\$ 8,516,925
Restricted for debt service	-	356,642	356,642	280,018	280,018	-	-	-	-	-
Unrestricted	69,501	(192,322)	(1,150,324)	(1,514,916)	(1,379,266)	266,300	22,529	8,757,094	4,918,816	1,173,667
Total business-type activities net position	<u>\$ 7,688,761</u>	<u>\$ 7,765,621</u>	<u>\$ 8,641,581</u>	<u>\$ 8,477,666</u>	<u>\$ 8,868,559</u>	<u>\$ 9,176,440</u>	<u>\$ 8,763,798</u>	<u>\$ 17,279,335</u>	<u>\$ 18,242,897</u>	<u>\$ 9,690,592</u>
Primary Government										
Net investment in capital assets	\$ 16,568,900	\$ 17,539,940	\$ 21,743,756	\$ 22,480,901	\$ 22,792,403	\$ 22,331,275	\$ 21,914,653	\$ 21,716,550	\$ 26,706,330	\$ 21,841,006
Restricted for debt service	-	356,642	356,642	280,018	280,018	-	-	-	451,764	127,010
Unrestricted	11,196,148	10,806,371	9,783,748	8,726,554	8,145,367	5,966,675	4,965,372	7,144,156	10,669,561	6,092,483
Total primary government net position	<u>\$ 27,765,048</u>	<u>\$ 28,702,953</u>	<u>\$ 31,884,146</u>	<u>\$ 31,487,473</u>	<u>\$ 31,217,788</u>	<u>\$ 28,297,950</u>	<u>\$ 26,880,025</u>	<u>\$ 28,860,706</u>	<u>\$ 37,827,655</u>	<u>\$ 28,060,499</u>

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government administration	\$ 861,445	\$ 798,988	\$ 174,544	\$ 1,310,661	\$ 894,183	\$ 909,202	\$ 931,434	\$ 836,494	\$ 983,926	\$ 936,954
Public Safety	1,807,691	1,713,977	2,157,429	2,012,658	1,884,733	2,123,428	2,026,137	2,017,134	2,374,024	2,440,595
Public Works	1,733,026	1,892,605	1,555,182	1,538,835	1,756,852	1,371,148	1,728,155	1,947,796	1,743,964	2,088,558
Parks, recreation and cultural	45,676	43,798	112,286	54,320	125,182	113,983	61,642	66,665	161,397	216,058
Community development	257,877	303,876	186,118	581,132	752,701	3,894,611	680,806	778,492	905,959	1,284,101
Interest on long-term debt	141,919	135,526	185,382	116,630	108,331	104,988	20,876	58,187	49,285	58,784
Total governmental activities expenses	\$ 4,847,634	\$ 4,888,770	\$ 4,370,941	\$ 5,614,236	\$ 5,521,982	\$ 8,517,360	\$ 5,449,050	\$ 5,704,768	\$ 6,218,555	\$ 7,025,050
Business-type activities:										
Water and Sewage	\$ 2,403,437	\$ 2,304,052	\$ 2,293,343	\$ 2,286,168	\$ 2,567,771	\$ 2,517,014	\$ 2,392,635	\$ 2,441,711	\$ 2,442,424	\$ 2,501,509
Total business-type activities expenses	\$ 2,403,437	\$ 2,304,052	\$ 2,293,343	\$ 2,286,168	\$ 2,567,771	\$ 2,517,014	\$ 2,392,635	\$ 2,441,711	\$ 2,442,424	\$ 2,501,509
Total primary government expenses	\$ 7,251,071	\$ 7,192,822	\$ 6,664,284	\$ 7,900,404	\$ 8,089,753	\$ 11,034,374	\$ 7,841,685	\$ 8,146,479	\$ 8,660,979	\$ 9,526,559
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	\$ 49,926	\$ 33,858	\$ 38,121	\$ 34,393	\$ 93,630	\$ 109,983	\$ 89,168	\$ 81,459	\$ 86,852	\$ 85,651
Public Works	86,812	89,694	91,463	91,874	98,136	85,135	92,842	93,420	93,563	94,673
Other activities	23,890	13,887	23,473	15,477	6,569	5,154	3,403	8,040	19,772	18,109
Operating grants and contributions	1,447,387	1,488,707	1,587,192	1,439,839	1,477,830	1,471,561	1,482,557	1,591,163	1,562,401	1,631,703
Capital grants and contributions	630,066	789,122	760,818	156,064	-	-	500,000	-	-	-
Total governmental activities program revenues	\$ 2,238,081	\$ 2,415,268	\$ 2,501,067	\$ 1,737,647	\$ 1,676,165	\$ 1,671,833	\$ 2,167,970	\$ 1,774,082	\$ 1,762,588	\$ 1,830,136
Business-type activities:										
Charges for services:										
Water & Sewer	\$ 1,938,102	\$ 1,829,553	\$ 1,776,905	\$ 1,777,053	\$ 2,034,980	\$ 2,234,095	\$ 2,286,212	\$ 2,468,788	\$ 2,581,401	\$ 2,714,441
Total primary government program revenues	\$ 4,176,183	\$ 4,244,821	\$ 4,277,972	\$ 3,514,700	\$ 3,711,145	\$ 3,905,928	\$ 4,454,182	\$ 4,242,870	\$ 4,343,989	\$ 4,544,577
Net (expense)/revenue:										
Governmental activities	\$ (2,609,553)	\$ (2,473,502)	\$ (1,869,874)	\$ (3,876,589)	\$ (3,845,817)	\$ (6,845,527)	\$ (3,281,080)	\$ (3,930,686)	\$ (4,455,967)	\$ (5,194,914)
Business-type activities	(465,335)	(474,499)	(516,438)	(509,115)	(532,791)	(282,919)	(106,423)	27,077	138,977	212,932
Total primary government net expense	\$ (3,074,888)	\$ (2,948,001)	\$ (2,386,312)	\$ (4,385,704)	\$ (4,378,608)	\$ (7,128,446)	\$ (3,387,503)	\$ (3,903,609)	\$ (4,316,990)	\$ (4,981,982)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 807,283	\$ 791,374	\$ 818,866	\$ 836,746	\$ 849,121	\$ 958,992	\$ 937,781	\$ 1,004,337	\$ 1,009,816	\$ 1,022,648
Sales tax	176,134	184,303	162,650	165,757	170,318	161,774	167,128	172,420	180,099	187,370
Business licenses taxes	582,774	563,079	566,498	727,126	626,570	671,456	625,162	682,104	644,219	658,908
Meals tax	1,075,767	1,057,284	1,093,932	1,163,386	1,192,660	1,247,585	1,352,151	1,403,288	1,483,084	1,526,284
Lodging tax	83,114	84,890	89,232	95,823	86,254	99,690	114,034	123,292	184,230	203,737
Bank stock tax	219,726	207,793	215,996	205,444	211,311	249,226	275,223	222,092	228,304	295,140
Other local taxes	94,061	89,619	86,873	83,426	87,651	2,890	-	-	-	-
Consumers' utility taxes	557,220	526,582	330,044	320,543	322,792	331,258	333,011	328,559	322,765	330,020
Cigarette tax	-	-	-	123,161	100,371	95,814	107,461	89,454	108,493	89,771
Intergovernmental revenue, unrestricted	102,764	65,707	266,795	255,227	244,810	256,745	256,262	250,549	245,240	241,254
Unrestricted revenues from use of money and property	481,979	221,229	320,196	81,198	69,353	62,171	74,136	142,520	52,266	51,434
Other	22,066	41,289	1,094,702	32,619	39,699	71,007	54,238	143,156	8,965	100,590
Transfers	(459,382)	(498,602)	(761,607)	(454,138)	(783,565)	(590,800)	(257,139)	33,781	(606,059)	144,511
Total governmental activities	\$ 3,743,506	\$ 3,334,547	\$ 4,284,177	\$ 3,636,318	\$ 3,217,345	\$ 3,617,808	\$ 4,039,448	\$ 4,595,552	\$ 3,861,422	\$ 4,851,667
Business-type activities:										
Other	\$ 41,628	\$ 52,757	\$ 74,961	\$ 45,166	\$ 167,468	\$ -	\$ 258	\$ -	\$ 4,000	\$ -
Unrestricted revenues from use of money and property	15,563	-	-	18	-	-	-	-	-	-
Transfers	459,382	498,602	761,607	454,138	783,565	590,800	257,139	(33,781)	606,059	(144,511)
Total business-type activities	\$ 516,573	\$ 551,359	\$ 836,568	\$ 499,322	\$ 951,033	\$ 590,800	\$ 257,397	\$ (33,781)	\$ 610,059	\$ (144,511)
Total primary government	\$ 4,260,079	\$ 3,885,906	\$ 5,120,745	\$ 4,135,640	\$ 4,168,378	\$ 4,208,608	\$ 4,296,845	\$ 4,561,771	\$ 4,471,481	\$ 4,707,156
Change in Net Position										
Governmental activities	\$ 1,133,953	\$ 861,045	\$ 2,414,303	\$ (240,271)	\$ (628,472)	\$ (3,227,719)	\$ 758,368	\$ 664,866	\$ (594,545)	\$ (343,247)
Business-type activities	51,238	76,860	320,130	(9,793)	418,242	307,881	150,974	(6,704)	749,036	68,421
Total primary government	\$ 1,185,191	\$ 937,905	\$ 2,734,433	\$ (250,064)	\$ (210,230)	\$ (2,919,838)	\$ 909,342	\$ 658,162	\$ 154,491	\$ (274,826)

Table 3

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

	Fiscal Year									
	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550	\$ 1,550	\$ -	\$ 10,145	\$ 1,838
Restricted	-	-	-	-	-	-	-	-	451,764	127,010
Reserved	45,617	2,293	-	-	-	-	-	-	-	-
Unreserved	10,874,461	10,799,062	-	-	-	-	-	-	-	-
Unassigned	-	-	11,897,728	11,323,032	10,704,059	6,409,484	6,978,936	8,150,074	7,782,624	7,431,554
Total general fund	\$ 10,920,078	\$ 10,801,355	\$ 11,897,728	\$ 11,323,032	\$ 10,704,059	\$ 6,411,034	\$ 6,980,486	\$ 8,150,074	\$ 8,244,533	\$ 7,560,402
All other governmental funds										
Nonspendable										
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,721	\$ 2,790	\$ 57,643	\$ -
Reserved	554,444	1,438,537	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital Projects	149,074	(1,013,171)	-	-	-	-	-	-	-	-
Assigned, reported in:										
Capital Projects	-	-	-	-	-	-	-	-	-	59,779
Unassigned, reported in:										
Capital Projects	-	-	(680,288)	(775,601)	(795,086)	(321,815)	-	-	-	-
Total all other governmental funds	\$ 703,518	\$ 425,366	\$ (680,288)	\$ (775,601)	\$ (795,086)	\$ (321,815)	\$ 16,721	\$ 2,790	\$ 57,643	\$ 59,779

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 3,560,999	\$ 3,507,462	\$ 3,386,948	\$ 3,719,978	\$ 3,640,251	\$ 3,799,794	\$ 3,911,550	\$ 4,012,405	\$ 4,161,830	\$ 4,313,712
Licenses and permits	21,890	13,387	14,788	5,945	12,861	26,593	17,001	17,007	20,158	21,776
Fines and forfeitures	46,676	28,709	32,263	28,467	53,037	57,805	52,787	51,040	48,858	43,419
Use of money & property	481,979	221,229	320,196	81,198	69,353	62,171	74,136	142,520	52,266	51,434
Charges for services	92,062	95,343	106,006	107,332	132,437	115,874	115,625	114,872	131,171	133,238
Other	22,066	41,289	410,795	189,296	43,513	112,966	57,422	692,271	43,969	208,324
Intergovernmental	2,180,217	2,343,536	2,614,805	1,695,066	1,722,640	1,728,306	2,238,819	1,841,712	1,807,641	1,872,957
Total revenues	\$ 6,405,889	\$ 6,250,955	\$ 6,885,801	\$ 5,827,282	\$ 5,674,092	\$ 5,903,509	\$ 6,467,340	\$ 6,871,827	\$ 6,265,893	\$ 6,644,860
Expenditures										
General government administration	\$ 734,668	\$ 675,930	\$ 581,529	\$ 824,164	\$ 627,291	\$ 639,357	\$ 695,392	\$ 679,772	\$ 689,682	\$ 723,804
Public safety	1,881,914	1,468,653	2,239,784	1,764,573	1,609,022	1,957,098	1,976,129	1,896,243	2,158,484	2,277,564
Public works	1,273,449	2,193,364	1,308,836	1,457,358	1,465,808	1,400,360	1,564,856	2,017,661	1,794,250	2,144,584
Parks, recreation and cultural	70,730	75,782	107,660	69,802	118,091	136,981	51,633	74,202	1,265,614	289,807
Community development	226,764	263,795	271,900	374,620	631,578	378,721	495,568	700,736	769,785	1,151,040
Nondepartmental	206,272	132,627	201,300	398,734	176,669	188,939	163,654	154,046	189,047	105,204
Capital outlay	484,432	1,066,717	1,817,788	845,734	598,258	2,779,365	191,440	-	-	-
Debt service:										
Principal	129,840	134,766	1,666,248	189,300	189,300	134,557	184,792	181,879	182,799	313,770
Interest	143,815	137,594	167,135	126,381	112,968	158,116	51,989	45,412	48,552	52,659
Bond Issuance Costs	-	-	-	-	-	7,357	-	-	-	-
Total expenditures	\$ 5,151,884	\$ 6,149,228	\$ 8,362,180	\$ 6,050,666	\$ 5,528,985	\$ 7,780,851	\$ 5,375,453	\$ 5,749,951	\$ 7,098,213	\$ 7,058,432
Excess of revenues over (under) expenditures	\$ 1,254,005	\$ 101,727	\$ (1,476,379)	\$ (223,384)	\$ 145,107	\$ (1,877,342)	\$ 1,091,887	\$ 1,121,876	\$ (832,320)	\$ (413,572)
Other financing sources (uses)										
Transfers in	\$ 178,472	\$ 557	\$ -	\$ 592,219	\$ 395,346	\$ 3,629,816	\$ -	\$ 33,781	\$ 6,188,100	\$ 144,511
Transfers out	(637,854)	(499,159)	(761,607)	(1,046,357)	(1,178,911)	(5,579,585)	(257,139)	-	(6,794,159)	-
Issuance of debt	-	-	1,640,000	-	-	1,190,700	-	-	1,512,000	-
Capital leases	-	-	-	-	-	-	73,240	-	-	-
Other	-	-	697,775	-	-	(1,183,343)	-	-	-	-
Total other financing sources (uses)	\$ (459,382)	\$ (498,602)	\$ 1,576,168	\$ (454,138)	\$ (783,565)	\$ (1,942,412)	\$ (183,899)	\$ 33,781	\$ 905,941	\$ 144,511
Net change in fund balances	\$ 794,623	\$ (396,875)	\$ 99,789	\$ (677,522)	\$ (638,458)	\$ (3,819,754)	\$ 907,988	\$ 1,155,657	\$ 73,621	\$ (269,061)
Debt service as a percentage of noncapital expenditures	6.61%	5.66%	28.01%	6.07%	6.13%	5.86%	4.57%	4.20%	4.22%	5.77%

Table 5

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

Fiscal Year	Real Estate				Personal Property	Machinery and Tools	Public Service Companies	Total	Total Direct Tax Rate (1)
	Single Family Homes	Multi-Family Homes	Commercial and Industrial	Agriculture					
2018	\$ 222,212,800	\$ 18,685,200	\$ 212,716,700	\$ 3,675,000	\$ 46,837,096	\$ 82,603,648	\$ 21,333,422	\$ 608,063,866	0.16
2017	219,812,800	18,685,200	212,669,900	3,675,000	42,899,086	78,265,472	21,936,930	597,944,388	0.16
2016	217,736,000	23,249,400	199,809,100	3,068,400	44,044,980	76,089,912	22,587,129	586,584,921	0.16
2015	216,079,400	23,881,500	189,316,500	3,064,400	40,148,381	62,411,333	21,894,698	556,796,212	0.16
2014	214,696,200	23,881,500	202,935,900	3,064,400	39,049,218	57,535,342	21,048,808	562,211,368	0.13
2013	213,160,884	24,813,316	193,538,300	2,428,100	46,464,623	61,607,537	21,406,026	563,418,786	0.13
2012	255,899,900	18,205,800	190,568,700	3,184,700	40,503,524	61,910,094	22,415,323	592,688,041	0.14
2011	249,922,100	18,205,800	190,568,700	3,184,700	39,741,741	60,122,533	21,769,051	583,514,625	0.14
2010	247,373,500	18,205,800	189,646,700	3,631,600	36,599,174	64,006,873	23,530,708	582,994,355	0.14
2009	244,576,200	18,205,800	189,438,200	3,928,500	41,366,265	60,580,689	22,152,956	580,248,610	0.18

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: \$0.13

Personal Property: \$0.51

Machinery and Tools: \$0.17

Source: Real estate and personal property tax assessments.

Table 6

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Wal-Mart Real Estate Business Trust	9,635,600	1	2.11%	9,904,200	2	2.17%
Southgate Associates II LP (Tanyard Rd)	9,513,400	2	2.08%	10,346,300	1	2.27%
Rocky Mount Development Company LLC (Old Franklin)	9,474,000	3	2.07%	9,876,300	3	2.17%
Franklin Memorial Hospital	8,631,700	4	1.89%	9,154,300	5	2.01%
Franklin County (Technology Park)	8,322,100	5	1.82%			
Lowes Home Centers Inc.	8,321,500	6	1.82%	8,357,400	6	1.83%
Trinity Packaging Corporation	7,586,400	7	1.66%	6,305,800	7	1.38%
PG Multi-16 LP/Ply Gem	6,825,600	8	1.49%	9,471,500	4	2.08%
OHI Asset (VA) Rocky Mount LLC/Trinity Mission	6,820,100	9	1.49%	4,286,900	13	0.94%
L & M Properties LLC	5,880,800	10	1.29%	5,143,900	11	1.13%
Medical Facilities of Virginia/Franklin Health Care	5,189,200	11	1.13%	5,084,800	12	1.11%
Champion Modular Inc./Mod-U-Kraf	5,159,400	12	1.13%	6,293,600	8	1.38%
AZ Rocky Mount LLC/Walgreen #13013	4,269,600	13	0.93%			
Danny M. Perdue Living Trust	3,776,300	14	0.83%	2,626,000	17	0.58%
Ferguson Land & Lumber Inc.	3,641,700	15	0.80%	2,466,300	20	0.54%
	<u>\$ 103,047,400</u>		<u>22.54%</u>	<u>\$ 89,317,300</u>		<u>19.59%</u>

Source: Real estate tax assessments

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

Year Ended June 30	Taxes Levied	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 1,003,273	\$ 976,276	97.31%	\$ -	\$ 976,276	97.31%
2017	962,620	909,453	94.48%	2,612	909,453	94.48%
2016	959,038	903,099	94.17%	24,724	903,099	94.17%
2015	902,443	842,340	93.34%	38,232	880,572	97.58%
2014	901,325	879,708 A	97.60%	7,630	887,338	98.45%
2013	903,558	820,174	90.77%	74,401	894,575	99.01%
2012	899,388	870,261	96.76%	25,643	895,904	99.61%
2011	884,213	869,431	98.33%	13,292	882,723	99.83%
2010	869,573	866,613	99.66%	1,786	868,399	99.86%
2009	890,915	852,065	95.64%	38,163	890,228	99.92%

Note A: Vehicle license fees were added to the personal property tax bills for the first time in fiscal year 2014 since physical decals are no longer required. The license fees are, therefore, added to tax collections.

Source: Detailed Town property tax records.

Note: Amount collected does not include any penalties and interest on late payments.

Table 8

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption	Monthly Average Consumption	Rank	Percentage of Total Billed Monthly Average Consumption
Ronile	1,826,090	1	8.20%	3,147,334	1	15.07%
PlyGem Windows	1,424,602	2	6.40%	865,857	3	4.15%
Trinity Mission (Rocky Mount Rehabilitation)	772,117	3	3.47%	701,038	4	3.36%
Medical Facilities of America (Franklin Health Care)	515,283	4	2.31%	330,767	7	1.58%
Franklin County High School	489,784	5	2.20%	294,574	8	1.41%
Home Town Ice	431,146	6	1.94%			
Franklin County Middle School	417,983	7	1.88%	458,076	5	2.19%
Candlewood Apartments	251,414	8	1.13%	337,597	6	1.62%
Tanyard Village	199,633	9	0.90%			
Greater Southern Wood Preservers/Rocky Top	186,226	10	0.84%	145,501	19	0.70%
Property Mgt / Windy Lane	184,188	11	0.83%			
Rocky Mount Comfort Inn	180,870	12	0.81%			
Ferguson Land & Lumber	170,327	13	0.76%			
Trinity Packaging	169,771	14	0.76%			
Rocky Mount Development (Kroger)	160,805	15	0.72%			

Source: Average Consumption Report from Utility Billing System

Table 9

Town of Rocky Mount, Virginia
General Government Local Taxes
Last Ten Fiscal Years

Fiscal Year Ended June 30	Local Sales & Use Tax	Consumer Utility Tax	Business License Taxes	Bank Stock Taxes	Lodging Taxes	Meals Tax	Cigarette Taxes	Total
2018	\$ 187,370	\$ 330,020	\$ 658,908	\$ 295,140	\$ 203,737	\$ 1,526,284	\$ 89,771	\$ 3,291,230
2017	180,099	322,765	644,219	228,304	184,230	1,483,084	108,493	3,151,194
2016	172,420	328,559	682,104	222,092	123,292	1,403,288	89,454	3,021,209
2015	167,128	333,011	625,162	275,223	114,034	1,352,151	107,461	2,974,170
2014	161,774	331,258	671,456	249,226	99,690	1,247,585	95,814	2,856,803
2013	170,318	322,792	626,570	211,311	86,254	1,192,660	100,371	2,710,276
2012	165,757	320,543	727,126	205,444	95,823	1,163,386	123,161	2,801,240
2011	162,650	330,044	566,498	215,996	89,232	1,093,932	-	2,458,352
2010	170,017	529,578	563,079	207,793	84,890	1,057,284	-	2,612,641
2009	161,848	543,095	582,774	219,726	83,114	1,075,767	-	2,666,324

Source: Schedule 1

Table 10

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 45,614,870	\$ 45,821,418	\$ 46,188,130	\$ 46,785,910	\$ 43,394,060	\$ 44,457,800	\$ 43,234,180	\$ 43,234,180	\$ 45,484,290	\$ 45,728,970
Total net debt applicable to limit	10,926,856	10,113,684	7,431,900	6,576,568	5,700,063	5,164,500	4,778,500	4,778,500	5,506,500	4,919,000
Legal debt margin	34,688,014	35,707,734	38,756,230	40,209,342	37,693,997	39,293,300	38,455,680	38,455,680	39,977,790	40,809,970
Total net debt applicable to the limit as a percentage of debt limit	24%	22%	16.1%	14.1%	13.1%	11.6%	11.1%	11.1%	12.1%	10.8%

Legal Debt Margin Calculated for Fiscal Year 2018

Assessed value	<u>\$ 457,289,700</u>
Debt limit (10% of assessed value)	\$ 45,728,970
Debt applicable to limit:	
Revenue Bonds	3,052,000
Other Long-Term Obligations	<u>1,867,000</u>
Total net applicable to limit	<u>4,919,000</u>
Legal debt margin	<u>\$ 40,809,970</u>

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	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt to Taxable Value
	General Obligation Bonds	Revenue Bonds	Capital Lease	General Obligation Bonds	Revenue Bonds					
2018	\$ 1,867,000	\$ -	\$ -	\$ -	\$ 3,052,000	\$ 4,919,000	0.24%	\$ 1,867,000	\$ 389	\$ 3.07
2017	2,162,000	-	18,770	-	3,344,500	5,525,270	0.27%	2,180,770	455	3.65
2016	815,000	-	36,569	-	3,573,500	4,425,069	0.23%	851,569	177	1.45
2015	980,000	-	53,448	-	3,798,500	4,831,948	0.25%	1,033,448	215	1.86
2014	1,145,000	-	-	-	4,019,500	5,164,500	0.27%	1,145,000	238	2.04
2013	1,310,000	1,196,423	-	2,265,063	1,019,177	5,790,663	0.30%	2,506,423	520	4.45
2012	1,475,000	1,222,798	-	2,931,568	1,041,644	6,671,010	0.36%	2,697,798	560	4.55
2011	1,640,000	1,249,173	-	3,576,900	1,064,111	7,530,184	0.44%	2,889,173	602	4.95
2010	1,641,948	1,275,548	-	6,211,736	1,086,578	10,215,810	0.59%	2,917,496	645	5.00
2009	1,755,113	1,299,223	-	6,871,743	1,106,745	11,032,824	8.88%	3,054,336	672	5.26

Source: Note 9

Table 12

Town of Rocky Mount, Virginia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended (1)	Population (2)	Per Capita Personal Income (3)	Total Personal Income Thousands of Dollars (3)	Public School Enrollment	Unemployment Rate
2018	4,764			6,832	3.40%
2017	4,799	\$ 37,300	\$ 2,091,380	6,885	4.10%
2016	4,799	36,668	2,063,114	6,952	4.30%
2015	4,798	34,586	1,949,205	7,098	5.20%
2014	4,830	35,374	1,992,780	7,095	5.50%
2013	4,821	26,872	1,926,513	7,080	5.70%
2012	4,820	34,614	1,952,632	7,278	6.20%
2011	4,799	32,626	1,840,735	7,325	8.00%
2010	4,525	33,116	1,719,502	7,120	7.60%
2009	4,544	33,420	1,728,877	7,285	4.90%

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

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

(3) Source: Bureau of Economic Analysis (for Franklin County). Current year information is not yet available.

Table 13

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

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Franklin County Public Schools	1,288	1	4.92%	1,200	1	4.69%
Ply Gem Manufacturers Inc.	950	2	3.63%	1,020	2	3.99%
Franklin County	348	3	1.33%	350	4	1.37%
Trinity Packaging Inc.	322	4	1.23%	288	6	1.13%
Wal-mart	300	5	1.14%	400	3	1.56%
Carilion Franklin Memorial Hospital	275	6	1.05%	347	5	1.36%
Fleetwood Homes of Virginia	162	7	0.62%	70	14	0.27%
Franklin Health Care	146	8	0.56%			
Ronile Inc.	123	9	0.47%	211	8	0.82%
Rocky Mount Rehabilitation & Health	121	10	0.46%	232	7	0.91%
	4,035			4,118		

Source: Virginia Employment Commission & employer human resource offices

Table 14

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

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government										
Management services	3	3	3	2	2	2	2	2	2	2
Finance	5	5	5	5	5	5	5	5	5	5
Planning & Community Development	6	6	5	5	5	5	5	5	5	4
Building	0	0	0	0	0	0	0	0	0	1
Police										
Officers	22	21	20	20	20	20	20	20	20	20
Civilians	2	2	2	2	2	2	2	2	2	2
Other public works										
Other	16	17	17	17	17	17	17	17	17	17
Parks, recreation, and cultural										
Water	6	6	6	6	6	6	6	6	6	6
Sewer	5	5	5	5	4	4	4	4	4	4
Total	<u>65</u>	<u>65</u>	<u>63</u>	<u>62</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>

Source: Town's Adopted Operating Budget

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Fleet										
Pieces of equipment maintained	61	54	53	53	52	56	56	56	56	56
Public safety										
Police										
Criminal arrests	655	713	744	461	587	622	498	694	516	693
Traffic violations	1,532	1,282	1,453	1,217	1,209	1,172	754	730	653	820
Fire										
Emergency responses	493	468	470	418	423	427	380	379	308	289
Public works										
Other public works										
Street resurfacing (miles)	4	4	4	4	4	4	5	3	5	5
Water										
Number of customer accounts	2,911	2,914	2,891	2,895	2,872	2,855	2,836	2,824	2,813	2,801
Miles of distribution lines										
Volume pumped (million gallons per day average)	742,200	716,871	753,000	745,361	897,444	820,333	895,083	866,694	858,556	917,166
Sewer										
Number of customer accounts	2,078	2,067	2,051	2,049	2,034	2,009	2,003	2,001	1,998	1,982
Waste/Water treated (million gallons per day)	772,750	793,969	937,225	671,128	801,031	703,833	740,817	738,611	856,844	816,199

Source: Council reports, utility reports, highway reports.

Table 16

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

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public safety										
Law enforcement vehicles	30	28	26	26	25	21	19	15	14	14
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Primary streets (lane miles)	9	9	9	9	9	9	9	9	9	9
Secondary streets (lane miles)	31	31	31	31	31	31	31	31	31	31
Parks, recreation, and cultural										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks/athletic fields	3	3	3	3	3	3	3	3	3	3
Water and sewage										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	66	66	66	66	66	66	66	66	66	66
Storm sewers (miles)										
Sanitary sewers (miles)	64	64	64	64	64	64	64	64	64	64

Source: Equipment schedules, highway reports, GIS system.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Rocky Mount, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Rocky Mount, Virginia's basic financial statements and have issued our report thereon dated November 12, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness (2018-001).

Compliance and Other Matters

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

Town of Rocky Mount, Virginia's Response to Findings

Town of Rocky Mount, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Rocky Mount, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Polina, Fawcett, Cox Associates

Blacksburg, Virginia
November 12, 2018

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE TOWN OF ROCKY MOUNT, VIRGINIA**

(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)

TABLE OF CONTENTS

INTRODUCTORY SECTION

Organizational Chart 1

FINANCIAL SECTION

Independent Auditors' Report 2-3

Basic Financial Statements:

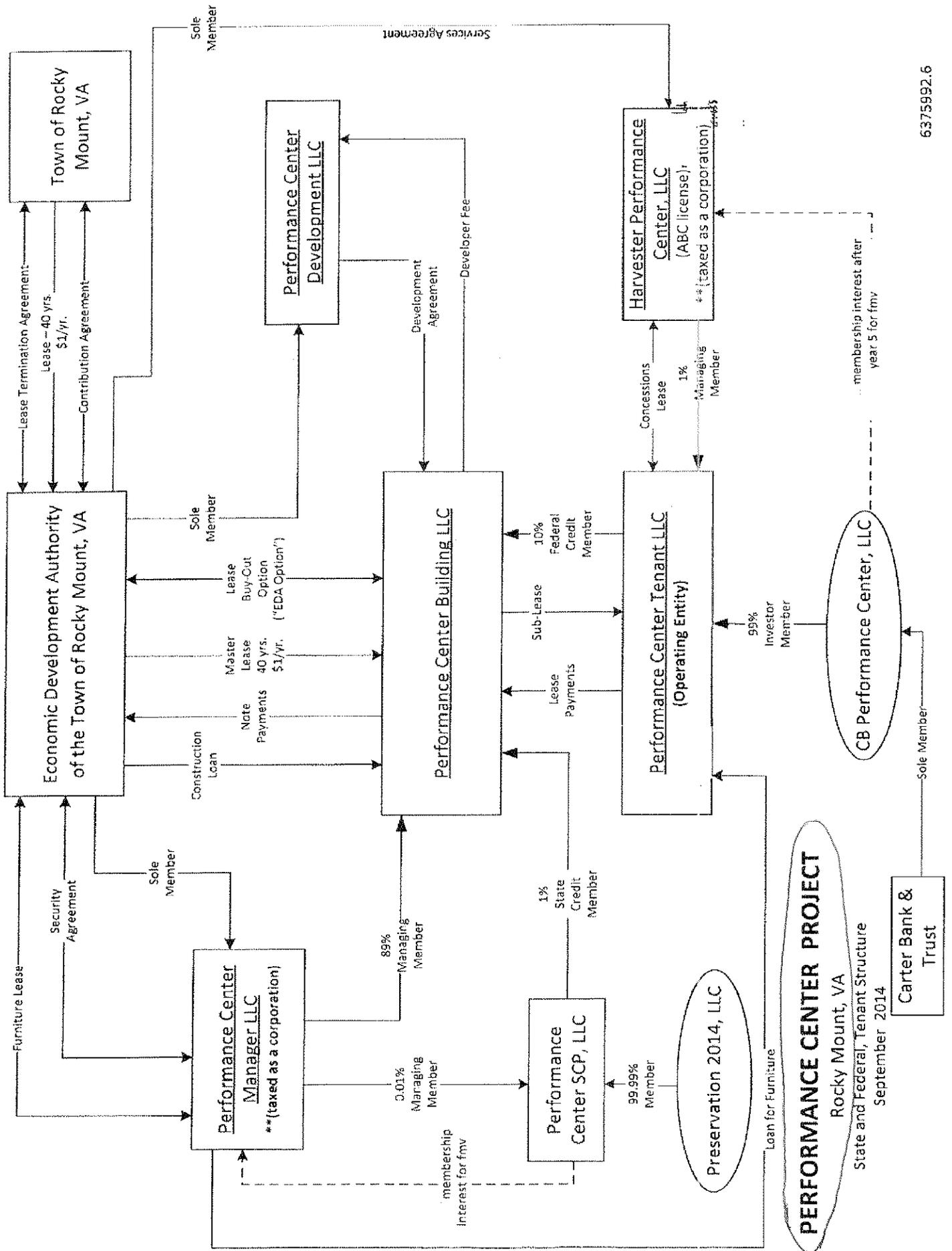
Statement of Net Position 4
Statement of Revenues, Expenses, and Changes in Net Position..... 5
Statement of Cash Flows..... 6
Notes to Financial Statements 7-13

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 14-15

Schedule of Findings and Responses 16

INTRODUCTORY SECTION



FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
Economic Development Authority of
the Town of Rocky Mount, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Economic Development Authority of the Town of Rocky Mount, Virginia (the Authority), a component unit of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Economic Development Authority of the Town of Rocky Mount, Virginia, as of June 30, 2018, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, on our consideration of the Economic Development Authority 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Economic Development Authority of the Town of Rocky Mount, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Economic Development Authority of the Town of Rocky Mount, Virginia's internal control over financial reporting and compliance.

Robinson, Faener, Cox Associates

Blacksburg, Virginia
November 13, 2018

Basic Financial Statements

ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF ROCKY MOUNT, VIRGINIA
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 678,723
Accounts receivable	6,167
	\$ 684,890
Capital Assets:	
Land	\$ 68,244
Buildings and improvements (net of accumulated depreciation)	3,016,089
Equipment (net of accumulated depreciation)	16,110
	\$ 3,100,443
Total Noncurrent Assets	\$ 3,100,443
TOTAL ASSETS	\$ 3,785,333
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 4,887
Due to Town of Rocky Mount	5,147,166
	\$ 5,152,053
TOTAL LIABILITIES	\$ 5,152,053
NET POSITION	
Investment in capital assets	\$ 3,100,443
Unrestricted (deficit)	(4,467,163)
	\$ (1,366,720)

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

ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF ROCKY MOUNT, VIRGINIA
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES:	
Ticket sales	\$ 1,571,586
Concessions sales	153,146
Donations	100,520
Service fees	40,804
Merchandise sales	17,566
Miscellaneous	11,953
	<u>1,895,575</u>
TOTAL OPERATING REVENUES	\$ 1,895,575
 OPERATING EXPENSES:	
Depreciation	\$ 90,583
Concessions	57,889
Merchandise	7,067
Artist payments	1,279,216
Professional fees	339,216
Advertising	198,630
Utilities	49,298
Office expenses	33,289
Fees	164,928
Other expenses	55,573
	<u>2,275,689</u>
TOTAL OPERATING EXPENSES	\$ 2,275,689
OPERATING INCOME (LOSS)	\$ (380,114)
 CHANGE IN NET POSITION	 \$ (380,114)
NET POSITION AT BEGINNING OF YEAR (DEFICIT)	\$ (986,606)
NET POSITION AT END OF YEAR (DEFICIT)	\$ (1,366,720)

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

ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF ROCKY MOUNT, VIRGINIA
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from concert sales	\$ 1,780,056
Cash received from donations	100,520
Cash receipts from other operations	11,953
Cash payments for operating expenditures	<u>(2,181,733)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (289,204)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>\$ (27,374)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments from Town of Rocky Mount for HPC	<u>\$ 327,734</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>\$ 11,156</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>\$ 667,567</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 678,723</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (380,114)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and amortization	90,583
Changes in operating assets and liabilities:	
Accounts payable	3,373
Accounts receivable	<u>(3,046)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (289,204)</u></u>

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

ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

The Economic Development Authority (the Authority) of the Town of Rocky Mount, Virginia was created as a political subdivision of the Commonwealth of Virginia by the Town of Rocky Mount, Virginia in 2012 pursuant to the provisions of the Industrial Development and Revenue Bond Act [Chapter 22, Section 15.1-1373, et. seq. of the Code of Virginia (1950), as amended]. The Authority is governed by the Town of Rocky Mount, Virginia. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia.

Discretely Presented Component Units:

The first project for the Authority was facilitating the construction of the Harvester Performance Center (HPC). The HPC is a mid-sized music venue for purposes of industrial and economic development in the Rocky Mount community. Because the Town owns the building housing the Harvester, the Town has its own operating budget for the HPC consisting of utilities, building and grounds maintenance, and other building related expenses. The HPC has a separate operating budget to cover performance expenses. The Town cannot override the HPC's performance budget or setting of rates. The HPC is fiscally dependent on the Town as the Town is responsible for funding any operating/performing deficits. As the HPC is not self-sustaining, this dependency creates a financial burden for the Town.

The only activity of the Authority to date is that of the HPC which has a calendar year end. Information herein is presented as of December 31, 2017 for the HPC.

The Authority has been included in the financial statements of the Town as a component unit, in accordance with Statement 14 of the Governmental Accounting Standards Board. The Authority is included as a component unit of the Town due to its financial relationship with the Town.

B. Basic Financial Statements:

Proprietary Funds - Account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is based upon determination of net income and financial position. The proprietary fund of the Authority is an Enterprise Fund which includes all of the Authority's operations.

Enterprise Fund - The Enterprise Fund accounts for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting:

The Enterprise Fund uses the accrual basis of accounting. Under this method revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are interest, rent, and grants. Operating expenses include the cost of administration and related expenses. All revenues and expenses not meeting these definitions are reported as nonoperating.

D. Cash and Cash Equivalents:

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Prepaid Items:

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

F. Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital Assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets: (Continued)

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. There was no interest capitalized during the current or previous fiscal year.

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

<u>Assets</u>	<u>Years</u>
Leaseholder Improvements	40
Buildings	40
Equipment	5

G. 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.

H. Net Position:

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

I. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Related Parties:

The Harvester Performance Center (HPC) was completed and began operations in April 2014. There are six limited liability companies (LLCs) associated with the HPC in which the EDA has an interest. The LLCs were set up with the assistance of Gentry Locke Rakes and Moore, LLP, Attorneys. Funding for the construction of the HPC was obtained in part through approximately \$1,000,000 in investments related to federal and state historic tax credits. The Town used a \$500,000 grant from the State Tobacco Commission for equipment related to the HPC.

The various LLC's are: Performance Center Building LLC, Performance Center Manager LLC, Performance Center Development LLC, Performance Center SCP LLC, Performance Center Tenant LLC, and Harvester Performance Center LLC.

The Town leased the building prior to rehabilitation to the EDA under a 40 year lease at a rate of \$1 per year for 40 years. The EDA prepaid the entire lease during fiscal year 2015. The EDA leased the building to Performance Center Building LLC at a rate of \$1 per year for 40 years along with the commitment by Performance Center Building LLC that Performance Center Building LLC would rehabilitate the building. The Town contributed funds to finance the renovation costs to the EDA, who then loaned the funds to Performance Center Building LLC. The EDA, through its affiliate, Performance Center Development LLC oversaw the development of the HPC.

The EDA is the holder of the construction loan to Performance Center Building LLC. The EDA holds the master lease for 40 years, leasing the property to Performance Center Building LLC. The EDA is the sole member of Performance Center Manager LLC and Performance Center Development LLC. As Performance Center Building LLC repays its obligation to the EDA and as the EDA receives compensation for its development services provided to HPC through the EDA's affiliate (Performance Center Development LLC), the EDA will contribute such funds to the Town under the contribution agreement in place between the Town and the EDA.

Performance Center Manager LLC leased certain furniture and equipment to Performance Center Tenant LLC. Performance Center Manager LLC is the 89% managing member of the Performance Center Building LLC and a .01% managing member of Performance Center SCP LLC.

Performance Center SCP LLC is a 1% State historic tax credit member and is governed by Preservation 2014 LLC, the 99.99% member of Performance Center SCP LLC.

**ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Related Parties: (Continued)

CB Performance Center LLC is the 99% investor member of Performance Center Tenant LLC. CB Performance Center LLC's sole member is Carter Bank & Trust who is an investor member.

Performance Center Development LLC provided ongoing development services to the HPC project prior to and during the development of the HPC rehabilitation. The sole member of Performance Center Development LLC is the EDA.

Performance Center Building LLC is the borrower of funds from the EDA for the construction and rehabilitation of the HPC and pays a lease payment of \$1 per year for 40 years to the EDA for its lease of the facility. The members of Performance Center Building LLC are: Performance Center Manager LLC, the 89% managing member; Performance Center SCP LLC, the 1% state credit investor member; and Performance Center Tenant LLC, the 10% federal credit investor member. Performance Center Tenant LLC leases the property from Performance Center Building LLC.

Performance Center Tenant LLC is the operating entity of HPC. Performance Center Tenant LLC has leased certain equipment and furniture from Performance Center Manager LLC. The members of Performance Center Tenant are: CB Performance Center LLC, the 99% investor member; and Harvester Performance Center LLC the 1% managing member. Performance Center Tenant LLC receives 45% of concession receipts and all ticket sales related to the operation of the HPC. Performance Center Tenant pays rent to Performance Center Building LLC.

Harvester Performance Center LLC operates the concession stands and holds the ABC license for the facility. Revenues consist of merchandise, food, and alcohol sales. Forty-five percent of the gross receipts go to Performance Center Tenant LLC (the operating entity). Harvester Performance Center LLC has a concession lease, leasing space from Performance Center Tenant LLC. The sole member of Harvester Performance Center LLC is the EDA.

There are four checking accounts related to operation of the HPC. Harvester Performance Center Tenant LLC Accounts: the Deposit Income account collects the ticket sales and pays the state sales tax and the local meals tax and all ticketing expenses and distributes funds to the other accounts as appropriate; expenses of the Artist Deposit account are for down payment funds needed at the time a contract is signed by a performer; the Artist Settlement account has expenses related to the performance (these include funds to the performers, stage and box office help, band hospitality and catering). The Harvester Performance Center LLC concessions account is for the purchase of beer and wine and other items for the concession stand and processes sales of such concessions.

**ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Related Parties: (Continued)

With operations beginning in April 2014, the Town has contributed funds to the EDA to support Performance Center Manager LLC's (whose sole member is the EDA) obligation to fund operating deficit loans to pay for expenses related to the HPC. These include advertising, security, cleaning, other contractual services, supplies and payroll expenses. Appropriate "due from" notes related to the HPC are shown in the Town's general ledger. The expectation is that the HPC will pay for all expenses through ticket and concession sales.

NOTE 2 - 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.

NOTE 3 - CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 68,244	\$ -	\$ -	\$ 68,244
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,364,502	\$ 7,236	\$ -	\$ 3,371,738
Machinery and equipment	-	20,138	-	20,138
Total capital assets being depreciated	\$ 3,364,502	\$ 27,374	\$ -	\$ 3,391,876
Accumulated depreciation:				
Buildings and improvements	\$ (269,094)	\$ (86,555)	\$ -	\$ (355,649)
Machinery and equipment	-	(4,028)	-	(4,028)
Total accumulated depreciation	\$ (269,094)	\$ (90,583)	\$ -	\$ (359,677)
Total capital assets being depreciated, net	\$ 3,095,408	\$ (63,209)	\$ -	\$ 3,032,199
Net capital assets	\$ 3,163,652	\$ (63,209)	\$ -	\$ 3,100,443

ECONOMIC DEVELOPMENT AUTHORITY OF TOWN OF ROCKY MOUNT
(A COMPONENT UNIT OF TOWN OF ROCKY MOUNT, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 4 - DUE TO TOWN OF ROCKY MOUNT

Amounts reported as due to the Town of Rocky Mount represent contributed capital and ongoing expenditures paid by the Town on the HPC's behalf, and amounts related to the federal and tax credits that were received at the outset of the HPC's operations. There are no set repayments terms for the amounts. \$5,147,166 was due to the Town of Rocky Mount at year end.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of
Economic Development Authority of
the Town of Rocky Mount, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Economic Development Authority of the Town of Rocky Mount, Virginia (the Authority), a component unit of the Town of Rocky Mount, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 13, 2018.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (2018-001).

Compliance and Other Matters

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

Authority's Response to Findings

Economic Development Authority of the Town of Rocky Mount, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 13, 2018

ITEM(S) TO BE CONSIDERED UNDER:

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

FOR COUNCIL MEETING DATED:	December 10, 2018
----------------------------	-------------------

STAFF MAKING REQUEST:	Matthew C. Hankins, Assistant Town Manager
BRIEF SUMMARY OF REQUEST:	The owner of the property at 90 Woodland Drive has been advised by the Town of its intent to declare the property a nuisance. The owner is aware a public hearing has been scheduled to hear public input on the property.
ACTION NEEDED:	Request public input and make determination if property is or is not a public nuisance.

Attachment(s): Yes

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

TOWN OF ROCKY MOUNT NOTICE PUBLIC HEARINGS

Notice is hereby given that on Monday, December 10, 2018, the Town Council of Rocky Mount, Virginia (the "Town") will conduct public hearings, which may be continued or adjourned, as required under applicable law, in accordance with the Code of Virginia of 1950, as amended.

Town Council will consider a request by staff to declare property at 90 Woodland Drive a nuisance for the purposes of abating neighborhood blight and associated nuisances. The property, Tax Map and Parcel Number 2120000500, is owned by Encore Properties of Hardy, Virginia.

The public hearing will be conducted at 7 p.m., or thereafter by the Town Council in Council Chambers of the Rocky Mount Municipal Building, 345 Donald Avenue, Rocky Mount. Interested persons may appear to present their views orally or in writing, or may submit written comments prior to the hearing to rdillon@rockymountva.org.

The Town may set time limits on speakers and other rules and procedures for the conduct of this public hearing. Persons with disabilities should contact the Town Manager's Office at (540) 483-7660 prior to the public hearing to arrange for accommodations.



Rebecca H. Dillon, Town Clerk

**ROCKY MOUNT TOWN COUNCIL
REGULAR MEETING MINUTES
NOVEMBER 13, 2018**

The November 13, 2018 Regular Council Meeting of the Rocky Mount Town Council (hereafter referred to as "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:

- Mayor Steven C. Angle
- Vice Mayor Billie Wayne Stockton
- Robert L. Moyer
- Mark H. Newbill
- Jon W. Snead

The following staff members were also present:

- Allan Arrington, Lt. of Investigations
- Tim Burton, Waste Water Superintendent
- Ken Criner, Chief of Police
- Rebecca H. Dillon, Town Clerk/Executive Administrative Assistant
- C. James Ervin, Town Manager
- Edward "Jeff" Gauldin, Water Superintendent
- Matthew Hankins, Assistant Town Manager
- Jessica Heckman, Town Planner
- Mark Lovern, Lt. of Patrol
- Linda P. Woody, Finance Director

The meeting was called to order by Mayor Steven C. Angle.

PLEDGE OF ALLEGIANCE

Mayor Angle led in saying the Pledge of Allegiance.

APPROVAL OF AGENDA

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

Motion: To approve the agenda
Motion By: Council Member Snead
Second: Vice Mayor Stockton
Motion Discussion: None
Ayes: Moyer, Newbill, Snead, Stockton
Nays: None
Action: Approved the agenda by a unanimous vote.

SPECIAL ITEMS

None at this time.

PUBLIC HEARING

1. Transfer of Public Property – Empire Foods

On October 15, 2018, an economic development announcement for Empire Foods was made in Rocky Mount. The announcement was that Franklin County and Rocky Mount had agreed to award up to 10 acres of property to Empire Bakery in the Industrial Park. This property would allow for Empire Bakery Commissary to expand currently and into the future. In order to facilitate the \$10.4 million expansion, approximately 3 acres from the Cox property would be needed for grading, leveling and to install the docks and truck turnarounds for the Empire Bakery Commissary.

An advertisement was placed in the local newspaper and a public hearing was held. Staff recommended that Council alter the previous plans and authorize the transfer of property as well as any paperwork that would need to be completed for the transfer of property to take place. The performance agreement is contingent upon the approval of the property transfer.

Motion: To approve the request
Motion By: Council Member Moyer
Second: Council Member Newbill
Motion Discussion: None
Ayes: Moyer, Newbill, Snead, Stockton
Nays: None
Action: Approved the agenda by a unanimous vote.

2. Transfer of Public Property – Better Built Performance

Better Built Performance had been in negotiation with Town Staff regarding construction of a permanent facility on Weaver Street on a portion of the Cox Farm industrial property. Staff believed that Better Built Performance chose the Rocky Mount location and the amenities it will afford as a significant opportunity for the company to grow here.

An advertisement was placed in the local newspaper, a public hearing held and Staff recommended to authorize the Town Manager or his designee and the Town Attorney to take necessary steps to facilitate the transfer of property to Better Built Performance or their designee, upon satisfactory completion of the survey and the performance agreement.

The Town was to give them up to but not to exceed four acres and the conveyance would only take place upon Better Built Performance or their designee signing a performance agreement.

Motion: To approve the transfer of property with the contingency of a performance agreement and a survey being completed. The conveyance would not occur until such time as the performance agreement and survey had been completed.

Motion By: Vice Mayor Stockton

Second: Council Member Snead

Motion Discussion: None

Ayes: Moyer, Newbill, Snead, Stockton

Nays: None

Action: Approved the transfer of property by a unanimous vote.

APPROVAL OF MINUTES

Received by Council in their packet for this scheduled meeting were draft minutes for review and consideration of approval:

- October 8, 2018 – Regular Meeting Minutes
- November 5, 2018 – Quarterly Work Session Meeting Minutes

Discussion: None

Motion: To approve the draft minutes as presented.

Motion By: Council Member Newbill

Second: Vice Mayor Stockton

Motion Discussion: None

Ayes: Moyer, Newbill, Snead, Stockton

Nays: None

Action: Approved the motion by a unanimous vote.

APPROVAL OF CONSENT AGENDA

This month's consent agenda consists of the following items:

- (1) **Miscellaneous Action** (none at this time)
- (2) **Miscellaneous Resolutions/Proclamations** (none at this time)
- (3) **Department Monthly Reports**

- Community Development Department
- Finance Department
- Fire Department
- Police Department
- Public Works Department
- Wastewater Department
- Water Department

Discussion: None

Motion: To approve the consent agenda as presented.

Motion By: Council Member Snead

Second: Council Member Moyer

Motion Discussion: None

Ayes: Moyer, Newbill, Snead, Stockton

Nays: None

Action: Approved the consent agenda as presented by a unanimous vote.

HEARING OF CITIZENS

Mayor Angle opened the floor to any citizens wishing to speak.

Let the record show that no one came forward.

OLD BUSINESS:

1. Clock/Sign Update

Years ago, as part of a Downtown Revitalization Project, the Town of Rocky Mount secured an installed a Town Clock at Citizens Square in downtown Rocky Mount. The clock, although it was nice, had not worked correctly for many years. The clock had technical issues and each face had an independent motor of its own which could be quite expensive to fix. As Council contemplated how to address the issue, staff had four options for Council's review.

1. Do nothing and all sides of the clock will eventually be right twice a day.
2. Keep and continue to maintain the existing clock, replacing motors as they go bad which could be expensive with labor and parts.
3. Replace the existing clock with another clock.
4. Replace the existing clock with a community message board with decorative elements and an LED community message board.

Mr. Hankins stated that although Council Member Cundiff could not be present at the Council meeting, Council Member Cundiff had shared with him that he would like to see an LED message board in the place of the clock.

Council Member Newbill stated that the area being discussed was in the historic district and clarified that Council would have to give Mr. Hankins permission to put any items on display

there. At this time, Mayor Angle asked Mr. Hankins to put together some information with items that may be able to go in the area in question for Council to review.

NEW BUSINESS

1. Authorization for the Town to Continue Participation with Duncan-Williams as a Broker for Pershing

Duncan-Williams did not have a current resolution on file for the Town of Rocky Mount therefore Staff submitted for Council's consideration a resolution to authorize Duncan-Williams to continue to be a broker for the Town.

Discussion: None

Motion: To approve the resolution to authorize the Town to continue to use Duncan-Williams as a broker.

Motion By: Council Member Snead

Second: Vice Mayor Stockton

Motion Discussion: None

Ayes: Moyer, Newbill, Snead, Stockton

Nays: None

Action: Approved the motion by a unanimous vote.

2. Goodwill Industries Parade on December 14, 2018

Goodwill Industries would like to be granted permission to hold a parade on Friday, December 14, 2018 beginning at 10:00 a.m. The route will be beginning on North Main Street at the Rocky Mount Bowling Center and concluding at the Goodwill Facility. The plans have been reviewed and approved by your police department.

Discussion: None

Motion: To approve Goodwill Industries holding a parade on Friday, December 14, 2018.

Motion By: Council Member Newbill

Second: Council Member Snead

Motion Discussion: None

Ayes: Moyer, Newbill, Snead, Stockton

Nays: None

Action: Approved the motion by a unanimous vote.

COMMITTEE REPORTS

None at this time.

REFERRALS TO PLANNING

None at this time.

OTHER MATTERS AND CONCERNS

No Rise n' Shine on Monday November 12, 2018

CLOSED MEETING AND ACTION

Enter Closed Meeting

Motion: To go into closed session under the Virginia Code Section cited below

Time: 7:24 p.m.

Virginia Code Section:

Section 2.2-3711(A)(1) Discussion, consideration or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of any public body. (EDA)

Section 2.2-3711(A)(1) Discussion, consideration or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of any public body. (Town Manager's Office)

Motion By: Council Member Moyer

Second: Vice Mayor Stockton

Motion Discussion: None

Ayes: Moyer, Snead, Stockton, Newbill

Nays: None

Action: To go into a closed meeting

Certificate of Closed Meeting Discussion:

Council certified unanimously that nothing was discussed in the closed meeting other than what was stated in the motion to enter the closed meeting. No action was taken during the closed meeting.

Whereas, the Rocky Mount Town Council has convened a closed meeting on Monday, March 14, 2016 pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

Whereas, Section 2.2-3712 of the Code of Virginia (1950), as amended, requires certification by this Council that such closed meeting was conducted in conformity with Virginia law;

Now, Therefore, Be It Resolved that the Rocky Mount Town Council hereby certifies that, to the best of each members' knowledge: (1) only public business matters lawfully exempted from open meeting requirements under this chapter; and (2) only such public business matters as

were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the public body.

Steven C. Angle, Mayor

ADJOURNMENT

Motion: To adjourn meeting

Time: 7:43 p.m.

Motion By: Council Member Snead

Second: Vice Mayor Stockton

Motion Discussion: None

Ayes: Moyer, Newbill, Snead, Stockton

Nays: None

Action: Adjourned by a unanimous vote

Steven C. Angle, Mayor

ATTEST:

Rebecca H. Dillon, Town Clerk

ITEM(S) TO BE CONSIDERED UNDER:

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

FOR COUNCIL MEETING DATED:	December 10, 2018
----------------------------	-------------------

STAFF MAKING REQUEST:	Brian Schofield, Public Works Superintendent
BRIEF SUMMARY OF REQUEST:	Staff has determined that the original installation contractor proposed for the meter project is not licensed in Virginia and is therefore ineligible for the project. Staff has negotiated the same price as the low bidder with a Daleville company which also submitted a bid on the project.
ACTION NEEDED:	Give consent to authorize the Town Manager to negotiate and sign contract and give notice to proceed to the new contractor.

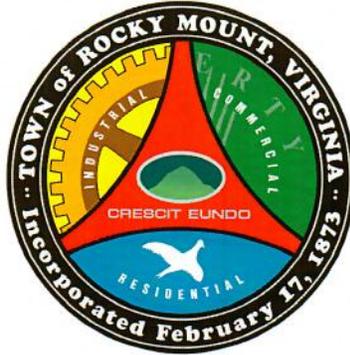
Attachment(s): Yes

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

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

540.483.7660
FAX : 540.483.8830

E-MAIL: MHANKINS@ROCKYMOUNTVA.ORG
WWW.ROCKYMOUNTVA.ORG



TOWN COUNCIL
STEVEN C. ANGLE, MAYOR
BILLIE W. STOCKTON, VICE MAYOR

BOBBY M. CUNDIFF
MARK H. NEWBILL
BOBBY L. MOYER
JON W. SNEAD
GREGORY B. WALKER

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
Brian Schofield, Public Works Superintendent 

Date: November 21, 2018

Re: Award of contract for meter installation services

Members of Council:

Town staff has discovered an issue with the award of the contract for water meter installation. Staff reviewed the bids and determined the contractor originally considered for the installation is not eligible to bid on Virginia projects. Staff has therefore negotiated a contract for the same price with an eligible bidder, and presents the attached contract for your approval and award.

The staff suggests awarding the new meter installation project to Atlantic Utility Solutions, Inc., of Daleville.

The company is licensed in Virginia, has time on its schedule to complete our work, has worked with other regional utilities to provide the same service and is highly recommended by suppliers and by utilities.

Please authorize the Town Manager to execute a contract and give notice to proceed.



93 WOODY WAY, DALEVILLE VIRGINIA 24083

PHONE 540-354-6587 FAX 540-992-5032

EMAIL ASKAUSI@AOL.COM

1. INTRODUCTION

Atlantic Utility Solutions, Inc. proposes to install Neptune automated meters supplied by others in response to this RFP. This proposal is for labor to install new meters in the place of like for like meters of the same laying lengths and connection configurations. Additional charges may apply to non-standard installations. AUSI reserves the right to turn back to the utility any units due to access issues, fragile piping, safety considerations, etc. The Town is to supply any special equipment and software to initialize, test and troubleshoot proprietary meter electronics, radio transmitters, etc.

2. COMPANY PROFILE

Company Name	Atlantic Utility Solutions, Inc.
Address	93 Woody Way Daleville Virginia 24083
Phone	540-354-6587
Fax	540-992-5032
Email	askausi@aol.com
Website	ausiwater.com
Principals	Mark L. Bain, co-owner and president Thomas H. Powell, co-owner and vice-president
Structure	Virginia Corporation, SCC #06433791
License	Virginia Class A Contractor #2705120128
Certifications	All employees certified for confined space entry and general safety
Project Manager	Thomas Powell Thirty years of experience with meter installation projects
Installation Mgr.	David Wilson Seven years of experience with meter installation projects

3. QUALIFICATIONS AND EXPERIENCE

Atlantic Utility Solutions, Inc. (AUSI) has been serving water utilities in Virginia, the Carolinas, Maryland and West Virginia since 2005. The company is an authorized distributor for Mueller Systems (Hersey) meter products and AMR/AMI systems. AUSI has also completed dozens of radio read meter installations, and employs several

experienced technicians. Other services include consulting, meter accuracy testing, leak detection surveys, and contract meter reading. AUSI is a licensed contractor in Virginia, North and South Carolina, West Virginia and Tennessee. AUSI has experience with the installation of most radio read meter brands and models.

Key Personnel

Mark Bain is co-owner of the company, with over thirty years of technical and project management experience in the areas of water meters, AMR and AMI systems, utility billing, and meter services.

Tom Powell is co-owner of the company, with over thirty years of experience with water meters and AMR/AMI systems, project implementation and management, technical services and consulting.

David Wilson is a project manager with seven years of experience with AMR and AMI systems.

James Correa is a meter technician with eight years of experience with meter installations.

Chase Dunlop is a meter technician with five years of experience with meter installations.

4. PRICING

INSTALLATION

2869	5/8" Install	\$ 45.00	\$ 129,105.00
111	1" Install	45.00	4,995.00
28	1.5" Install	300.00	8,400.00
67	2" Install	300.00	20,100.00
15	3" Install	500.00	7,500.00
6	4" Install	800.00	4,800.00
1	6" Install	1,000.00	1,000.00

TOTAL COST OF STANDARD METER INSTALLATION \$ 175,900.00

COST OF PERFORMANCE BOND (LABOR ONLY) \$ 6,000.00

TOTAL COST \$ 181,900.00

ADD-ONS (IF NECESSARY):

EA	Remove and replace residential meter box In soil only, excludes hard surfaces, stone, etc.	\$ 90.00
EA	Remove excessive soil/debris above meter	30.00
EA	Drill lid for mounting devices	8.00
	Additional misc. labor charge per hour	110.00

5. ATLANTIC UTILITY SOLUTIONS, INC. AUTHORIZATION

This proposal is authorized by:

Mark L. Bain
President
540-354-6587
askausi@aol.com
93 Woody Way
Daleville VA 24083

Signed Mark L Bain Date 11/20/2018

Community Development & Planning November 2018 Monthly Report

ARTS & CULTURE							
TOTAL: 0							
AC FILE NUMBER	BUSINESS NAME	OWNER/OFFICER NAMES	GENERAL LOCATION	TAX MAP NUMBER	MAILING ADDRESS	CITY STATE ZIP	NOTES
BANNER PERMITS							
TOTAL: 0							
Permit #	Applicant Name	Applicant Contact Info	Wording of Banner	Banner Location	Display Dates	Date Approved	
SITE/PLAT FILES							
TOTAL: 0							
File Number	Property Owner	Action	TMPN	Date	Notes	Location	
SIGN PERMITS							
TOTAL: 2							
Permit #	Applicant Name	Sign Location/TMPN	Zoning	Square Footage	Wording	Date Approved	Notes
S18-018	Halsey Inc DBA Barkley's Pet Market	2030007800	GB	108	Barkley's Pet Market your pets pit stop	11/19/2018	
S18-019	Sheetz Inc	2030008202	GB	51.88	Sheetz	11/2/2018	
ZONING COMPLIANCE PERMITS							
TOTAL: 3							
Permit #	Applicant Name	Property Owner	Property Address/TMPN	Zoning	Proposed Use	Type of Improvement	Date Approved
ZC18-076	Frith Construction Co Inc	Southgate III LLC	2030002900	GB	Commercial	Interior Uplift	11/5/2018
ZC18-077	Ronald Young Electrical	Gregory Ferguson	2070015200	R1	Residential	Upgrade electrical service	11/7/2018
ZC18-078	Newbilt	Goodwill	2040028400	M1	Commercial	Remodel bathroom	11/6/2018
ZONING PERMITS							
TOTAL:2							
Permit #	Applicant Name	Building Lot Address	TMPN	Proposed Use	Current Zoning	Date Approved	NOTES
ZP18-022	Price Building/ PK Properties, LLC	TBA	TBA	Commercial	M2	9/28/2018	PK Properties, LLC
ZP18-023	Sheetz Inc	265 Old Franklin Pike	2030008202	Commercial	GB	11/2/2018	Building Remodel
ZONING LETTER							
TOTAL: 0							
Permit #	Applicant Name	Building Lot Address	TMPN	Proposed Use	Current Zoning	Letter Date	
MOBILE FOOD UNIT PERMITS							
TOTAL: 0							
Permit #	Applicant Name	Locations	Approval Date				

Public Facilities Disturbance Application		Total: 0				
Permit #	Applicant Name	Location	Reason for Disturbance		Expected Dates	

MONTHLY STAFF REPORT

DATE:	December 10, 2018
TO:	Rocky Mount Town Council
FROM:	Linda Woody, Finance Director
DEPARTMENT:	Finance Department
MONTH:	December meeting

This report contains the following monthly information for November 2018 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

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

Utility profiles on water production and wastewater flow

Customer flow for the Finance Department:

754 walk-in transactions

950 drive-thru transactions

943 mail transactions

**TOWN OF ROCKY MOUNT
NEW BUSINESS LICENSES
DURING NOVEMBER 2018**

New business licenses for the month of November 2018:

NONE

TOWN OF ROCKY MOUNT
Investment Portfolio
at October 31, 2018

<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>
Fixed Income / Bonds:									
FHLMC	12/29/2018	12/29/2021	500,000	96.944	484,720.00	2.26%	2.20%	3134GAC28	11,000.00
FHLMC	12/3/2018	3/30/2021	210,000	98.935	207,763.50	1.51%	2.00%	3134G8BH1	2,625.00
FNMA	1/27/2019	1/27/2020	493,000	98.553	485,866.29	1.67%	1.65%	3135GOS46	8,134.50
Bond Totals			<u>1,203,000</u>		<u>1,178,349.79</u>	1.81% avg. return			<u>21,759.50</u>
Certificates of Deposits:									
Am Express Fed Svgs Bk		8/29/2022	245,000	95.865	234,869.25	2.50%	2.40%	02587CFU9	5,880.00
Am Express Centurion		4/5/2022	245,000	96.776	237,101.20	2.53%	2.45%	02587DN38	6,002.50
Bank Deerfield WIS		2/26/2021	245,000	95.885	234,918.25	1.30%	1.25%	061785DM0	3,062.50
Capital One Nat'l McLean V		12/29/2021	230,000	97.116	223,366.80	2.31%	2.25%	14042RFF3	5,175.00
Capital One BK Glen Allen V		7/20/2021	245,000	95.605	234,232.25	1.56%	1.50%	140420ZW3	3,675.00
Discover Bk Greenwood DL		7/22/2020	245,000	98.952	242,432.40	2.32%	2.30%	254671VH0	5,635.00
Everbank Jacksonville FL		3/29/2019	245,000	99.679	244,213.55	1.50%	1.50%	29976DW3	3,675.00
Goldman Sachs USA		1/13/2021	245,000	98.471	241,253.95	2.33%	2.31%	38148J5F4	5,635.00
HSBC BK McLean VA		3/10/2021	230,000	99.335	228,470.50	2.76%	1.30%	40434AP45	2,990.00
JP Morgan Chase, OH		11/30/2020	245,000	97.681	239,318.45	1.94%	1.90%	48126XNJ0	4,655.00
Finl BK Chicago Ill		12/10/2018	190,000	99.896	189,802.40	1.10%	1.10%	55266CSB3	2,090.00
Sallie Mae Salt Lake City UT		1/31/2023	225,000	97.048	218,358.00	2.73%	2.68%	795450J71	5,962.50
State BK India NY NY		5/31/2022	245,000	97.024	237,708.80	2.47%	2.20%	8562843E2	5,880.00
CD Totals			<u>3,080,000</u>		<u>3,006,045.80</u>	2.10% avg. return			<u>60,317.50</u>
Total Investments			<u>4,283,000</u>		<u>4,184,395.59</u>	2.05% avg. return			<u>82,077.00</u>

<u>Month</u>	<u>LGIP</u>	<u>Effective</u>
	<u>Balance</u>	<u>Yield</u>
Oct-17	2,791,854.39	1.22%
Nov-17	2,813,253.35	1.24%
Dec-17	2,818,160.75	1.34%
Jan-18	2,837,042.26	0.15%
Feb-18	2,636,434.63	0.15%
Mar-18	2,657,359.55	0.17%
Apr-18	3,029,119.05	0.19%
May-18	3,049,499.27	0.19%
Jun-18	3,452,867.92	2.03%
Jul-18	3,075,310.70	2.13%
Aug-18	2,757,299.84	2.13%
Sep-18	2,694,858.15	2.19%
Oct-18	2,720,685.29	2.32%

TOWN OF ROCKY MOUNT
REVENUE COMPARISONS
AS OF NOVEMBER 30, 2018

REVENUE SOURCE	MONTH		YEAR TO DATE		BUDGET	% OF
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	BUDGET THIS YEAR
GENERAL FUND - Local Revenues:						
Real Estate Tax	824	533	4,741	2,098	591,310	0.80%
Real Estate Tax - Delinquent	488	555	1,749	4,954	14,000	12.49%
Public Service Tax	-	-	-	-	28,162	0.00%
Personal Property Tax	242	1,667	8,379	6,036	251,012	3.34%
Personal Property Tax - Delinquent	467	682	3,290	9,223	8,000	41.12%
Machinery & Tools Tax	-	-	-	-	139,717	0.00%
Penalties on Tax	114	394	4,007	2,917	5,000	80.14%
Interest on Tax	67	239	2,342	1,828	2,800	83.64%
Local Sales Tax	17,366	15,043	60,287	46,202	189,013	31.90%
Meals Tax	139,223	126,274	507,999	474,569	1,719,037	29.55%
Utility Tax	25,856	24,558	109,492	106,478	329,910	33.19%
Communications Tax	14,315	14,894	42,502	59,764	179,245	23.71%
Bank Stock Tax	-	-	-	-	228,700	0.00%
Penalty-Meals Tax	-	340	395	1,247	2,000	19.77%
Interest-Meals Tax	-	463	28	756	700	4.07%
Lodging Tax	21,716	19,468	70,995	64,434	186,771	38.01%
Cigarette Tax	8,730	3,477	29,094	24,301	73,288	39.70%
BPOL-Retail	204	217	4,688	2,203	320,000	1.47%
BPOL-Professional	-	1,144	13,958	7,896	154,897	9.01%
BPOL-Contractor	154	-	3,418	2,303	21,696	15.76%
BPOL-Repairs/Services	8,819	1,077	11,708	7,394	120,679	9.70%
BPOL-Alcoholic Beverages	-	-	-	50	700	0.00%
BPOL-Penalty/Interest	56	268	2,323	2,055	3,000	77.43%
BPOL-Amusement	-	-	-	-	208	0.00%
BPOL-Utility	-	-	-	-	17,551	0.00%
BPOL-Miscellaneous	-	50	30	572	5,500	0.55%
Solicitor Permits	-	-	20	-	-	0.00%
Farmer's Market Fees	290	130	1,190	390	3,180	37.42%
Welcome Center Fees	790	280	2,120	3,730	4,800	44.17%
Farmer's Market EBT's Deposits	-	23	-	87	460	0.00%
Planning/Zoning Fees	1,390	1,265	4,190	4,883	9,100	46.04%
Court Fines	6,653	3,186	17,834	9,634	46,799	38.11%
Parking Fines	-	-	157	15	100	157.00%
Garbage Violation Fines	50	40	30	450	100	30.00%
Interest Earnings	-	7,064	8,464	27,210	96,507	8.77%
Return Check Fees	40	-	220	314	400	55.00%
Rental of Property	-	450	-	450	450	0.00%
Sale of Property	1,771	-	1,771	6,000	-	0.00%
Bond Proceeds	-	-	-	-	108,216	0.00%
Mortgage Payments	-	406	768	1,756	3,073	25.00%
Paving Loan Repayment	-	-	-	683	-	0.00%
Sale of Materials	-	-	-	-	-	0.00%
Grave Preparation	-	-	-	750	-	0.00%
Security Services	960	2,400	1,890	2,400	3,305	57.19%
Passport Service Fees	1,148	615	5,538	4,416	13,500	41.02%
Police Reports	87	63	514	500	1,260	40.79%
Fingerprint Service Fees	20	-	170	200	400	42.50%
CIT / PAC Room Staffing	350	2,100	5,250	5,600	10,800	48.61%
Garbage Collection Fees	7,982	7,922	25,078	29,928	93,592	26.79%
Truck Rental Program	50	60	350	270	340	102.94%
Credit Card Fees	191	221	1,230	1,302	3,340	36.81%
Weed Control Charges	-	-	41	314	500	8.11%
Administrative Charges for Services	-	-	50	1,184	250	20.00%
Miscellaneous Services	-	120	-	170	400	0.00%
VML Safety Grant	-	4,000	4,000	4,000	-	0.00%
Donations	6	-	33	3	-	0.00%
Merchandise Sales	93	-	250	2	-	100.00%

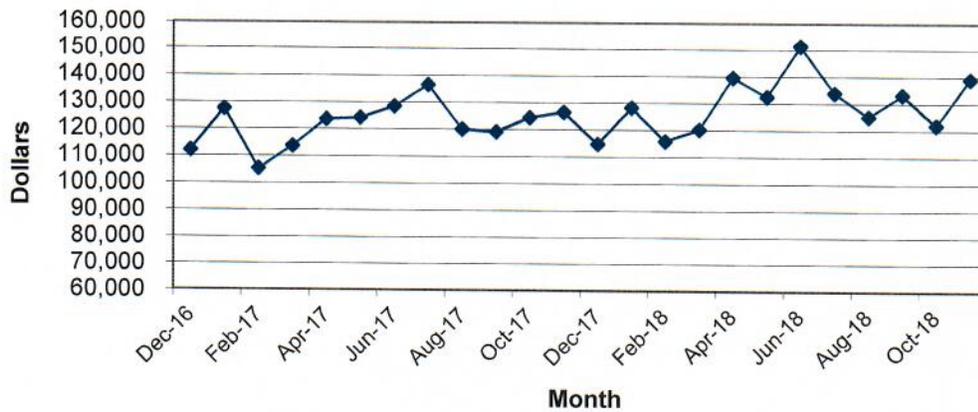
TOWN OF ROCKY MOUNT
REVENUE COMPARISONS
AS OF NOVEMBER 30, 2018

REVENUE SOURCE	MONTH		YEAR TO DATE		BUDGET	% OF
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	BUDGET THIS YEAR
Miscellaneous	-	-	173	-	300	57.77%
Curb & Gutter Recoveries	-	-	-	-	-	0.00%
Recoveries	-	2,113	-	7,669	-	0.00%
Unrealized Gain on Investments	-	(10,393)	989	(15,111)	-	0.00%
Appropriated Fund Balance	-	-	-	-	133,767	0.00%
Total Local Revenues	260,514	233,409	963,744	926,481	5,127,835	18.79%
GENERAL FUND - State Revenues:						
Rolling Stock Tax	-	-	3,346	3,340	3,340	100.18%
Litter Tax	-	-	2,760	2,480	2,480	111.29%
Other Categorical Aid	4,000	3,280	12,766	5,247	710	1798.08%
Fire Programs	1,110	-	17,721	16,044	16,044	110.45%
PPTRA from the State	-	-	53,861	53,861	53,861	100.00%
CDBG Grant	-	-	-	-	25,000	0.00%
DMV Grants	3,744	-	6,920	2,906	-	0.00%
VDOT Grant	-	-	8,015	-	600,000	1.34%
Street Maintenance	-	-	363,031	352,507	1,438,227	25.24%
Volunteer Fire Dept.	-	-	7,500	7,500	30,000	25.00%
Law Enforcement-599 Funds	-	-	-	27,988	111,952	0.00%
Other Categorical Aid-Schools	-	-	29,632	29,632	29,632	100.00%
Total State Revenues	8,854	3,280	505,551	501,505	2,311,246	21.87%
TOTAL GENERAL FUND REVENUES	269,367	236,688	1,469,295	1,427,986	7,439,081	19.75%
UTILITY FUND REVENUES:						
Water Sales	81,123	82,388	350,117	356,692	1,199,083	29.20%
gallons billed	23,766,273	20,853,083	113,495,839	106,126,191		
Water Connections	-	-	7,525	23,439	18,435	40.82%
Reconnect Fees	1,350	755	5,900	4,065	4,500	131.11%
Penalties	1,197	2,563	9,358	12,983	29,640	31.57%
Bulk Water Purchases	9,171	-	16,470	1,271	1,000	1647.03%
Sewer Collection Charges	35,789	43,954	203,830	218,106	808,767	25.20%
gallons billed	17,974,171	16,364,540	88,940,007	89,010,690		
Sewer Connections	-	-	4,000	2,000	4,500	88.89%
Cell Tower Rent	1,890	2,169	16,485	22,429	107,898	15.28%
Dept of Health Grant	-	-	-	-	-	0.00%
Bond Proceeds	-	-	-	-	-	0.00%
Transfer from Other Funds	-	-	-	-	55,970	0.00%
Recoveries	-	-	-	-	-	0.00%
Appropriated Fund Balance	-	-	-	-	808,950	0.00%
TOTAL UTILITY FUND REVENUES	130,519	131,829	613,686	640,985	3,038,743	20.20%

TOWN OF ROCKY MOUNT
MEALS TAX COLLECTIONS

Month	Collections
Dec-16	112,194
Jan-17	127,602
Feb-17	105,380
Mar-17	113,755
Apr-17	123,775
May-17	124,351
Jun-17	128,601
Jul-17	136,527
Aug-17	120,248
Sep-17	119,236
Oct-17	124,629
Nov-17	126,641
Dec-17	114,825
Jan-18	128,340
Feb-18	115,988
Mar-18	120,285
Apr-18	139,665
May-18	132,498
Jun-18	151,336
Jul-18	133,965
Aug-18	125,245
Sep-18	133,202
Oct-18	122,081
Nov-18	139,223

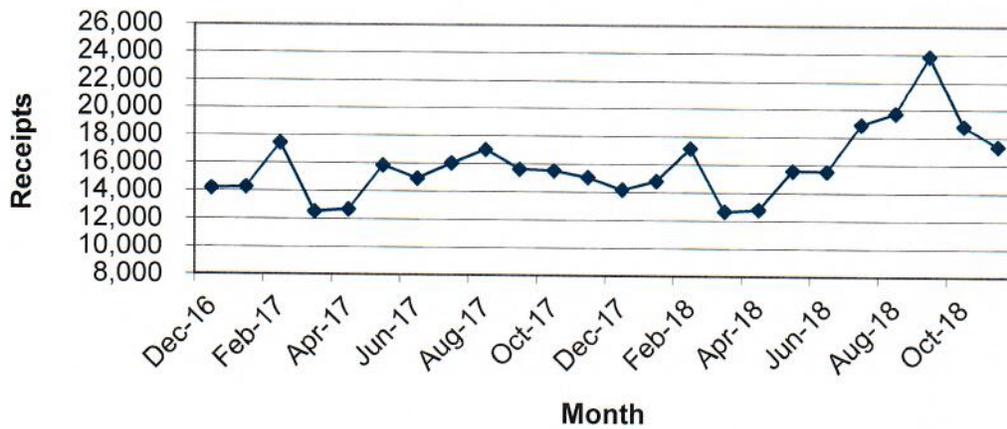
Meals Tax Collections



Town of Rocky Mount
Local Sales Tax

Dec-16	14,186
Jan-17	14,275
Feb-17	17,453
Mar-17	12,547
Apr-17	12,710
May-17	15,859
Jun-17	14,918
Jul-17	16,034
Aug-17	17,021
Sep-17	15,631
Oct-17	15,529
Nov-17	15,043
Dec-17	14,180
Jan-18	14,793
Feb-18	17,151
Mar-18	12,675
Apr-18	12,810
May-18	15,592
Jun-18	15,540
Jul-18	18,923
Aug-18	19,743
Sep-18	23,846
Oct-18	18,834
Nov-18	17,366

Local Sales Tax



TOWN OF ROCKY MOUNT
EXPENDITURE COMPARISONS
AS OF NOVEMBER 30, 2018

ACTIVITY	MONTH		YEAR TO DATE		BUDGET	% OF BUDGET
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	THIS YEAR
GENERAL FUND:						
Mayor & Council	6,531	4,389	36,954	28,005	77,311	47.80%
Town Manager	22,319	21,381	102,334	98,147	264,739	38.65%
Town Attorney	3,216	3,194	18,001	16,414	37,799	47.62%
Finance Department	73,465	23,205	205,441	142,818	745,613	27.55%
Electorial Board	-	-	-	-	-	0.00%
Police Department	155,049	157,343	893,038	794,902	2,150,686	41.52%
Volunteer Fire Dept.	4,032	3,654	49,710	67,471	171,104	29.05%
Public Works Admin.	11,887	6,948	54,004	44,771	94,237	57.31%
Street Lights	77	8,815	27,570	34,979	113,436	24.30%
Traffic Control & Parking	1,773	1,254	17,950	53,825	106,033	16.93%
Streets	50,748	38,846	505,833	398,084	1,904,349	26.56%
Sidewalks & Curbs	428	5,018	1,870	9,837	51,456	3.63%
Angle Bridge Repairs	1,842	860	1,842	2,925	-	0.00%
Street Cleaning	-	973	2,326	3,542	7,386	31.49%
Refuse Collection	8,418	8,818	45,426	88,280	132,440	34.30%
Snow Removal	-	12,334	838	27,277	44,239	1.89%
Municipal Building	7,058	15,885	31,447	51,903	46,081	68.24%
Emergency Services Bldg.	9,180	8,732	43,580	35,493	67,725	64.35%
Public Works Building	4,315	3,696	10,052	10,080	29,354	34.25%
Cemetery	467	2,308	7,501	13,090	18,833	39.83%
Playgrounds	5,207	7,933	21,675	29,885	67,080	32.31%
Celeste Park	-	-	-	-	-	0.00%
Gilley's Park	-	447	-	13,248	-	0.00%
Impound Lot	-	23,693	494	81,237	-	100.00%
Mary Elizabeth Park	-	-	52,989	-	-	0.00%
Veterans Memorial Park erosion	-	-	-	51,473	-	0.00%
Planning & Zoning	9,026	9,310	47,333	43,017	123,667	38.27%
Community Development	24,849	17,704	117,620	92,483	298,729	39.37%
Citizen's Square	1,299	1,184	11,423	5,877	22,091	51.71%
Hospitality Center	1,493	2,505	8,275	11,701	27,312	30.30%
Passport Services Expenses	-	80	141	686	3,000	4.69%
Economic Development Authority	269	-	789	893	2,855	27.62%
Remediation of Blighted Structures	-	1,440	-	1,440	10,000	0.00%
Non-Departmental:						
Wages & Fringes	3,088	1,618	10,474	11,579	44,061	23.77%
Employee Wellness Program	169	420	1,464	420	2,600	56.30%
Employee Drug Testing	-	105	242	249	990	24.43%
Insurance	-	-	64,522	64,458	67,681	95.33%
Contributions to Others	-	-	15,450	15,450	16,500	93.64%
Debt Service-Principal	-	-	125,000	130,000	290,000	43.10%
Debt Service-Interest	-	-	25,677	23,435	50,162	51.19%
Transfer to Performance Operations	-	-	24,500	-	394,982	6.20%
Contingency - General Purposes	-	-	-	-	50,000	0.00%
Contingency - Supplemental Pay Adjustments	-	-	-	-	29,550	0.00%
TOTAL GENERAL FUND EXPENDITURES	406,206	394,090	2,583,784	2,499,373	7,564,081	34.16%

TOWN OF ROCKY MOUNT
EXPENDITURE COMPARISONS
AS OF NOVEMBER 30, 2018

ACTIVITY	MONTH		YEAR TO DATE		BUDGET	% OF
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	BUDGET THIS YEAR
WATER & SEWER FUND:						
Water System Operation	20,870	18,071	108,672	78,003	219,615	49.48%
Meter Reading	2,244	2,707	12,271	9,271	42,515	28.86%
Water Plant	48,306	43,354	219,205	194,120	676,010	32.43%
Wastewater System Operation	18,637	5,953	70,652	40,697	173,765	40.66%
Wastewater Treatment Plant	35,504	41,438	164,359	154,126	512,260	32.09%
Utility Billing & Administration	27,666	11,096	82,156	54,386	188,004	43.70%
Non-Departmental:						
Wages & Fringes	-	-	-	-	-	0.00%
Insurance	-	-	21,507	21,486	22,560	95.33%
Debt Service-Principal	-	-	108,000	105,500	302,000	35.76%
Debt Service-Interest	-	-	6,418	6,935	76,013	8.44%
Contingency - Utility Operating Purposes	-	-	-	-	10,000	0.00%
Contingency - Supplemental Pay Adjustments	-	-	-	-	7,051	0.00%
Depreciation	-	-	-	-	808,950	0.00%
TOTAL WATER & SEWER FUND EXPENSES	153,226	122,620	793,239	664,524	3,038,743	26.10%
CAPITAL IMPROVEMENTS FUND:						
Transfer to General Fund	-	-	-	-	-	0.00%
TOTAL CAPITAL PROJECTS EXPENDITURES	-	-	-	-	-	0.00%
UTILITY CAPITAL FUND:						
Public Works Utility Capital Items	-	144,511	-	144,511	-	0.00%
Water System Operation	-	-	-	-	55,970	0.00%
Water Distribution Utility Projects	-	-	-	-	-	0.00%
Utility Billing Software	-	-	-	-	115,000	-
Meter Reading Replacement	4,157	-	4,157	-	990,000	0.42%
WTP Parking Lot Repaving	-	-	-	10,770	-	0.00%
Diamond Ave Water Line Replacement	-	15,160	4,380	15,160	-	0.00%
Scuffling Hill Tank Aerator	-	-	-	58,855	-	0.00%
Grassy Hill Upper Pump Redo	-	-	11,119	-	-	0.00%
Eclips Sample Hydrants	-	-	-	-	-	0.00%
Streaming Current Monitor	-	-	-	6,764	-	0.00%
WTP Flucculator Motor Replacement	3,817	-	3,817	-	-	0.00%
WTP Upgrade Controls & Programming	-	-	-	-	-	0.00%
WTP Pressure Valve & Plumbing	-	-	11,920	-	-	0.00%
Ground Penetrating Radar (PW)	-	-	33,850	-	35,000	96.71%
WTP Replace Flocculators	-	-	-	-	161,000	0.00%
WTP Replace Mower	-	-	8,973	-	8,500	105.56%
Wastewater Collection Utility Projects	-	-	-	-	-	0.00%
Sewer Pump Stations SCADA	-	5,790	-	24,037	-	0.00%
Wastewater Rapid Assessment Tool	-	-	-	24,460	-	0.00%
WWTP Parking Lot Repairs	-	-	-	12,787	-	0.00%
WWTP Replace Building Heaters	-	-	-	-	-	0.00%
WW Main Pump Station Climbing Screen	-	-	-	-	60,000	0.00%
Hillcrest Sewer Line Replacement (PW)	-	-	-	-	108,000	0.00%
New Debt Service	-	-	-	-	121,494	0.00%
Contingency	-	-	-	-	60,000	0.00%
TOTAL UTILITY CAPITAL EXPENDITURES	7,974	165,461	78,215	297,345	1,714,964	4.56%

TOWN OF ROCKY MOUNT
EXPENDITURE COMPARISONS
AS OF NOVEMBER 30, 2018

ACTIVITY	MONTH		YEAR TO DATE		BUDGET	% OF
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	BUDGET
PERFORMANCE VENUE OPERATIONS:						
Performance Venue Operations:						
Wages - Full Time	15,933	12,221	63,242	50,163	228,793	27.64%
Wages - Part Time	-	1,250	4,350	1,250	-	100.00%
Wages - Security	1,530	1,770	5,535	6,075	22,000	25.16%
Fringes	8,120	6,545	38,879	29,176	75,214	51.69%
Contractual Services	3,064	2,703	11,760	11,913	17,015	69.12%
Custodial Services	1,513	-	3,400	-	5,200	0.00%
Repairs & Maintenance	-	-	2,677	-	2,500	107.08%
Advertising	-	-	-	475	-	0.00%
Printing & Binding	-	-	-	-	-	0.00%
Licenses & Permits	-	-	352	-	-	0.00%
Postage & Delivery Services	-	-	-	-	-	0.00%
Utilities	1,753	1,337	7,369	7,383	24,600	29.95%
Communications	1,070	1,088	4,886	4,870	13,140	37.19%
Office Supplies	257	-	669	77	200	0.00%
Janitorial Supplies	1,064	1,363	2,713	2,804	6,320	42.93%
Furniture & Fixtures	-	-	-	2,927	-	0.00%
Macinery & Equipment	4,681	-	4,681	-	-	0.00%
TOTAL PERFORMANCE VENUE EXPENSES	38,985	28,276	150,513	117,114	394,982	38.11%
			5 months of the 12 month fiscal year			41.67%

TOWN OF ROCKY MOUNT
CONTINGENCY FUNDS
FISCAL YEAR 2019

	<u>GENERAL FUND</u>	<u>UTILITY FUND</u>	<u>UTILITY CAPITAL FUND</u>
BUDGETED CONTINGENCY - GENERAL PURPOSES COMMITTED:	50,000	10,000	60,000
AVAILABLE CONTINGENCY - GENERAL PURPOSES	<u>50,000</u>	<u>10,000</u>	<u>60,000</u>
<hr/>			
BUDGETED FOR SUPPLEMENTAL PAY ADJUSTMENTS COMMITTED:	29,550	7,051	
SUPPLEMENTAL PAY ADJUSTMENTS			
AVAILABLE FOR SUPPLEMENTAL PAY ADJUSTMENTS	<u>29,550</u>	<u>7,051</u>	
<hr/>			

TOWN OF ROCKY MOUNT
 UTILITY BILLING
 WATER CONSUMPTION PERCENTAGES
 FOR THE MONTH OF NOVEMBER 2018

	TOTAL METERS	TOTAL GALLONS	TOTAL REVENUES	% METERS	% GALLONS	% REVENUES
IN-TOWN CUSTOMERS						
RESIDENTIAL	1,746	6,415,321	\$ 41,219	60%	27%	29%
COMMERCIAL	384	7,189,980	31,116	13%	30%	22%
INDUSTRIAL	48	5,360,780	\$ 18,113	2%	23%	13%
TOTAL	2,178	18,966,081	\$ 90,448	74%	80%	65%
OUT-OF-TOWN CUSTOMERS						
RESIDENTIAL	663	3,374,880	\$ 36,530	23%	14%	26%
COMMERCIAL	87	1,412,312	\$ 12,988	3%	6%	9%
INDUSTRIAL	2	13,000	\$ 134	0%	0%	0%
TOTAL	752	4,800,192	\$ 49,652	26%	20%	35%
GRAND TOTAL (ALL CUSTOMERS)						
RESIDENTIAL	2,409	9,790,201	\$ 77,749	82%	41%	55%
COMMERCIAL	471	8,602,292	\$ 44,103	16%	36%	31%
INDUSTRIAL	50	5,373,780	\$ 18,247	2%	23%	13%
TOTAL	2,930	23,766,273	\$ 140,099	100%	100%	100%

TOWN OF ROCKY MOUNT
 UTILITY BILLING
 PERCENT CONSUMPTION & PERCENT REVENUE
 PER CUSTOMER CLASS
 FISCAL YEAR 2019

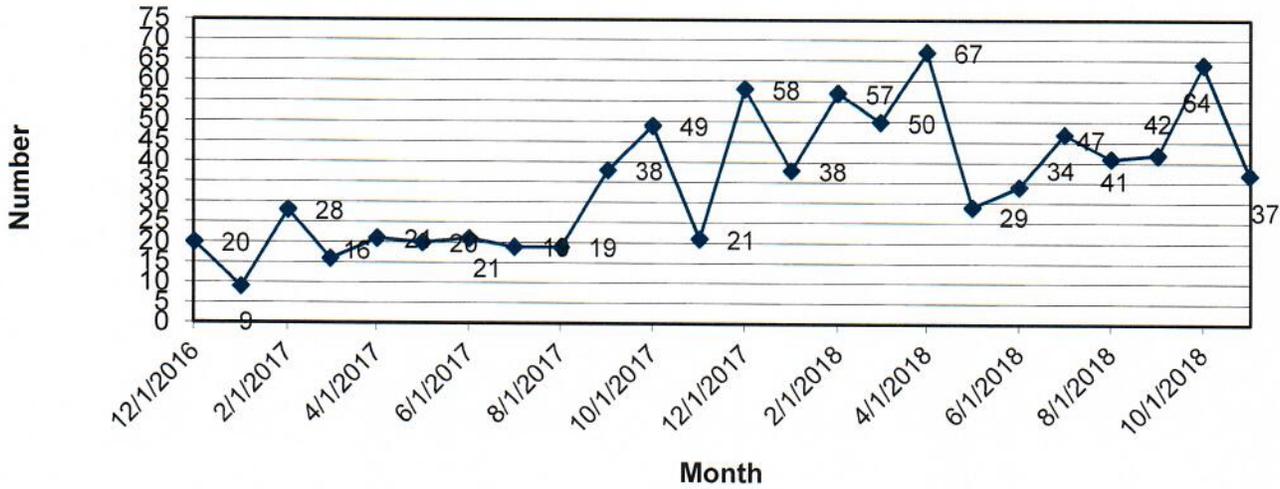
Month	In Town								Out of Town							
	Residential		Commercial		Industrial		Total		Residential		Commercial		Industrial		Total	
	% Gal.	% Rev.	% Gal.	% Rev.	% Gal.	% Rev.	% Gal.	% Rev.	% Gal.	% Rev.	% Gal.	% Rev.	% Gal.	% Rev.	% Gal.	% Rev.
Jul-18	29%	32%	32%	23%	23%	13%	83%	68%	11%	23%	6%	9%	0%	0%	17%	32%
Aug-18	30%	32%	34%	24%	19%	11%	83%	68%	11%	24%	5%	9%	0%	0%	17%	32%
Sep-18	29%	31%	31%	23%	23%	14%	84%	68%	11%	23%	5%	9%	0%	0%	16%	32%
Oct-18	20%	25%	55%	39%	16%	9%	91%	73% A	8%	19%	4%	7%	0%	0%	12%	27%
Nov-18	27%	29%	30%	22%	23%	13%	80%	65%	14%	26%	6%	9%	0%	0%	20%	35%
Dec-18																
Jan-19																
Feb-19																
Mar-19																
Apr-19																
May-19																
Jun-19																
Average	27%	30%	36%	26%	21%	12%	84%	68%	11%	23%	5%	9%	0%	0%	16%	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 2019 (year ended 6/30/19).

Note A:

Oct-18 break in fire line at CFMH (998,000 gallons)

Number of Water Cut-off's



TOWN OF ROCKY MOUNT
WATER ACCOUNTABILITY
October-18

Water Plant Finished Water Pumped (Oct 4 - Nov 5) (meters read 11/1 - 11/7)		<u>24,921,926</u>
Water Consumption Billed	22,991,773	
Water Plant Process	976,000	
Flushing Water Lines, Hydrants, Tanks (includes Diamond Ave replacement line flushing)	281,700	
Water Obtained from Water Plant (to bill)	15,200	
Water Obtained from Public Works Hydrant (to bill)	-	
Bulk Water Used at Public Works Shop	14,200	
Flow Meter Checks at Hydrants	-	
Meters Read and Not Billed	205,240	
Grand Total of Water Metered / Consumed / Tracked		<u>24,484,113</u>
Percent Finished Water Accounted		98.24%

Meters Read and Not Billed		
001-0122-10-01	Mary Bethune Park	4,200
001-0188-00-01	Impound Lot (old)	-
002-0317-20-01	Public Works Bldg	-
002-0317-30-01	Public Works Bldg-new bldg	22,000
004-1067-00-01	Veteran's Memorial Park	100
005-1300-00-01	Mary Elizabeth Park	900
005-1343-10-01	Harvester Performance Centre	7,000
005-1384-00-01	Farmer's Market	1,600
005-1457-00-01	Municipal Bldg.	2,000
006-1710-00-01	Welcome Center / Depot	440
009-2523-50-01	Emergency Services Bldg.	11,000
009-2538-70-01	Impound Lot (new)	-
011-0050-90-01	Rt 122 Pump Station	-
041-0034-00-01	WasteWater Treatment Plant	156,000

TOTAL Meters Not Billed		<u>205,240</u>
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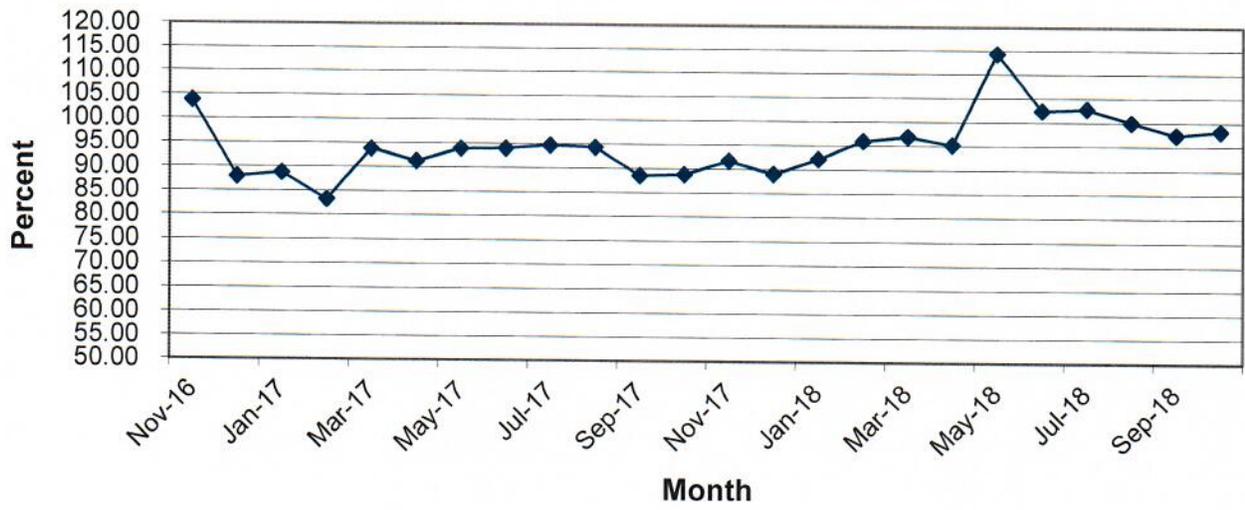
Water Line Repairs by Public Works during the month:
repaired 5 water mains or laterals

Sewer Line Repairs by Public Works during the month:
repaired or unplugged 4 sewer mains or laterals

TOWN OF ROCKY MOUNT
WATER ACCOUNTABILITY
FISCAL YEAR 2019

<u>Month</u>	<u>Finished Water Treated</u>	<u>Total Water Gallons Accounted</u>	<u>Percent Accounted</u>	<u>Monthly Gallons Variance</u>	<u>Average Accounted Variance per Quarter</u>	<u>Average Monthly Variance per Quarter</u>
Jul-18	23,907,493	24,577,188	102.80%	(669,695)		
Aug-18	26,270,290	26,269,192	100.00%	1,098		
Sep-18	20,753,937	20,214,271	97.40%	539,666	100.07%	(42,977.00)
Oct-18	24,921,926	24,484,113	98.24%	437,813		
Nov-18				-		
Dec-18				-	98.24%	437,813.00
Jan-19				-		
Feb-19				-		
Mar-19				-	0.00%	-
Apr-19				-		
May-19				-		
Jun-19				-	0.00%	-
AVG.	23,963,412	23,886,191	99.61%	77,221	99.15%	197,418
TOTAL	95,853,646	95,544,764		308,882		
Monthly Avg. Percent Unaccounted =			0.39%			
Monthly Avg. Percent Accounted =			99.61%			
4 out of 12 months this fiscal year > 80% accountability						

Water Accountability %



**TOWN OF ROCKY MOUNT
UTILITY PROFILE
FISCAL YEAR 2019**

Month	Plant Hrs.	Raw Water Drawn	Monthly Avg. % of capacity	Finished water Treated	Monthly Avg. % of capacity	Total Water Gallons Accounted (A)(B)	Pct. Accounted	Connections	Wastewater Monthly Flow	Monthly Avg. % of Capacity	Total Sewer Gallons Billed	Pct. Accounted
Jul-18	313.10	25,910,000	41.79%	22,907,493	36.95%	24,577,188	107.29%	2,932	22,661,000	36.55%	19,417,846	85.69%
Aug-18	303.80	24,600,000	39.68%	26,270,290	42.37%	26,269,192	100.00%	2,937	29,915,000	48.25%	16,574,703	55.41%
Sep-18	297.00	22,900,000	38.17%	20,753,937	34.59%	20,214,271	97.40%	2,934	49,230,000	82.05%	19,233,902	39.07%
Oct-18	297.60	24,100,000	38.87%	24,921,926	40.20%	24,484,113	98.24%	2,943	37,696,000	60.80%	25,739,384	68.28%
Nov-18			0.00%		0.00%			2,930		0.00%	17,974,171	
Dec-18			0.00%		0.00%					0.00%		
Jan-19			0.00%		0.00%					0.00%		
Feb-19			0.00%		0.00%					0.00%		
Mar-19			0.00%		0.00%					0.00%		
Apr-19			0.00%		0.00%					0.00%		
May-19			0.00%		0.00%					0.00%		
Jun-19			0.00%		0.00%					0.00%		
AVG.	302.88	24,377,500	39.63%	23,713,412	38.53%	23,886,191	100.73%	2,935	34,875,500	56.91%	19,788,001	62.11%

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

DATE:	December 10, 2018
TO:	Rocky Mount Town Council
FROM:	Jeff Rakes
DEPARTMENT:	Fire Department
MONTH:	October 2018

The Rocky Mount Fire Department had a total of 37 calls during the month of October 2018. There were 15 calls inside town limits and 22 calls outside town limits.

The Fire Department vehicles traveled a total of 1,462 miles answering all of these calls.

The Fire Department vehicles used a total of 87 gallons of gasoline and 141 gallons of diesel fuel.

Of the 37 calls there were...

- 3 – Structure Fires
- 2 – Vehicle Fires
- 2 – Utility Fires
- 18 – Motor Vehicle Accidents
- 1 – Smoke Alarm
- 6 – Fire Alarms
- 1 – Smoke / Odor Removal
- 1 – Oil Spill
- 2 – Debris in Roadway
- 1 – Assist Squad

The Fire Department trained for a total of 15 man hours with 10 members.

Thank You Rocky Mount Town Council and Staff for everything that you do for our Fire Department.

Respectfully Submitted By,
Jeff Rakes - Chief

MONTHLY STAFF REPORT

DATE:	December 10, 2018
TO:	Rocky Mount Town Council
FROM:	Chief Ken E. Criner, Jr.
DEPARTMENT:	Police Department
MONTH:	November 2018

RMPD Investigations executed three search warrants during the month of November at a local Vape shop in Town. One was executed out in the county. For a total of **FOUR!**

Rocky Mount Police Department started its Annual Needy Family program on November 19th and will be collecting canned and non-perishable food items up until December 17th, 2018. If you would like to support this you can drop by the Police Department with your items. Thank you for your support!

We provided traffic control for the annual tree lighting ceremony in front of the Franklin County Court House.

We provided traffic control for the Veteran's Park in honor of the Veteran's Day Ceremony that was held.

We provided foot patrol and traffic control for FCHS football game.

RMPD hosted a Gang Meeting

RMPD hosted an ICS Meeting for the Franklin County Christmas Parade and Come Home to a Franklin County Christmas

PLEASE SEE ATTACHED REPORT FOR MORE DETAILED INFORMATION ON MONTHLY CHARGES AND STATS.....

ROCKY MOUNT POLICE DEPARTMENT
MONTHLY REPORT TO COUNCIL

ADM #1

DATE: November 2018

SEPT.

OCTOBER

NOVEMBER

	SEPT.	OCTOBER	NOVEMBER
UNIFORM TRAFFIC SUMMONS ISSUED	183	144	136
TRAFFIC STOPS	356	314	219
SPEEDING TICKETS ISSUED	36	22	29
DUI	3	1	1
COLLISIONS INVESTIGATED (TREDS)	20	21	17
MOTORIST AIDES	45	55	34
CRIMINAL ARRESTS "MISDEMEANOR"	58	39	33
CRIMINAL ARRESTS "FELONY"	9	11	21
INCIDENTS ADDRESSED	3353	3115	2898
INCIDENTS, OFFENSES REPORTABLE IN "RMS"	92	88	88
GRAND LARCENY WARRANTS	1	3	2
BREAKING & ENTERING REPORTS	1	0	1
BREAKING & ENTERING WARRANTS	0	0	0
BOLO'S (Be On Look Out)	59	57	30
FOLLOW-UP'S	76	47	34
BUSINESSES, RESIDENCES CHECKED "FOOT PATROLS"	2206	1884	1952
SCHOOL CHECKS	181	259	259
ALARM RESPONSES	21	37	37
OPEN DOORS, WINDOWS, ETC. UNSECURED	3	2	2
COURT HOURS	22.75	23.25	21.5
TRAINING HOURS:	167	202	38
SPECIAL ASSIGNMENT HOURS:	100.5	90.75	34.75
HARVESTER HOURS WORKED:	52	40	48
ECO/TDO	7	10	7
ECO/TDO HOURS:	22.75	58.25	27.5

TRAFFIC ENFORCEMENT:

- ◇ Moving and stationary radar: throughout the Town, Bernard Road, Greenview Drive, North & 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.
- ◇ There were 17 reportable accidents with 15 of the accidents on our public streets.

COMMUNITY OUTREACH:

- ◇ **Residential Foot Patrols:** Altice Mill Road, Anderson Street, Ann Sink Street, Avalon Street, Bernard Road, Bland Street, Booker T. Washington Highway, Brookshire Drive, Buckner Street, Bunny Lane, Byrd Lane, Candlewood Apartments, Cedar Street, Center Street, Circle Drive, Circle View Street, Claiborne Avenue, Cobb Street, Cornell Road, Cromwell Drive, Dent Street, Diamond Avenue, Donald Avenue, East Church Street, East Court Street, East Street, Edgemont Street, Fairlawn Drive, Friendly Street, Frontage Road, Glen Meadow Drive, Glenwood Drive, Goodview Street, Grayson Street, Grassy Hill Road, Green Meadow Lane, Greenview Avenue, Greer Lane, Hale Street, Harvey Street, Hatcher Street, Herbert Street, High Street, Highland Hills Road, Highview Terrace, Hillcrest Drive, Hilltop Drive, Jubal Pass, Knob Apartments, Knollwood Drive, Lakeview Drive, Law Street, Lawndale Drive, Leanor Street, Luke Street, Lynch Drive, Mamie Avenue, Maple Avenue, Mary Coger Lane, Maynor Street, Montview Avenue, Mountain View Drive, Musefield Road, Noel Street, Norris Street, North Main Street, Oak Street, Old Fort Road, Old Franklin Turnpike, Old Furnace Road, Orchard Avenue, Oxford Circle, Parker's Drive, Patterson Avenue, Pell Avenue, Pendleton Street, Perdue Lane, Randolph Street, Riverview Street, School Board Road, Scuffling Hill Road, Smithers Street, Spring Street, State Street, Summit Drive, Sycamore Street, Taliferro Street, Tanyard Village, Trail Drive, Walnut Street, Warren Street, West Church Street, West College Street, West Court Street, Whitten Street, Willow Avenue, Wilson Street, Windsor Drive, Windy Lane, Woodlawn Drive, Wrays Street and Wray's Chapel Road.
- ◇ **Business Foot Patrols:** Aaron's, ABC Store, Advance Auto, AEP, All American Car Wash, American National Bank, Ameristaff, Angle Hardware, Applebee's, Arby's, Arrington Sports Awards, Auto Zone, BB& T Bank, BFMS, Bojangles, Brookside Swim Club, Buddy's BBQ, Burger King, Burt's Dentistry, C-Mart, Carter Bank & Trust, CATCE Center, Catch A Tan, Center Stage Catering, Check Into Cash, China City, Christian Heritage Academy, Coast to Coast, Comfort Inn, Cook Out, Country Kids, Crooked Stitch, Curves, CVS, Dairy Queen, Davenport Gas, Davis Law Firm, Department of Social Services, DMV, Dollar General, Dollar Tree, Domino's, Eagle Cinema, Edward Johnson Investment, El Rio, El Rodeo, Empire Foods, Enterprise Rent-A-Car, Essig Center, Family Dollar, Family Pharmacy, Farmer's Market, Fast Stop, Fast Tan, FCHS, First Baptist Church, Fisher Auto Parts, Fleetwood Homes, Flora Funeral Home, Flowers By Jones, Foley's Automotive, Food Lion, Francis of Assisi, Franklin Auto Glass, Franklin Center, Franklin Community Bank, Franklin County Dialysis, Franklin County Health Department, Franklin County Library, Franklin Dental Associates, Franklin Health Care, Franklin Heating & Air, Franklin Heights Baptist Church, Franklin Memorial Hospital, Franklin Outdoors, Frank's Pizza, Free Clinic, Furnace Creek Baptist Church, Get Ur Fix, Goodwill, The Grainery, Gusler's Alignment, H & R Block, Hair Fashions, Hardee's, Harper's Plumbing, Harvester Center, Haywood's Jewelry, Hema's, Highlander Laundry, Hodgesville Penicostal Holiness Church, Holiday Inn Express, Hollywood Beauty Salon, Hub Restaurant, Hutchinson Insurance, Ideal Building Supply, Industrial Avenue, Ippys, J & J Fashions, Jackson Hewitt, Jammin Apparel, Kay's Corner, Kentucky Fried Chicken, Kim's Nails, Kroger, Kupkavery, Lee M. Waid, Lesley Wray Photography, Little Ceasers, Long & Foster Realty, Los Tres Amigos, Lowe's, Lynch Park, Mary Bethune Park, Mary Elizabeth Park, McDonalds, Member One, Mod-U-Kraf, Moose Lodge, NAPA, National Guard Armory, Newbold, Nice Nails, Ntelos, Oasis Salon, Old's Cool, Olympia Sports, Papa Johns, Peebles, Pell Animal Clinic, Pet Clinic, Piedmont Community Services, Pizza Hut, Pizza King, Plygem, Prillaman's Auto Sales, Probation & Parole, Quiznos', Real Estate Rentals, Rent-A-Center, Retail Merchants, Riverside Minute Market, Rocky Mount Auto Repair, Rocky Mount Bowling Center, Rocky Mount Christian Church, Rocky Mount Church of God, Rocky Mount Elementary, Rocky Mount Public Works, Rocky Mount Ready Mix, Rocky Mount Rehab, Rocky Mount United Methodist Church, Ron Ayers Motorworks, Roses, Schewel's, School Board Road, Sheetz, Shell Station, Shentel, Sherwin Williams, Shoe Show, State Farm, Step Inc., Subway, Sun Tan City, Sunoco, Suntrust Bank, Team Nurse, Trinity Packaging, Turner's Ready Mix, US Cellular, Union Bank, Valley Star Credit Union, Veteran's Park, Vintage Spa, Walgreens, Wal-Mart, Wendy's, Women's Shelter, Wood Grains, YMCA and The Zone.

MISCELLANEOUS:

- November 2nd, 2018 - Foot Patrol/Traffic Control @ FCHS Football Game
- November 7th, 2018 - Reaccreditation @ Southern VA Child Advocacy Center
- November 9th, 2018 - Open Door @ Rocky Mount Public Works
- November 12th, 2018 - Open Door @ Get Ur Fix
- November 19th, 2018 - Started 2018 Annual Needy Family Food Drive for December
- November 23rd, 2018 - Christmas Tree Lighting at Franklin County Court House

COMMUNITY RESOURCE OFFICER:
MEETINGS/EVENTS

- During the absence of CRO Taylor others within the Dept. stepped up to continue regular meetings and events during the month of November.

BFMS SCHOOL RESOURCE OFFICER
REFERRAL'S 2017/2018:

- Arrests: =1
Contributing to minor x2
- DIVERSIONS: = 2
Possession of Controlled substance (imitation)
Threats and disorderly
- Intoxicated in Public: = 1
(marijuana)
- Warnings: =5
Possession tobacco products x3
Bullying x2

FCHS SCHOOL RESOURCE OFFICER
REFERRAL'S:

Arrest

Disorderly Conduct x2

Drunk in Public x1

Diversions

Possession of Marijuana x2

Possession of Tobacco x1

Warnings

Social Media Threats

Disruptive Students x3

Disorderly Conduct x1

Weapons at School x1

Possession of Tobacco x2

SPEEDING TICKETS ISSUED

School Board Road (x 12)

North Main Street (x 5)

Tanyard Road (x 4)

Grassy Hill Road (x 4)

Old Franklin Turnpike (x 2)

Orchard Avenue

State Street

CRIMINAL ARRESTS & LOCATIONS:

Distribution of Marijuana	Circle Drive
Possession of Marijuana	Tanyard Road (x 2)
Possession of Marijuana	North Main Street
Possession of Marijuana	Circle Drive
Possession of Drug Paraphernalia	Circle Drive
Driving Under the Influence	Old Franklin Turnpike
Drunk In Public	School Board Road
Drunk In Public	Windy Lane
Drunk In Public	Tanyard Road
Open Container	North Main Street
Assault on a Police Officer	Industrial Avenue
Felony Eluding Police	Old Franklin Turnpike
Fleeing From Law Enforcement	East Court Street
Give False Identity to Law Enforcement	East Court Street
Felony Shoplifting	Tanyard Road
Felony Shoplifting	Old Franklin Turnpike
Shoplifting	Old Franklin Turnpike (x 4)
Disorderly Conduct	Tanyard Road
Obstruction of Justice	Old Franklin Turnpike
Trespassing	Tanyard Road
Contribute to the Delinquency of a Minor	Westover Road (x 2)
Warrant Service (Felony)	Maple Avenue (x 2)
Warrant Service (Felony)	Old Franklin Turnpike
Warrant Service (Capias)	Old Franklin Turnpike (x 3)
Warrant Service (Capias)	East Court Street (x 3)
Warrant Service (Capias)	Edgemont Street
Warrant Service (Capias)	South Main Street
Warrant Service (Show Case)	Weaver Street
Warrant Service (Misdemeanor)	Old Franklin Turnpike (x 5)
Warrant Service (Misdemeanor)	Maple Avenue
Warrant Service (Misdemeanor)	Muse Field Lane
Failure to Return Rental Property	Tanyard Road (x 2)

Hit & Run w/ Injury
Switching Tags

Franklin Street
Franklin Street

No Insurance

Franklin Street

Fail to Report Accident to Law Enforcement

Franklin Street (x 2)

Driving Revoked – Alcohol Related

Old Franklin Turnpike

Reckless Driving By Speed

Old Franklin Turnpike

Emergency Custody Order
Emergency Custody Order
Emergency Custody Order

Herbert Street
Floyd Avenue
East Court Street

Temporary Detention Order

Floyd Avenue (x 3)

MONTHLY STAFF REPORT

DATE:	December 10, 2018
TO:	Rocky Mount Town Council
FROM:	Brian Schofield, Public Works Superintendent
DEPARTMENT:	Public Works Department
MONTH:	November, 2018

1. Read meters (5 days)
2. Installed three 5/8" meters
3. Meter repairs: replaced touch pads, trimmed bushes, gasket leaks, and cleanouts
4. Meter cutoffs: 36
5. Clean-up 5 days
6. Swept streets
7. Cut trees along roads, sidewalks and parks
8. Repaired or unplugged four sewer Mains or Lateral
9. Worked on Storm drains throughout town
10. Installed the Christmas Decorations throughout the town
11. Leaf pickup for citizens has started
12. Repaired and replaced signs

MONTHLY STAFF REPORT

DATE:	December 10, 2018
TO:	Rocky Mount Town Council
FROM:	Tim Burton
DEPARTMENT:	Waste Water Treatment Plant
MONTH:	November

Average Daily Flow	1.324 MGD
TSS Reduction	97.2 %
BOD Reduction	99.5 %
Leachate (F.C. Landfill)	747,251 gallons
VPDES Violations	None
Sludge (Land filled @ F.C.)	0 Tons
Rain Total 6.25 inches	Snow Total 0.0 inches

The Wastewater Plant had 13 after hour's alarms during the month of October.

The wastewater system has continued to come through the storms fairly well. There were a few sleepless nights monitoring the system and acknowledging the alarms throughout the night. The plant flows continue to be well above average for this time of year. The yearly average will be the highest on record for us.

It has been a real challenge with the weather and vacations, but all maintenance has been kept up and on schedule. All repair work seems to be running about average.

Respectfully Submitted,

Timothy Burton

MONTHLY STAFF REPORT

DATE:	December 10, 2018
TO:	Rocky Mount Town Council
FROM:	Jeff Gauldin – Water Superintendent
DEPARTMENT:	Water Department
MONTH:	November, 2018

Operation and Production Summary:

The actual water production time (filtering of water) for the entire month averaged 9.4 hours a day which yielded approximately 740,000 gallons of water per day. Rainfall for this month was 8.0 inches as measured at the water treatment plant. The Blackwater River flow continues to be adequate for normal operation.

Total Raw Water Pumped:	21.72 million gallons
Total Drinking Water Produced:	22.14 million gallons
Average Daily Production:	740,000 gallons per day
Ave Percent of Production Capacity:	37.0%
Flushing of Hydrants/Tanks/FD Use:	175,500 + (F.D. = 0 gallons)
Plant Process Water:	926,000 gallons (finished water used by the plant)
Bulk Water Sold @ WTP:	0 gallons
Bulk Water used at PW Shop	4,500 gallons

Testing:

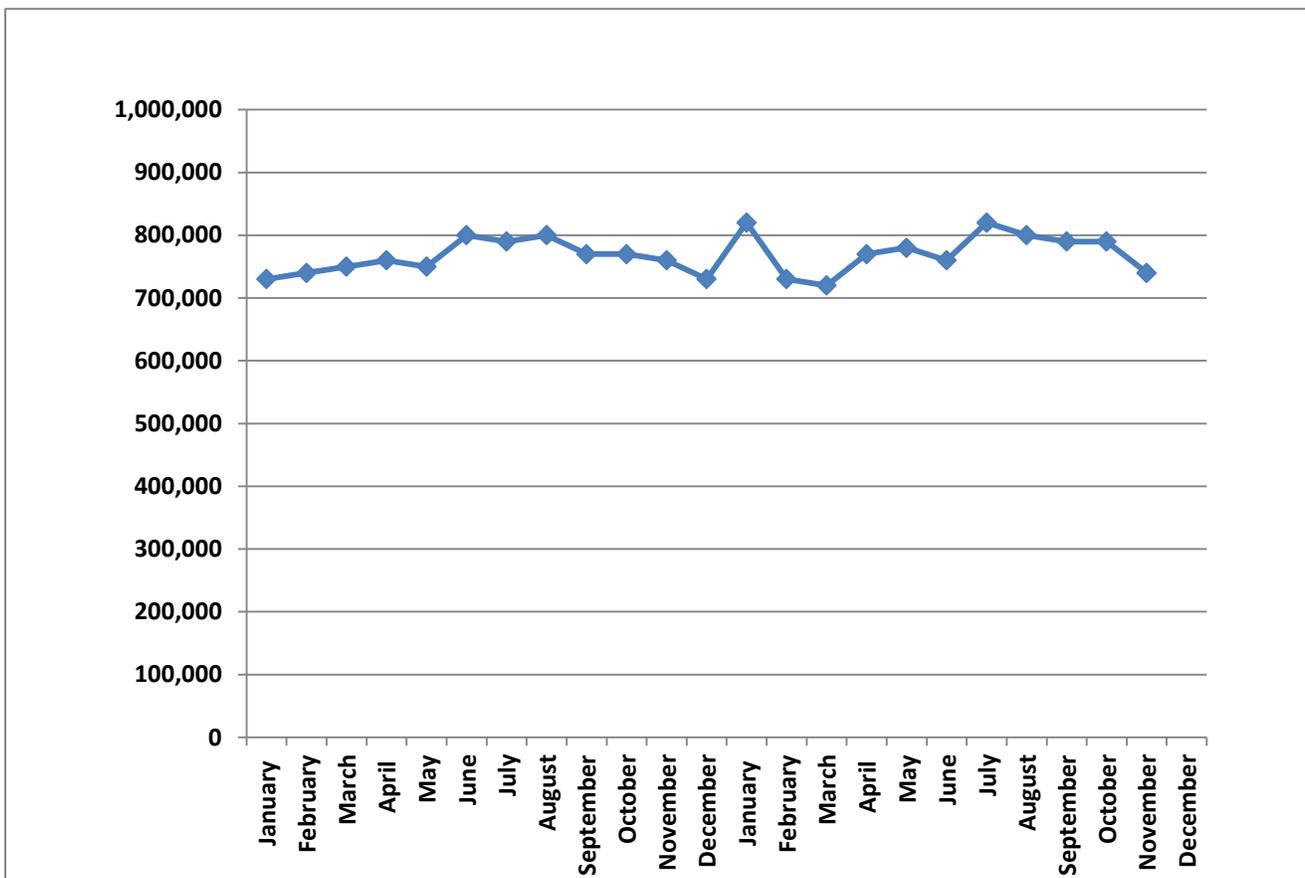
- Our monthly (6 total) routine bacteriological samples were free of bacteria. The Town continues to comply with all drinking water standards, by EPA requirements.
- Our THM and HAA-5 results are down in both Doe Run and Beverly Hills. Our next round of test for HAA-5 and THM will be taken the second week of February of 2019. The Auto flushing has had a positive effect on our Chlorine system residuals

Activities / Maintenance / Improvements

- The staff continued with our weekly checks of the chemical feeders, pump stations, equipment at tank sites, and monthly checklist around the plant, the river, and dam.
- We met with Sherwood Logan, Tencarver VA and the Perkinson Company to get pricing for the repair or replacement of the 14-inch backwash valve. We have several good leads and are evaluating our options.
- We are continuing to flush the Doe Run and Beverly Hills area with our Auto Flushers. This month we have flushed **135,000 gallons of water (included in Flushing number)** through these areas. As mentioned earlier we see better numbers on our test results so far in these areas. We are continuing in this process for now.

- On the 13th of November, we Partially Drained the Basins and Flocculators (**130,000 gallons**) and due to a malfunction of the Del-Pac pump, we were unfortunately treating dirty river water at the same time, so we didn't catch the pump malfunctioning right away. We ran the plant to midnight that night to catch up, Dallas Bailey stayed to help.
- On November 20th, we received a complaint from a resident of Sycamore Street concerning of black flecks in their water. These were very similar to what was seen in Franklin Heights in the later part of October. We performed flushing on Sycamore Street, Circle and Technology Drive to ensure that all the lines were clear. We also checked several sites on Main Street to ensure we had isolated this issue. As of now no lines show any further issues.
- We have also continued to mow and weed-eat around the plant when the weather would permit us to do so.

Water Plant Production in Gallons Per Day (January 2017 to December 2018)



ITEM(S) TO BE CONSIDERED UNDER:

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

FOR COUNCIL MEETING DATED:	December 10, 2018
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<p>STAFF MAKING REQUEST:</p>	<p>C. James Ervin, Town Manager</p>
<p>BRIEF SUMMARY OF REQUEST:</p>	<p>On January 29, 2015 Town Council approved an agreement with Franklin County and the Western Virginia Water Authority (WVWA). Our agreement with them is attached. The Town will pay debt service on 75% of the cost to connect the Town to the WVWA and they are making progress on that line.</p> <p>This is part of the long term strategic plan for the Water and Waste Water operations of the Town, providing a diversity of water sources for our citizens, businesses, industries and community facilities.</p> <p>The Town and the WVWA have negotiated the attached agreements for the financing and payment of the debt as referenced in our interconnection agreement. The Master Financing Agreement establishes a 20 amortization schedule with a 3% initial interest rate. There are two phases of the project, each detailed on project schedules A and B. The first is the 5,300 feet from Iron Ridge Road to the Blackwater River. The second is for 3,600 feet from the end of the first project to the Town's Water Treatment Plant. Combined they total \$1,155,544 for the Town's cost with the WVWA paying \$385,562 towards the connection and Mountain Valley Pipeline contributing \$300,000. The project cost for the complete interconnection is \$1,841,106 and the Town has saved a significant amount by partnering with regional entities to establish this connection. The agreement entered into in 2015 contemplates that a future agreement would spell out the payment methods and details for the Town's share of the interconnection and the agreements presented here covert those details.</p> <p>The WVWA approved the agreements at the November meeting.</p> <p>A public hearing was held on this agreement in November with an advertised amount of \$1,300,000.</p>
<p>ACTION NEEDED:</p>	<p>Approve the Master Financing Agreement and the Form of Support Agreement and authorize the Town Manager to execute the same.</p>

Attachment(s):

FOLLOW-UP ACTION:
(To be completed by Town Clerk)

THIS WATER and WASTEWATER SALE AGREEMENT ("Agreement"), dated as of October 1, 2014, by and between Franklin County, Virginia, (the "County") a county of the Commonwealth of Virginia, the Town of Rocky Mount, Virginia, ("Rocky Mount") a political subdivision of the Commonwealth of Virginia, and the Western Virginia Water Authority (the "Authority"), a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended, under the Virginia Water and Waste Authorities Act §§ 15.2-5100-15.2-5158 (the "Act").

WITNESSETH:

WHEREAS, the Authority owns and operates an existing water treatment, transmission and distribution system with all complementary and appurtenant components to serve potable water approved by the Virginia Department of Health and has sufficient capacity to provide water, in addition to current customers in portions of Franklin County, to the citizens of Rocky Mount; and,

WHEREAS, Rocky Mount owns and operates an existing wastewater treatment, transmission and collection system with all complementary and appurtenant components necessary to treat wastewater approved by the Virginia Department of Environmental Quality and has sufficient capacity to provide wastewater treatment, in addition to its current customers in Rocky Mount and some existing portions of Franklin County, to additional citizens and businesses in Franklin County; and,

WHEREAS, the Authority, County and Rocky Mount agree that this Agreement affords an opportunity to extend the Authority's water transmission and distribution system further within Franklin County and into and through Rocky Mount to deliver public water service to certain additional residents and businesses in Franklin County and to supply a source of water to Rocky Mount's water distribution system; and

WHEREAS, the Authority, County and Rocky Mount agree that this Agreement affords an opportunity to extend Rocky Mount's wastewater treatment, transmission and collection system into and through Franklin County to deliver public wastewater service to certain additional residents and businesses in Franklin County; and

*Original document
Filed in vault*

WHEREAS, all parties agree that the long term interests of the citizens of Rocky Mount and the County will be best served by the extension of the Authority's water transmission and distribution system and by extension and connection to Rocky Mount's wastewater treatment, transmission and collection system, including any necessary infrastructure such as water tanks, pump stations, and treatment equipment needed to connect;

NOW THEREFORE, in consideration of the mutual benefits accruing to each party, the parties do hereby agree as follows:

1. Financing and Capital Contributions in Aid of Construction. The parties anticipate that the Authority will provide the financing for an initial water transmission main extension connecting the Authority's existing water distribution system in the County with Rocky Mount's water distribution system. Rocky Mount will pay, via a reimbursement to the Authority, seventy-five percent (75%) of the annual debt service on a schedule and terms to be agreed to by Rocky Mount and the Authority over the term of the bond issue ("Capital Contributions in Aid of Construction"), and that the bond issue will be secured as a parity pledge of the water revenues of the Authority and by a moral obligation by the Town of Rocky Mount, Virginia. The County agrees not to request financial participation from Rocky Mount for any Pass Through Water Extensions referenced in Section 4.

The parties anticipate that the Authority will provide the financing for an initial wastewater transmission extension from the Authority's wastewater service area in Franklin County connecting to Rocky Mount's wastewater collection system. The County will pay, via a reimbursement to the Authority, seventy-five percent (75%) of the annual debt service on a schedule and terms to be agreed to by the County and the Authority over the term of the bond issue ("Capital Contributions in Aid of Construction"), and that the bond issue will be secured as a parity pledge of the wastewater revenues of the Authority and by a moral obligation by Franklin County, Virginia. The County agrees not to request financial participation from Rocky Mount for any Wastewater Extensions referenced in Section 5.

2. Retail Customer Water and Wastewater Service Rates and Fees. The parties agree that all customers in Franklin County connecting or required to be connected to the water

transmission main extension and to other future extensions in Franklin County from the water transmission main extension including Pass Through Extensions as defined in Section 4 shall be customers of the Authority; that they will pay the Authority's connection, availability and other fees as applicable; and that these customers will pay the Authority's published rates for water service in Franklin County.

The parties agree that all of the customers in Franklin County connecting or required to be connected to the wastewater main extension and to other future extensions in Franklin County from the wastewater main extension shall be customers of the Authority; that they will pay the Authority's connection, availability and other fees as applicable; and that these customers will pay the Authority's published rates for wastewater service in Franklin County.

3. Wholesale Water and Wastewater Service Rates and Fees; Upon completion of an initial extension from the Authority's water system to Rocky Mount, the Authority agrees to sell water to Rocky Mount and Rocky Mount agrees to buy water from the Authority for resale to Rocky Mount customers. The Authority agrees that for the duration of this Agreement there will be no reduction in the quantity of water supplied under this Agreement except under the conditions noted herein. The Authority agrees to make a minimum of 500,000 gallons per day available to Rocky Mount, provided that the Authority has sufficient sources of raw water. There is no minimum purchase requirement by Rocky Mount. Water used to supply the Pass Through Water Extensions created under section 4 of this agreement will be offset by an equal amount of water drawn from the interconnection with the Authority unless an alternate arrangement is requested by a party and agreed to by all parties.

The Authority will sell bulk water service to Rocky Mount on substantially the same terms it sells bulk water to other localities, except under the conditions noted herein. The Bulk Water Rate shall be determined by multiplying the Authority's second tier retail water rate, currently \$3.50 per thousand gallons, by 0.75, rounding down to the nearest tenth of a cent. The Bulk Water Rate will be stated as a cost per thousand gallons (\$/Kgal) and is \$2.60 at the time of this Agreement ($\$3.50 \text{ per Kgal} \times 0.75 = \2.625 , rounded down to \$2.60 per Kgal).

The Authority may from time to time request Rocky Mount to draw water at no charge to aid in flushing and maintenance of water quality by the authority.

Upon completion of an initial extension from Rocky Mount's wastewater system to the Authority's service area in Franklin County, Rocky Mount agrees to sell wastewater service to the Authority and the Authority agrees to buy wastewater service from Rocky Mount for resale to its customers in Franklin County. Rocky Mount agrees that for the duration of this Agreement there will be no reduction in the quantity of wastewater capacity supplied under this Agreement except under the conditions noted herein. Rocky Mount agrees to make 400,000 gallons a day available to the Authority provided that Rocky Mount has sufficient wastewater plant permit capacity or pump station capacity available. Rocky Mount's wastewater treatment plant is licensed to treat 2 million gallons a day and has an average demand of 800,000 gallons a day at the date of this agreement. Rocky Mount and the Authority agree that additional capacity can be requested and negotiated in the future and that capacity will be provided if it is within the technical and licensure limits of the Rocky Mount wastewater treatment plant. In the event that the requested capacity exceeds the plant's capacity and or pump station capacity, Rocky Mount reserves the right to expand the plant's treatment capacity and pump station capacity and to negotiate an amendment to this agreement addressing the impacts of such an expansion to meet the needs of the Authority and the County.

Rocky Mount will sell bulk wastewater service to the Authority, except under the conditions noted herein. The Bulk Wastewater Rate shall be determined by multiplying the Authority's second tier retail sewer rate, currently \$3.50 per thousand gallons, by 0.75, rounding down to the nearest tenth of a cent. The Bulk Wastewater Rate will be stated as a cost per thousand gallons (\$/Kgal) and is \$2.60 at the time of this Agreement ($\$3.50 \text{ per Kgal} \times 0.75 = \2.625 , rounded down to \$2.60 per Kgal).

4. Pass Through Water Extensions. The parties agree and concur that the Authority may, in conjunction with the County, wish to extend the Authority's water distribution system via additional extensions within Franklin County. These additional extensions may be sought in the form of extensions from Rocky Mount's water distribution system, which requires water to pass from the Authority's distribution system through Rocky Mount's water distribution system and then into new Authority constructed water lines in other areas of Franklin County (the

"Pass Through Extensions"). Requests for such Pass Through Extensions from the Authority to Rocky Mount will be considered and administratively approved individually based on the technical and engineering feasibility of each pass-through extension with the feasibility to be determined by an engineer who has experience in water systems in general. Such engineer shall be mutually agreed to by the Authority, Rocky Mount, and the County. Feasibility shall consider the potential for any negative impacts, including water quality, on Rocky Mount's water system and its users and a lack of negative impact would result in a determination that such extension was feasible. In addition, pass through requests shall include a review of the capital expenses, if any, required to support the Pass Through Extension usage. The Authority has the right to implement any capital expenses identified to support the Pass Through Extension. Water use at each Pass Through Extension will be metered by the Authority, accounted for and credited to Rocky Mount against water purchased from the Authority. Such Pass Through Extensions will be operated as consecutive systems unless agreed otherwise by all parties and as a consecutive system, the Authority is responsible for the regulatory compliance of the extensions and the customers' connections to those extensions.

5. Wastewater Extensions. The parties agree and concur that the Authority may, in conjunction with the County, extend Rocky Mount's wastewater collection system via additional extensions within Franklin County. Requests for such Wastewater Extensions from the Authority and the County to Rocky Mount will be considered and administratively approved individually based on the technical and engineering feasibility of each determined by an engineer who has experience in wastewater systems. Such engineer shall be mutually agreed to by the Authority, Rocky Mount and County. Feasibility shall consider the potential for any negative impact, including effects on Rocky Mount's wastewater system, the quality of the receiving water at the plant's discharge point, other users, and the licensure status of the plant. A lack of negative impact would result in a determination that such extension was feasible. In addition, Wastewater Extension requests shall include a review of the capital expenses, if any, required to support the Wastewater Extension. The Authority and the County have the right to implement any capital expenses identified to support the Wastewater Extensions. Wastewater discharged to Rocky Mount's wastewater treatment plant at each Wastewater Extension will be

metered by the Authority or measured using customer water consumption records multiplied by a factor of 1.2 to account for inflow and infiltration. Example: If an extension generates 10,000 gallons per month of wastewater as determined by adding up the monthly water meter records for wastewater customers connected to the line, the total billed wastewater flow would be $1.2 * 10,000$ gallons or 12,000 gallons. Such Wastewater Extensions will be operated as consecutive systems unless otherwise agreed to by all parties and will require all parties to operate the consecutive systems. As a consecutive system, the Authority is responsible for the regulatory compliance of the extensions and the customers connecting to those extensions with the exception that Rocky Mount may require implementation of the Commonwealth of Virginia's and Rocky Mount's pretreatment regulations as it relates to any customer connected to any Wastewater Extension. Rocky Mount and the Authority pledge to enter into the standard EPA Multijurisdictional Agreement for Pretreatment.

6. Approval of Extensions & Improvements to the Proposed System. Initial main extensions, Pass Through Extensions, and Wastewater Extensions must be approved by the Franklin County Administrator and Town of Rocky Mount Manager. Rocky Mount agrees that Pass Through Extensions and Wastewater Extensions shall be permitted by right from Rocky Mount's water system and wastewater system, provided they are constructed and operated under the terms of this Agreement. Rocky Mount and the County also agree to cooperate with the Authority on such matters as regulation of the construction and operation of water systems and wastewater systems, mandatory connections for new customers, and other legislative matters to provide the jurisdictional and legal basis for the development of water and wastewater initial main extensions, Pass Through Extensions and Wastewater Extensions consistent with the Authority's published rules and regulations.

7. Water Restrictions. If the Authority decides to restrict water usages or withdrawals due to droughts, emergencies, or other conditions or circumstances, any reductions or restrictions placed on water sold to Rocky Mount shall be the same as placed on all other Authority customers.

8. Wastewater Discharge Restrictions. If Rocky Mount decides to restrict wastewater discharge due to emergencies, or other conditions or circumstances, any reductions or restrictions placed on wastewater discharged by Authority customers shall be the same as placed on all other Rocky Mount customers.

9. Quality, System Responsibility and Technical Feasibility. The quality and pressure of the water delivered under this Agreement including Pass Through Extensions shall be sufficient for fire flow needs (if practical) and shall meet the requirements of the Virginia Department of Health and other state or federal agencies which have jurisdiction over public water supplies. The water provided by the Authority shall not contain specific contaminants that would result in noncompliance with the Virginia Department of Health or other applicable state or federal agency permit requirements or regulations. The Authority shall at least annually provide Rocky Mount with the most recent water quality analysis of the water sold by a mutually agreed upon date that will allow Rocky Mount sufficient time to comply with any water quality reporting requirements.

The quality of the wastewater delivered under this Agreement shall meet the sewer use requirements of Rocky Mount's pretreatment program and the Multijurisdictional Agreement for Pretreatment and shall not contain specific contaminants that would inhibit the operation of Rocky Mount's wastewater treatment plant or result in noncompliance with Virginia Department of Environmental Quality or other applicable state or federal agency permit requirements or regulations. The Authority agrees to provide Rocky Mount pretreatment information on permitted customers in Franklin County to meet state or federal reporting requirements. Each party shall be responsible for the maintenance, upkeep, improvement, inflow and infiltration control, wastewater quality and biological load, pretreatment, water quality and water loss in their respective systems. Rocky Mount reserves the right to set parameters for odor and the presence of aerobic conditions. In the event of a planned improvement for the purpose of adding additional capacity to either the Authority's water or wastewater system or Rocky Mount's water or wastewater system, each party shall be given a reasonable opportunity at its own cost to participate in the planning and installation of such improvements.

10. Billing and Payment. The Authority shall be responsible for maintaining bulk water meters and wastewater meters, if utilized, and for calculation of bulk bills. The measurement basis shall be in gallons. The Authority will submit a water bill to Rocky Mount on a monthly basis, detailing the amount due from Rocky Mount for water purchased. The Authority will submit a wastewater statement, along with payment, to Rocky Mount on a monthly basis, detailing the amount owed Rocky Mount for wastewater discharged. Each party at its respective expense shall have the right to test and verify the accuracy of all bulk meters. If the accuracy of a tested meter is less than 95% or more than 105%, then adjustments shall be made to reflect the correct usage for the most recent ninety (90) day period.

11. Term; Rights on Termination. The term of this Agreement shall be thirty (30) years beginning October 1, 2014 and ending September 30, 2044, unless renewed, terminated or otherwise extended as provided herein. If the Authority or Rocky Mount or the County does not notify the other parties of its intent to terminate or renew this Agreement, it shall automatically and without further action on the part of the Authority or Rocky Mount or the County be extended in five year increments, unless and until the Authority or Rocky Mount or County notifies the other parties at least one year in advance of its intent to cease to be a party to this Agreement at the end of the five year term.

Should Rocky Mount, the Authority or the County cease to be a party to this Agreement, title to facilities, extensions, or other assets within Franklin County constructed or provided by the Authority or subsequently acquired by the Authority shall vest and remain vested in the Authority in fee simple. Should the County withdraw as a member of the Authority, the procedures, including disposition of facilities, extensions, or other assets, shall be governed by the Code of Virginia under the terms of the Act. Any facilities within the town limits of Rocky Mount shall revert to Rocky Mount, in fee simple. Rocky Mount shall retain the right to purchase water from the Authority or County, should the County leave the Authority, under terms to be negotiated but substantially similar to this agreement. The Authority or County, should the County leave the Authority, shall retain the right to purchase wastewater service from Rocky Mount under terms to be negotiated but substantially similar to this agreement.

12. No Waiver. The failure of any party to insist upon strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy. No waiver by any party of any term or provision of this Agreement shall be deemed to have been made, unless expressed in writing and approved by all parties.

13. Integration of Provisions. If any clause or provision of this Agreement is or becomes illegal, invalid or unenforceable because of present or future laws or any rule or regulation of any governmental body or entity, then the remaining parts of this Agreement shall not be affected.

14. Governing Law. This Agreement shall be construed under and shall be governed by the laws of the Commonwealth of Virginia.

15. Notices. All notices or other communications required or desired to be given with respect to this Agreement shall be in writing and shall be delivered by hand or by courier service or sent by registered or certified mail, return receipt requested, bearing adequate postage and properly addressed as provided below. Each notice given by mail shall be deemed to have been given and received when actually received by the party intended to receive such notice or when such party refuses to accept delivery of such notice. Upon a change of address by any party, such party shall give written notice of such change to the other parties in accordance with the foregoing. Inability to deliver because of changed address or status of which no notice was given shall be deemed to be receipt of the notice sent effective as of the date such notice would otherwise have been received.

To the Authority:

Western Virginia Water Authority

601 S. Jefferson

Roanoke, Virginia 24011

Attention: Executive Director, Water Operations

With copy to:

Harwell M. Darby, Jr.

Glenn, Feldmann, Darby & Goodlatte

P. O. Box 2887 (24001)

210 First Street, S.W., Suite 200

Roanoke, Virginia 24011

To Franklin County:

Franklin County Board of Supervisors

1255 Franklin Street, Suite 112 Rocky Mount, Virginia 24151

Attn: County Administrator

With copy to:

B. James Jefferson, Esquire

5 East Court Street, Suite No. 101

Rocky Mount, Virginia 24151

To The Town of Rocky Mount:

Rocky Mount Town Council

345 Donald Ave.

Rocky Mount, VA 24151

Attn: Town Manager

With copy to:

John Boitnott, Esquire
Town of Rocky Mount Attorney
5 East Court Street, Suite 301
Rocky Mount, VA 24151

16. Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the Authority and both the Town and County and their respective successors and assigns. The rights and obligations of this Agreement may not be sold, assigned or transferred at any time without prior written consent of all the parties, which consent will not be unreasonably withheld.

17. Subject to Future Appropriations. The obligations of the Town under this Agreement shall be subject to and dependent upon appropriation being made from time to time by the Town Council for such purpose. Any other provision to the contrary notwithstanding, this Agreement and the obligations herein shall not constitute a debt of the Town within the meaning of any limitation on indebtedness of the Town under any constitutional or statutory limitation, and nothing in this Agreement shall constitute a pledge of the full faith and credit of the Town under any provision of its Charter, as applicable, or the Constitution of Virginia. The failure of the governing body of the Town to appropriate funds in any year for payment in full of the payments required by the Authority as herein provided, or any other provision of this Agreement during such year, shall ipso facto terminate this Agreement without any further liability on the part of the Town of any kind, thirty (30) days after the Town Council makes a final determination not to appropriate funds for this Agreement for the current fiscal year.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior understandings and writings. This Agreement may be amended or modified only by a writing signed by the Authority and the Town and County.

19. Force Majeure. No party shall be liable for any failure to perform its non-monetary obligations under this Agreement due to any cause beyond its reasonable control such as wars, riots, civil commotion, strikes, labor disputes, embargoes, natural disasters, and Acts of God, or any other cause or contingency similarly beyond its control.

20. Including. In this Agreement, whenever general words or terms are followed by the word "including" (or other forms of the word "include") and words of particular and specific meaning, the word "including" (or other forms of the word "include") shall be deemed to mean "including without limitation," and the general words shall be construed in their widest extent and shall not be limited to persons or things of the same general kind or class as those specifically mentioned in the words of particular and specific meanings.

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single document.

22. Resolution of Disputes. In the event of a dispute among the parties hereto, each is bound to participate in a process of mediation with a mediator to be selected by them (and if they are unable to select a mediator, each name one and those named select the mediator) with a view toward using their good faith efforts to resolve the dispute with the help of the mediator and the mediation process. Only when the mediator certifies in writing that each has used good faith efforts to resolve the dispute may any party institute legal proceedings to resolve a dispute under this Agreement.

Western Virginia Water Authority

Michael McEvoy Gary Robertson

By: Gary Robertson / Michael McEvoy

Its: Executive Directors

STATE OF VIRGINIA)

) to - wit:

CITY/COUNTY OF Roanoke)

The foregoing instrument was acknowledged before me this 29 day of January, ²⁰¹⁵ ~~2014~~, by Gayle Shrewsbury of the Western Virginia Water Authority.

Notary Public

My commission expires: 9/30/2018



TOWN OF ROCKY MOUNT, Virginia

Steven C. Angle

By: Steven C. Angle

Mayor

Town of Rocky Mount

Approved as to form:

John T. Boitnott

John T. Boitnott, Town Attorney

STATE OF VIRGINIA)

) to - wit:

CITY/COUNTY OF Franklin)

The foregoing instrument was acknowledged before me this 18th day of March, ²⁰¹⁵ ~~2014~~, by Steven C. Angle, Mayor of the Rocky Mount Town Council.

Stacey Bowles Senk

Notary Public

My Commission expires: April 30, 2019



FRANKLIN COUNTY, Virginia

Richard E Huff
By: Richard E. Huff II

Administrator, Franklin County

STATE OF VIRGINIA)

) to - wit:

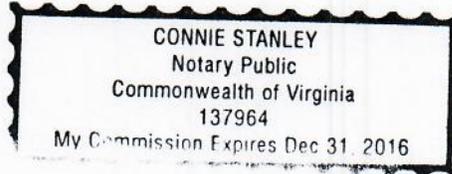
CITY/COUNTY OF Franklin

The foregoing instrument was acknowledged before me this 8 day of January,
2016, by Richard E. Huff II, Franklin County Administrator.

Connie Stanley

Notary Public

My commission expires: 12-31-2016



MASTER FINANCING AGREEMENT

This Master Financing Agreement (“Financing Agreement”) dated as of December 1, 2018, by and between the Town of Rocky Mount, Virginia (the “Town”), a municipal corporation of the Commonwealth of Virginia, and the Western Virginia Water Authority (the “Authority”), a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended under the Virginia Water and Waste Authority Act §§ 15.2-5100, et seq. (the “Act”).

WITNESSETH:

WHEREAS, the parties to this Financing Agreement are also parties, along with Franklin County, Virginia to a Water and Wastewater Sale Agreement dated as of October 1, 2014 (the “Sale Agreement”), in which they agreed to cooperate in extending the Authority’s water distribution system into and through Franklin County, Virginia, to deliver public water service to the Town and to certain additional residents and businesses in Franklin County, Virginia both west and east of the Town; and,

WHEREAS, under the Sale Agreement it was contemplated that the costs of such extension would be born twenty-five percent (25%) by the Authority and seventy-five percent (75%) by the Town; and,

WHEREAS, it was contemplated in the Sale Agreement that the Authority borrow one hundred percent (100%) of the funds to finance the extension of its water distribution system to the Town of Rocky Mount and that the Town would repay the Authority seventy-five percent (75%) of the debt service cost on the same schedule as such debt service; and,

WHEREAS, the Town will provide, subject-to-appropriation, debt service on the amount of the Project Costs allocated to the Town on the Project Schedules attached hereto or on any subsequent Project Schedule(s) entered into by the Town and the Authority, to the Authority on a twenty (20)-year amortization schedule beginning July 1 in any year at a rate (the “Initial Rate”) set out in Exhibits A and B to be revised after five (5) years, after ten (10) years and again after fifteen (15) years to three (3)-month LIBOR plus one per cent (1%) (but not less than the Initial Rate) for the remainder of the amortization schedule, with semi-annual principal payments made October 1 and April 1.

NOW THEREFORE, in consideration of the benefits and obligations to be received and provided by each of the parties to this Financing Agreement, the parties hereby agree as follows:

1. The Authority will contract for the construction of each Project at the amount shown on Exhibits A and B and will be responsible for the design, bidding, inspection, construction, installation, operation, maintenance and replacement of the Projects.

2. The Town will enter into one or more support agreements for each Project substantially in the form attached hereto as Exhibit C (the “Town Support Agreement”) providing for the subject-to-appropriation payment to the Authority of the agreed debt service. The Town may pre-pay all of its obligations at any time.

3. The parties may finance other projects in the same manner, or with the Authority issuing bonds or obtaining funds by loan or other means, by completing the information required by the Project Schedule, and signing a new Project Schedule in the form attached hereto as Exhibit D.

4. The recitations at the beginning of this Agreement are incorporated herein and made an integral part hereof.

5. No Waiver. The failure of any party to insist upon strict performance of any of the terms or provisions of this Agreement or to exercise any option, right or remedy contained in this Agreement shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy. No waiver by any party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and approved by all parties.

6. Integration of Provisions. If any clause or provision of this Agreement is or becomes illegal, invalid or unenforceable because of present or future laws or any rule or regulation of any governmental body or entity, then the remaining parts of this Agreement shall not be affected.

7. Governing Law. This Agreement shall be construed under and shall be governed by the laws of the Commonwealth of Virginia.

8. Notices. All notices or other communications required or desired to be given with respect to this Agreement shall be in writing and shall be delivered by hand or by courier service or sent by registered or certified mail, return receipt requested, bearing adequate postage and properly addressed as provided below. Each notice given by mail shall be deemed to have been given and received when actually received by the party intended to receive such notice or when such party refuses to accept delivery of such notice. Upon a change of address by any party, such party shall give written notice of such change to the other parties in accordance with the foregoing. Inability to deliver because of changed address or status of which no notice was given shall be deemed to be receipt of the notice sent effective as of the date such notice would otherwise have been received.

To the Authority:

Western Virginia Water Authority
601 S. Jefferson Street
Roanoke, Virginia 24011
Attention: Executive Director, Water Operations

With copies to:

Harwell M. Darby, Jr.
Glenn, Feldmann, Darby & Goodlatte

P. O. Box 2887 (24001)
37 Campbell Avenue, S.W.
Roanoke, Virginia 24011

and

Western Virginia Water Authority
601 S. Jefferson Street
Roanoke, Virginia 24011
Attention: Executive Director, Wastewater Services

To the Town of Rocky Mount:

Rocky Mount Town Council
345 Donald Ave.
Rocky Mount, Virginia 24151
Attention: Town Manager

With copy to:

John Boitnott
5 E. Court Street, Suite 301
Rocky Mount VA 24151

9. Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the Authority and the Town and their respective successors and assigns.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior understandings and writings. This Agreement may be amended or modified only by a writing signed by the Authority and the Town.

11. Force Majeure. No party shall be liable for any failure to perform its non-monetary obligations under this Agreement due to any cause beyond its reasonable control such as wars, riots, civil commotion, strikes, labor disputes, embargoes, natural disasters, and Acts of God or any other cause or contingency similarly beyond its control.

12. Including. In this Agreement, whenever general words or terms are followed by the word "including" (or other forms of the word "include") and words of particular and specific meaning, the word "including" (or other forms of the word "include") shall be deemed to mean "including without limitation," and the general words shall be construed in their widest extent and shall not be limited to persons or things of the same general kind or class as those specifically mentioned in the words of particular and specific meanings.

13. Counterparts. This Agreement may be executed in any number of counterparts (including by means of facsimile or electronic transmission), each of which shall be deemed to be an original and all of which together shall comprise but a single document. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

[SIGNATURE PAGES FOLLOW]

Witness the following signatures and seals:

WESTERN VIRGINIA WATER AUTHORITY

By: Gary Lee Robertson, P.E.
Its: Executive Director, Water Operations

COMMONWEALTH OF VIRGINIA)
)
CITY/COUNTY OF _____) to – wit:

The foregoing instrument was acknowledged before me this ___ day of _____, 2018, by Gary Lee Robertson, P.E., Executive Director, Water Operations of the Western Virginia Water Authority.

Notary Public

My commission expires: _____
My registration number: _____

WESTERN VIRGINIA WATER AUTHORITY

By: Michael T. McEvoy
Its: Executive Director, Wastewater Services

COMMONWEALTH OF VIRGINIA)
)
CITY/COUNTY OF _____) to – wit:

The foregoing instrument was acknowledged before me this ___ day of _____, 2018, by Michael T. McEvoy, Executive Director, Wastewater Services of the Western Virginia Water Authority.

Notary Public

My commission expires: _____
My registration number: _____

EXHIBIT A

PROJECT SCHEDULE

**PROJECT TO BE FINANCED UNDER THE TERMS OF A FINANCING AGREEMENT
DATED AS OF DECEMBER 1, 2018 BETWEEN TOWN OF ROCKY MOUNT, VIRGINIA
AND THE WESTERN VIRGINIA WATER AUTHORITY**

Project #1

Description of Project: Approximately 5,300 linear feet of 12-inch water line with valves, fire hydrants, bulk meter, and associated appurtenances beginning at a point 1000 feet west of Iron Ridge Road on Virgil Goode Hwy ending 570 feet north of a proposed crossing of the Blackwater River. (the “Iron Bridge to Blackwater Project”)

The costs of Project #1 and the allocations between the Authority and the Town are as follows:

	Total Cost	WVWA	Rocky Mount
<i>Engineering</i>	56,780.28	14,159.46	42,582.90
<i>Construction</i>	1,181,510.37	295,377.59	886160.69
<i>Inspection</i>	27,436.73	6,859.18	20,577.55
<i>Advertising</i>	1382.62	381.27	1,001.36
<i>Contingency</i>	-0-	-0-	-0-
	<hr/>	<hr/>	<hr/>
	1,267,110.00	316,777.50	950322.50
Credit Precision Pipeline	(300,000.00)	(75,000.00)	(225,000.00)
	<hr/>	<hr/>	<hr/>
	967,110.00	241,777.50	725,332.50

Amount Financed: \$725,332.50

Date of Funding: _____, 2018

Initial Interest Rate: 3% per year

Support Agreement: YES

EXHIBIT B

PROJECT SCHEDULE

**PROJECT TO BE FINANCED UNDER THE TERMS OF A FINANCING AGREEMENT
DATED AS OF DECEMBER 1, 2018 BETWEEN TOWN OF ROCKY MOUNT, VIRGINIA
AND THE WESTERN VIRGINIA WATER AUTHORITY**

Project #2

Description of Project: approximately 3,600 linear feet of 12-inch water line and related appurtenances, beginning at the terminus of Project #1, crossing the Blackwater River to connect with the Town's water line at Shady Lane (the "Blackwater to Shady Lane Project").

Project #2 is estimated to cost \$575,000, with the Authority's portion to be \$143,750 and the Town's portion, \$431,250.

Amount Financed: \$431,250.

Date of Funding: _____, 2018

Initial Interest Rate: 3% per year

Support Agreement: YES

EXHIBIT C
FORM OF SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT, made as of December 1, 2018, between the **TOWN COUNCIL OF THE TOWN OF ROCKY MOUNT, VIRGINIA** (the “Council”), acting as the governing body of the Town of Rocky Mount, Virginia (the “Town”), and the **WESTERN VIRGINIA WATER AUTHORITY**, a public body politic and corporate of the Commonwealth of Virginia (the “Authority”).

WITNESSETH

WHEREAS, the Town has the opportunity to enter into an agreement with the Authority to finance seventy-five percent (75%) of the cost of certain extensions of the Authority’s water distribution system to the Town and consisting of (1) approximately 5,300 linear feet of 12 inch water line with valves, fire hydrants, bulk meter, and associated appurtenances beginning at a point 1000 feet west of Iron Ridge Road on Virgil Goode Hwy to the intersection of Shady Lane and Virgil Goode Hwy ending 570 linear feet north of a proposed crossing of the Blackwater River (the “ Iron Bridge to Blackwater Project”) and (2) approximately 3,600 linear feet of 12-inch water line and related appurtenances, beginning at the terminus of Project #1, crossing the Blackwater River to connect with the Town’s water line at Shady Lane (the “Blackwater to Shady Lane Project”); and,

WHEREAS, the Town has been presented with a proposal from the Authority to finance seventy-five percent (75%) of the Projects and has determined that it is in the best interest of the citizens and businesses of the Town for the Town to have the Authority install and operate the Projects; and,

WHEREAS, the Authority proposes to provide the funds for the cost of the Projects if the Town will enter into this subject-to-appropriation support agreement for seventy-five percent (75%) of the debt service cost of the Project and specifically, as to the Iron Bridge to Blackwater Project, Seven Hundred Twenty-Five Thousand Three-Hundred Thirty-two and 50/100 Dollars (\$725,332.50), and as to the Blackwater to Shady Lane Project, Four Hundred Thirty-one Thousand, Two Hundred fifty and 00/100 Dollars (\$431,250.00) in principal amount payable over twenty (20) years at the initial annual interest rate of three percent (3%) (the “Initial Rate”) to be revised after five (5) years, after ten (10) years and again after fifteen (15) years to three

(3)-month LIBOR plus one per cent (1%) (but not less than the Initial Rate) for the remainder of the amortization schedule (the “Town Support Obligation”); and,

WHEREAS, in accordance with the Water and Wastewater Sale Agreement dated as of October 1, 2014, by and among the Town, the Authority and Franklin County, Virginia (the “Basic Agreement”), the Authority will own the Project and the customers connecting to transmission lines extending from the Project will be customers of the Authority; and,

WHEREAS, the Council adopted on _____, 2018, a resolution authorizing the execution of this Support Agreement providing for a non-binding obligation of the Town to consider certain appropriations in connection with the Town’s Support Obligation.

NOW THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. The Authority shall pay the costs of the Project, inspect and oversee the construction and installation of the Project, and generally will be responsible for the proper management, installation and operation of the Project.

2. No later than April 1 of each year beginning April 1, 2019, the Administrator of the Authority (the “Administrator”), working in collaboration with the Finance Director of the Town, shall notify the Town Manager of the amount that will be needed during the Town’s next ensuing fiscal year to satisfy the Town’s Support Obligation and any other amounts due to be paid by the Town to the Authority with regard to the Project during the Town’s next ensuing fiscal year (the “Appropriation Amount”) to include a principal and an interest component as well as a statement of total outstanding amount of principal and interest.

3. The Town Manager shall include the Appropriation Amount in the annual budget submitted to the Council for the Town’s next ensuing fiscal year. Within ten (10) days after the adoption of each such budget, but not later than July 15 of each year, the Town Manager shall deliver to the Authority a certificate stating whether the Council has appropriated an amount equal to the Appropriation Amount to the Authority for such purpose in the Town’s annual budget adopted for such fiscal year.

4. The Council hereby undertakes a non-binding obligation to appropriate such amounts as may be determined to be necessary to satisfy the Project debt service to the fullest

degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Council, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future councils do likewise.

5. Nothing herein contained is or shall be deemed to be a lending or the credit of the Town to the Authority or any other person, and nothing herein contained is or shall be deemed to be a pledge of faith and credit or the taxing power of the Town. Nothing herein contained shall bind or obligate the Council to appropriate funds to satisfy the payment obligations with respect to the Project for the purposes described herein.

6. The Authority shall operate, maintain and administer the Project in accordance with the generally applicable rules and regulations of the Town, as the same may be in effect from time to time, including any mandatory connection policy that may be in effect from time to time.

7. The Council acknowledges that it is entering into this Agreement on behalf of the Town in consideration for the provision of financing by the Authority and its agreement to operate and maintain the Project. The Council acknowledges that the Authority is undertaking its obligations at the request of the Council to provide for the public health and welfare of the Town citizens and to assist with the economic development of the Town. Annual appropriations by the Council pursuant to this Support Agreement may be essential to pay the Project debt service.

8. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (a) if to Western Virginia Water Authority, to 601 S. Jefferson, Roanoke, Virginia 24011 (Attention: Executive Director, Water Operations) and (Attention: Executive Director, Wastewater Services), with a copy to Glenn, Feldmann Darby & Goodlatte at 37 Campbell Avenue, S.W., Roanoke, Virginia 24011, Roanoke, Virginia, (b) if to the Town, to Town Council of the Town of Rocky Mount, Virginia, 345 Donald Avenue, Rocky Mount, Virginia 24151 (Attention: Town Manager). Any party may designate any other address for notices or requests by giving notice under this paragraph.

9. This Agreement shall be governed by the laws of the Commonwealth of Virginia.

10. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement.

11. This Agreement shall remain in full force and effect until the Bonds have been paid in full.

12. This Agreement may be executed in several counterparts each of which shall be an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

TOWN OF ROCKY MOUNT, VIRGINIA

By _____
C. James Irvin, Town Manager

WESTERN VIRGINIA WATER AUTHORITY

By _____
Gary Lee Robertson, P.E., Executive
Director, Water Operations

By _____

Michael T. McEvoy, Executive Director,
Wastewater Services

EXHIBIT D

[FORM OF PROJECT SCHEDULE]

PROJECT TO BE FINANCED UNDER THE TERMS OF A FINANCING AGREEMENT
DATED AS OF DECEMBER 1, 2018 BETWEEN TOWN OF ROCKY MOUNT, VIRGINIA
AND THE WESTERN VIRGINIA WATER AUTHORITY

Project #____

Description of Project:

The costs of Project #____ and the allocations between the Authority and the Town are as follows:

	Total Cost	WVWA	TOWN
<i>Engineering:</i>			
<i>Construction:</i>			
<i>Inspection:</i>			
<i>Advertising:</i>			
<i>Contingency:</i>			
Amount Financed:			

Date of Funding: _____, 2018

Initial Interest Rate: _____% per year

Support Agreement: YES

Signatures:

WESTERN VIRGINIA WATER AUTHORITY

By: Michael T. McEvoy
Its: Executive Director, Wastewater Services

ITEM(S) TO BE CONSIDERED UNDER:

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

FOR COUNCIL MEETING DATED:	December 10, 2018
----------------------------	-------------------

STAFF MAKING REQUEST:	C. James Ervin, Town Manager
BRIEF SUMMARY OF REQUEST:	New Year's day falls on Tuesday. Council has in the past allocated the preceding Monday as an additional Holiday in such cases. The State and the County will be closed on this day.
ACTION NEEDED:	Approve or deny for the Town to be closed on December 31, 2018.

Attachment(s):

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

ITEM(S) TO BE CONSIDERED UNDER:

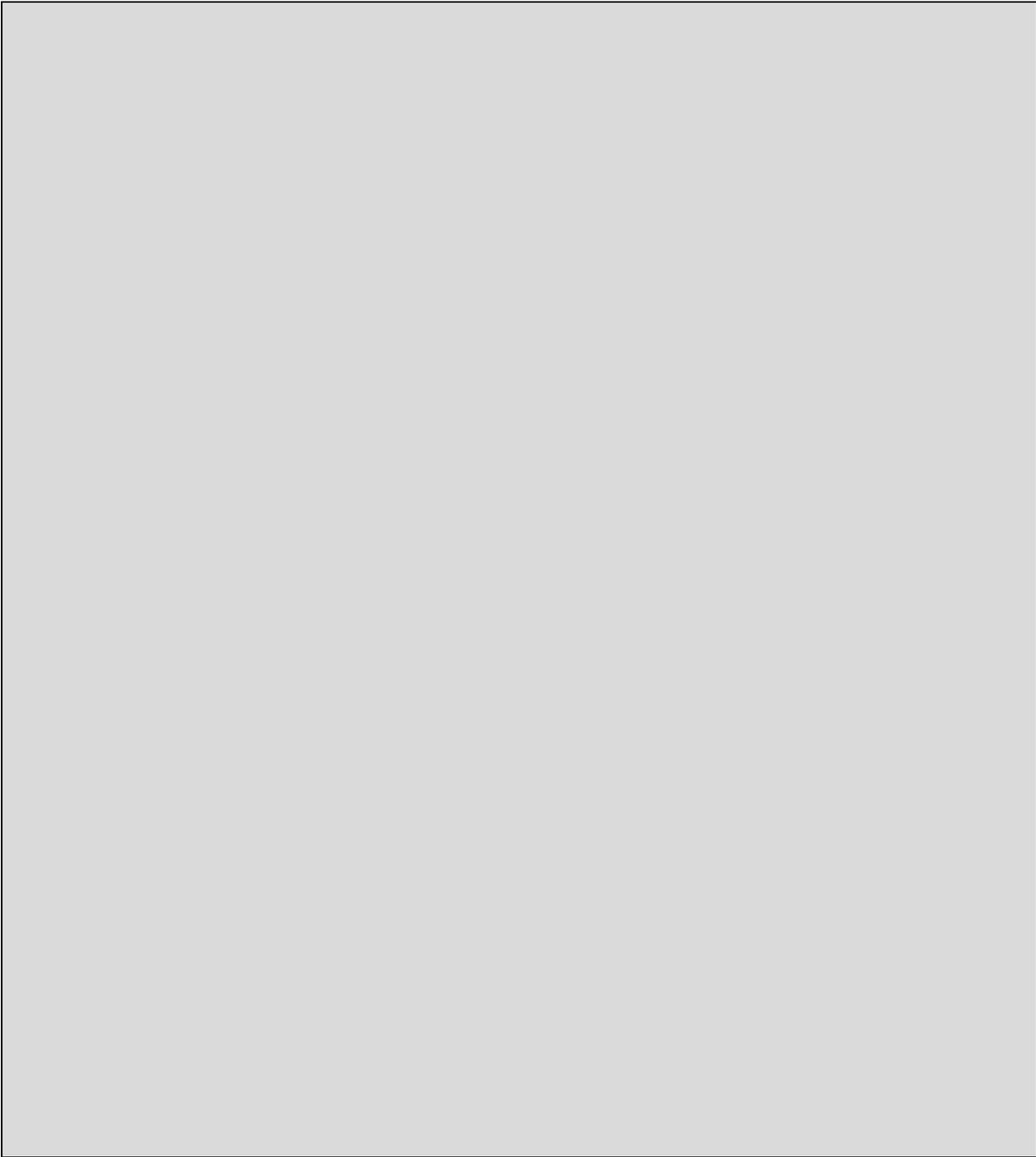
- Hearing of Citizens**
 Consent Item
 Old Business
 New Business
 Committee Report
 Public Hearing
 Other

FOR COUNCIL MEETING DATED:	December 10, 2018
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STAFF MAKING REQUEST:	C. James Ervin, Town Manager
BRIEF SUMMARY OF REQUEST:	<p>Our last utility rate adjustment was on January 1, 2016. The Consumer Price index has pegged inflation at 5.6% combined in the three years since then. Our rates were generally current based on expenses with the last adjustment and staff recommends an inflation adjustment in the rates to avoid a significant increase in rates in future years.</p> <p>A 5% increase effective January 1, 2019 will balance the 2016 rates with current costs. In Town Residential Customers will see a \$1.70 increase and out of Town customers see a \$3.40 increase. A proposed rate sheet is attached. The rate for the elderly and disabled who qualify for our special rate plan do not change.</p> <p>Council has historically chosen to manage water and sewer rates on a Calendar Year basis as it helps simplify the budget process.</p> <p>Previous rates were left unchanged for so long that it took four consecutive years of increases to catch up to expenses. Staff proposes that rates be periodically adjusted for inflation to avoid a significant rate deficit that will be the burden of some future elected body.</p> <p>Additionally, Council Member Moyer requests that while considering rates, Town Council considering extending the existing Elderly and Disabled rate to vacant properties that are for sale so that those property owners can keep utilities on during the pendency of the sale without paying a minimum. The Elderly and Disabled rate simply charges per usage.</p>
ACTION NEEDED:	Approve or deny the proposal made by Staff or give Staff additional guidance.

Attachment(s): Yes

<p>FOLLOW-UP ACTION: (To be completed by Town Clerk)</p>
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Proposed CY2019 Water and Sewer Rates

Effective on bills issued after January 1, 2019

Rates per Gallons of Usage

Water	Inside	Outside
1 to 3,000 gallons	\$ 5.95	\$ 11.91
3,001 to 10,000	\$ 3.52	\$ 7.04
10,001 to 50,000	\$ 3.41	\$ 6.83
50,001 and up	\$ 3.31	\$ 6.62
Sewer	\$ -	
1 to 3,000 gallons	\$ 5.95	\$ 11.91
1 to 10,000 gallons	\$ 3.47	\$ 6.93
10,001 to 50,000	\$ 3.31	\$ 6.62
50,001 and up	\$ 3.20	\$ 6.41

Rates change for the first 3,000 gallons of usage, impacting the minimum bill.

Base Charges

Meter Size	Water	Sewer
5/8"		
1"	\$ 7.56	\$ 22.68
1.5"	\$ 15.12	\$ 45.36
2"	\$ 18.90	\$ 56.70
3"	\$ 37.80	\$ 75.60
4"	\$ 56.70	\$ 113.40
6"	\$ 113.40	\$ 226.80

The Base Charge increases 5% for larger meters.

Estimated Bills

	Inside	Outside
5000 Gallons		
Water	\$ 24.90	\$ 49.79
Sewer	\$ 24.79	\$ 49.58
Total	\$ 49.69	\$ 99.37
Minimum Bill		
Water	\$ 17.86	\$ 35.72
Sewer	\$ 17.86	\$ 35.72
Total	\$ 35.72	\$ 71.44
CY2016 Minimum	\$ 34.02	\$ 68.04

In Town Residential Customers see a \$1.70 increase and out of Town customers see a \$3.40 increase.

Increase in minimum from Current Rates

	Inside	Outside
	\$ 1.70	\$ 3.40

Elderly and Disabled Rate Plan

Current Rates	Inside	Outside
Water	\$ 3.75	\$ 7.50
Sewer	\$ 3.75	\$ 7.50
2,000 Gallon Bill	\$ 15.00	\$ 30.00
New Rates		
Water	\$ 3.75	\$ 7.50
Sewer	\$ 3.75	\$ 7.50
2,000 Gallon Bill	\$ 15.00	\$ 30.00

No Change in the Elderly and Disabled Bill

Fire Suppression Connection Fee

\$50.00

ITEM(S) TO BE CONSIDERED UNDER:

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

FOR COUNCIL MEETING DATED:	December 10, 2018
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STAFF MAKING REQUEST:	C. James Ervin, Town Manager
BRIEF SUMMARY OF REQUEST:	Each year in January, Town Council adopts a schedule of meeting dates. On the sheet attached, are the proposed dates for 2019. Please review and make your recommendation for the 2019 calendar year.
ACTION NEEDED:	Approve or deny

Attachment(s): Yes

<p>FOLLOW-UP ACTION: (To be completed by Town Clerk)</p>
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Town Meeting Dates 2019

Following are the 2019 monthly meeting dates for Rocky Mount boards and Commissions that maintain a regular monthly meeting and filing schedule.

Town Council

Usually meets on the second Monday of each month at 7:00 p.m.

Meeting Date	Filing Date
Monday, January 14	Monday, December 11, 2018
Monday, February 11	Monday, January 14
Monday, March 11	Monday, February 11
Monday, April 8	Monday, March 11
Monday, May 13	Monday, April 8
Monday, June 10	Monday, May 13
Monday, July 8	Monday, June 10
Monday, August 12	Monday, July 8
Monday, September 9	Monday, August 12
Monday, October 14	Monday, September 9
Tuesday, November 12	Monday, October 14
Monday, December 9	Tuesday, November 12

Planning Commission

*Make planning & zoning policy recommendations to Town Council.
Usually meets on the first Tuesday of each month at 6:00 p.m.*

Meeting Date	Filing Date
Tuesday, January 8	Monday, December 11, 2018
Tuesday, February 5	Monday, January 14
Tuesday, March 5	Monday, February 11
Tuesday, April 2	Monday, March 11
Tuesday, May 7	Monday, April 8
Tuesday, June 4	Monday, May 13
Tuesday, July 2	Monday, June 10
Tuesday, August 6	Monday, July 8
Tuesday, September 3	Monday, August 12
Tuesday, October 1	Monday, September 9
Tuesday, November 5	Monday, October 14
Tuesday, December 3	Tuesday, November 12

Board of Zoning Appeals

*Hears appeals of zoning decisions and variance requests for land use.
Meets at 6:00 p.m. on the first Thursday of the month if appeals are filed.*

Thursday, January 3	Wednesday, December 12, 2018
Thursday, February 7	Wednesday, January 16
Thursday, March 7	Wednesday, February 13
Thursday, April 4	Wednesday, March 13
Thursday, May 2	Wednesday, April 10
Thursday, June 6	Wednesday, May 15
Thursday, July 11	Wednesday, June 12
Thursday, August 1	Wednesday, July 10
Thursday, September 5	Wednesday, August 14
Thursday, October 3	Wednesday, September 11
Thursday, November 7	Wednesday, October 16
Thursday, December 5	Wednesday, November 13

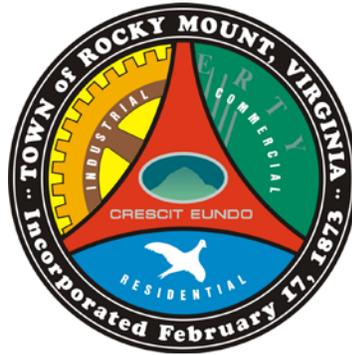


Unless otherwise posted, Meetings are held in the Town Council Chambers at 345 Donald Avenue, Rocky Mount, VA 24151. For Town Council Matters, contact the Town Manager's Office at (540) 483-7660. For planning, zoning, land use, or development matters, contact Community Development at (540) 483-0907. Accommodations are available for persons with physical limitations.

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

540.483.7660
FAX : 540.483.8830

E-MAIL: MHANKINS@ROCKYMOUNTVA.ORG
WWW.ROCKYMOUNTVA.ORG



TOWN COUNCIL
STEVEN C. ANGLE, *MAYOR*
BILLIE W. STOCKTON, *VICE MAYOR*

BOBBY M. CUNDIFF BOBBY L. MOYER
MARK H. NEWBILL JON W. SNEAD
GREGORY B. WALKER

MATTHEW C. HANKINS
Assistant Town Manager
Director, Community Development

MEMORANDUM

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

From: Matthew C. Hankins, Assistant Town Manager
Brian Schofield, Public Works Director

Date: December 5, 2018

Re: Road Maintenance Capital Items

Members of Council:

Over the past two years, the Town staff has had to become more creative and more up-to-date on asphalt maintenance, repair, rejuvenation and resurfacing methods.

Our needs in repair and maintenance far outstrip the maintenance funds provided by the Virginia Department of Transportation, as evidenced by the State of Good Repair program funds we've been awarded for Old Franklin Turnpike and Booker T. Washington Highway.

If we want to keep up with our repair needs, we need to have the right equipment to make the asphalt last longer, recycle usable materials into base, and make our repairs more effectively, with easier transitions between repairs and roadway.

We do not want to bring you a mid-year capital decision, but timing and federal regulations suggest we do just that.

Over the past summer, town staff spent in excess of six weeks repairing damaged roadway and ditches on Muse Field Road. The shoulder was caving in, damaging the roadway surface and creating hazards for motorists, as Vice Mayor Stockton can attest. In order to do the repairs with the equipment we have, staff had to saw-cut the roadway, remove the asphalt, rebuild the structures, install new base and repave. This meant removal of lots of waste material, several trips for gravel and asphalt, lots of staff time and equipment use, and time away from other needed projects. The pavement results still do not rise to our management expectations for pavement quality.

Town staff has worked to identify the problems with the installation. The issues were not personnel oriented; our staff worked diligently on the project using the means and methods available with the equipment we have. The issue is that our equipment is not suitable for many of the repair projects we need to complete, and have two equipment requests which should remedy not only the Muse Field issue but also paving and asphalt management throughout the Town.

The first is our asphalt roller. The current roller is a single-roller (age), which is gives us less even results in paving. A good example is our recent test area in front of the old Lane building, where our patch is wavy and bumpy. In order to get the best paving results, we should have a vibratory double-roller, which does a much better job of compacting and smoothing asphalt and base, giving us a much better result for traffic. Mr. Schofield has located a good, used (x-year) (x-feet) vibratory double-roller at a local rental company, with (x) hours, and he has negotiated a price management finds acceptable. Staff recommends you authorize this purchase from operational or contingency funds.

The second issue is our milling methods. The Town does not own a milling machine, and renting one is not cost effective for the Town. Most milling machines require that the Town or its contractors haul off the tailings and dispose of them, rather than reusing or recycling them to save money on base.

In August, the Town staff previewed an Asphalt Zipper, a pulverizing milling machine which would allow us to recycle asphalt for reuse as base material. We can use it to cut utility trenches, mill extensive sections of streets and more efficiently maintain, repair and repave sections of street where attention is required. We will realize savings on base material, hauling and staffing; in many cases where this machine is used, the only material necessary to bring to site is the asphalt.

This machine has its own engine and its own milling drum, mounting to a loader bucket. The loader controls the speed and position of the equipment, which controls its own depth up to 10 inches, our typical maximum milling depth.

The Asphalt Zipper's purchase price is \$129,835. The supplier has a municipal program which could spread the cost over five annual payments of \$29,672.37, with the first payment not due until May 2020.

We expect this machine to pay for itself within the first three years - and likely sooner - in manpower, equipment and materials costs. Mr. Schofield estimates our cost savings on redoing portions of Pell alone at \$200,000, which will be re-directed to repaving, rejuvenating or re-signaling in needed areas around Town. As state maintenance funds continue to be tight, we anticipate that we must get more creative in asphalt maintenance, extending our pavement as long as possible, and equipment like this is essential to that effort.

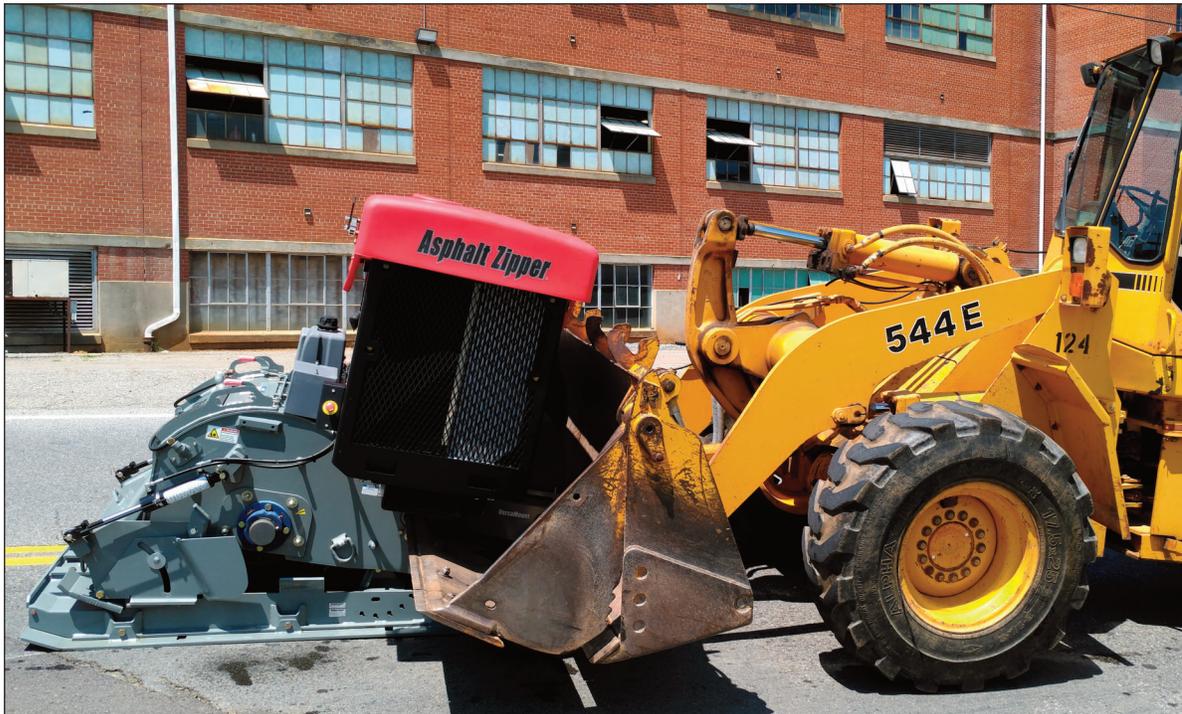
One reason for urgency in this matter is that the supplier - as of the date of this memo - only has three units left which are Tier 3 engines; the new Tier 4 standard for emissions goes into effect January 1. If we wait beyond that time, the new federal standards will cause the unit to be significantly more expensive both in purchase price and in maintenance. We anticipate that, based on other municipalities and our research, this unit will be operational for up to 25 years with proper care and maintenance.

Attached are images from our test on Pell in August.

Staff asks that you authorize the Town Manager or his designee to proceed with an equipment purchase, signing the purchase contract and authorizing staff to budget accordingly, on the five-year purchase plan for the Asphalt Zipper, with appropriation resolution to follow in January.



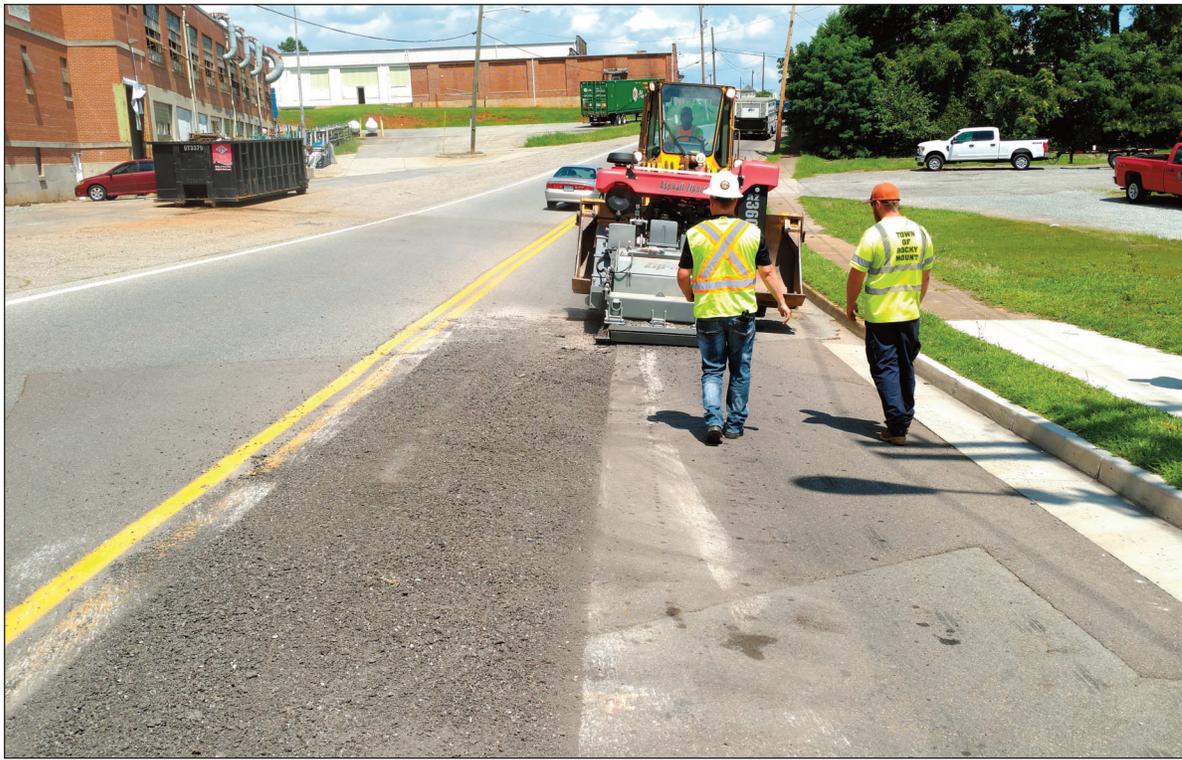
The Asphalt Zipper comes on its own trailer, used to haul it from job site to job site. Here, the company representative explains the operation to the Town crew. Set-up took approximately 45 minutes for the first time.



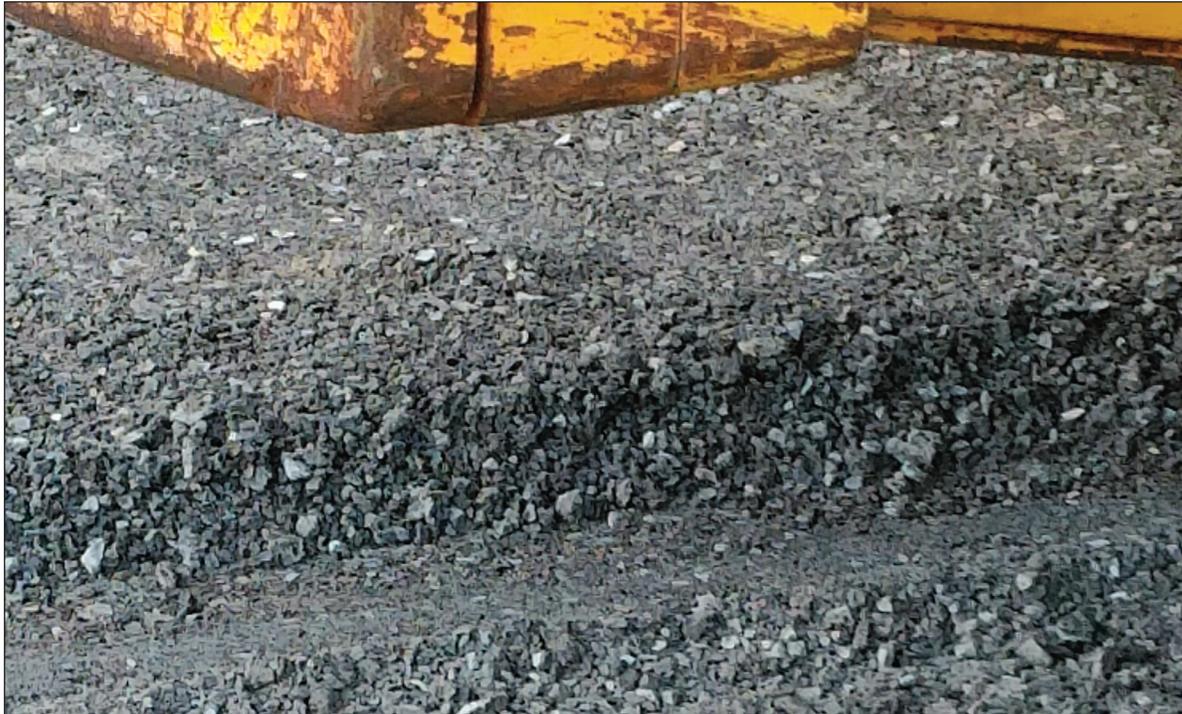
The equipment is taken off the trailer and fixed via clamps to the loader bucket.



The first pass on this unit.



This unit typically takes three passes to do most roadway sections. For most of the repair jobs the Town undertakes, milling could be done in the morning with paving done in the afternoon.



A detail view of the tailings milled from the street. This material is finely ground and meets or exceeded VDOT specs for roadway base material.



The complete section milled. The section was compacted and repaved the next day.