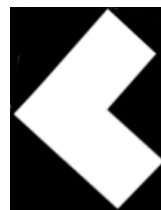


Town of Farmville, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2011



*Creedle, Jones
& Alga, P.C.*
Certified Public Accountants

Town of Farmville, Virginia

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FINANCIAL SECTION



**Creedle
Jones
& Alga**

A Professional Corporation

*Sherwood H. Creedle, CPA
Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
Denise C. Williams, CPA, CSEP*

*James A. Allen, Jr., CPA
Nadine L. Chase, CPA
Nadia A. Rogers, CPA
Scott A. Thompson, CPA
Kimberly N. Walker, CPA*

*Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the
Town Council
Town of Farmville, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Farmville, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Farmville, Virginia's management. 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Farmville, Virginia, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the Town of Farmville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and 43 through 47 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Farmville, Virginia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Credle, Jones & Alga, P.C.

Credle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
November 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Farmville, Virginia presents the following discussion and analysis as an overview of the Town of Farmville, Virginia's financial activities for the fiscal year ending June 30, 2011. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights for Fiscal Year 2011

Highlights for Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the Town, excluding its Component Unit, exceeded its liabilities by \$6,130,421. Of this amount, a deficit in unrestricted fund balances of \$2,008,683 exists for the governmental activities.
- For the fiscal year, general and program revenues of the Town's governmental activities were \$21,568,349 and expenses amounted to \$24,150,128. The Town's total net assets decreased \$2,581,779. The Town's revenues for the enterprise activities were \$4,162,827 and the expenses were \$4,331,344. Net assets decreased by \$168,517.

Highlights for Fund Financial Statements

- As of June 30, 2011, the Town Governmental Funds reported combined fund balances of \$993,579 a decrease of \$2,102,033 in comparison with the prior year. Unassigned fund balance amounts to \$830,463 which is available to meet the Town's current and future needs.
- The General Fund reported a fund balance of \$864,460, a decrease of \$2,298,699 from June 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report consists of two sections: financial and compliance.

- The **financial section** has three component parts - management's discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements, and required supplementary information.
- The **compliance section** is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, if applicable.

In the past, the primary focus of local government financial statements has summarized fund type information on a current financial resource basis. This approach has been modified and now consists of two kinds of statements, each with a different view of the Town's finances. The new government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. The fund financial statements, which have been provided in the past, focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.

The basic financial statements also contain notes to explain in greater detail, the information found in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those found in the private sector. They also report the Town's net assets and how they have changed during the fiscal year.

The first government-wide statement - the Statement of Net Assets - presents information on all of the Town's assets and liabilities. The difference between assets and liabilities, net assets, can be used as one way to measure the Town's financial health or financial condition. Over time, increases or decreases in the net assets can be one indicator of whether the Town's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Town's property tax base and the condition of Town facilities.

The second statement - the Statement of Activities - presents information using the accrual basis accounting method and shows how the Town's net assets changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide statements are divided into the following three categories:

Governmental Activities: Most of the Town's basic services are reported here, including general government administration; public safety; public works; parks, recreation, and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants. Governmental Funds are included in the governmental activities.

Business-Type Activities: Town of Farmville, Virginia has several Proprietary Enterprise Funds that account for the water and sewer system, an airport, and a transportation system.

Discretely Presented Component Unit: The Town includes the Farmville Industrial Development Authority in its annual financial report. Although legally separate, this component unit is important because the Town is financially accountable for it. The financial statements of the Farmville Industrial Development Authority are issued separately.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statements more familiar. These statements provide more detailed information about the Town's most significant funds. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenue and expenses for particular purposes. The Town has three kinds of funds:

Governmental Funds - Most of the Town's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). The General Fund is the main operating account of the Town and, therefore, the largest of the Governmental Funds. All other Governmental Funds, which include Special Revenue Funds and Capital Projects Funds, are collectively referred to as nonmajor Governmental Funds.

Proprietary Funds - Proprietary Funds, which consist of Enterprise Funds, operate in a manner similar to private business enterprises in which costs are recovered primarily through a user charge. Proprietary Fund financial statements provide both long and short-term financial information. The Town has a Water and Sewer Fund that generates revenue based on consumer charges; an airport fund that supports the Town but receives much of its funding through grants; and a transportation system that services the Town, receiving its funding from local contributors and government grants.

Fiduciary Funds - Fiduciary Funds are used to account for resources held by the Town for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide statements because the funds are not available to support the Town's programs. The Town's Fiduciary Funds consist of Retirement Trust Funds and the Paulette Memorial Trust Fund. The funds are used to account for monies received, held, and disbursed on behalf of the Town's employees and the Paulette family.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

Summary of Net Assets

As of June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Component Unit Farmville IDA</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets								
Current and other assets	\$ 5,951,368	\$ 4,297,466	\$ 1,686,837	\$ 1,540,264	\$ 7,638,205	\$ 5,837,730	\$ 607,298	\$ 735,269
Capital assets (net)	23,822,663	25,028,358	8,714,025	9,865,201	32,536,688	34,893,559	171,899	171,899
Other assets	-	-	-	-	-	-	9,090	14,717
Total Assets	<u>\$ 29,774,031</u>	<u>\$ 29,325,824</u>	<u>\$ 10,400,862</u>	<u>\$ 11,405,465</u>	<u>\$ 40,174,893</u>	<u>\$ 40,731,289</u>	<u>\$ 788,287</u>	<u>\$ 921,885</u>
Liabilities								
Other liabilities	\$ 4,957,789	\$ 1,201,854	\$ 830,500	\$ 272,464	\$ 5,788,289	\$ 1,474,318	\$ 573,921	\$ 537,048
Long-term liabilities	18,685,821	19,411,770	3,275,105	4,669,227	21,960,926	24,080,997	721,898	878,739
Total Liabilities	<u>23,643,610</u>	<u>20,613,624</u>	<u>4,105,605</u>	<u>4,941,691</u>	<u>27,749,215</u>	<u>25,555,315</u>	<u>1,295,819</u>	<u>1,415,787</u>
Net Assets								
Invested in capital assets, net of related debt	8,139,104	8,427,923	4,840,466	5,331,272	12,979,570	13,759,195	171,899	171,899
Unrestricted	(2,008,683)	284,277	1,454,791	1,132,502	(553,892)	1,416,779	(679,431)	(665,801)
Total Net Assets (Deficit)	<u>6,130,421</u>	<u>8,712,200</u>	<u>6,295,257</u>	<u>6,463,774</u>	<u>12,425,678</u>	<u>15,175,974</u>	<u>(507,532)</u>	<u>(493,902)</u>
Total Liabilities and Net Assets	<u>\$ 29,774,031</u>	<u>\$ 29,325,824</u>	<u>\$ 10,400,862</u>	<u>\$ 11,405,465</u>	<u>\$ 40,174,893</u>	<u>\$ 40,731,289</u>	<u>\$ 788,287</u>	<u>\$ 921,885</u>

The Commonwealth of Virginia requires that counties and towns, as well as their financial dependent component units, be financed under a single taxing structure. This results in counties and towns issuing debt to finance capital assets, such as public schools, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government. GASB Statement No. 14, The *Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements. The net assets of the total financial reporting entity best

represent the entity's financial position. In the case of the Town's reporting entity, assets exceeded liabilities by \$12,425,678 at June 30, 2011. The largest portion of the reporting entity's net assets, \$12,979,570, reflects investment in capital assets (e.g., land, buildings, and equipment), less the outstanding debt associated with the asset acquisition.

Statement of Activities

The following table summarizes revenues and expenses for the primary government as of June 30, 2011 and 2010:

Summary of Changes in Net Assets

For the Fiscal Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Component Unit Farmville IDA</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues								
Program Revenues								
Charges for services	\$ 691,731	\$ 715,441	\$ 3,226,455	\$ 3,122,861	\$ 3,918,186	\$ 3,838,302	\$ -	\$ -
Operating grants and contributions	14,412,688	4,556,811	594,427	659,301	15,007,115	5,216,112	-	-
General Revenues								
General property taxes, real and personal	725,121	688,527	-	-	725,121	688,527	-	-
Other taxes	4,553,609	4,338,336	-	-	4,553,609	4,338,336	-	-
Noncategorical aid from state	790,239	761,243	-	-	790,239	761,243	-	-
Use of property	212,614	169,515	63,979	1,255,900	276,593	1,425,415	-	-
Investment earnings	7,648	15,895	1,079	902	8,727	16,797	27,725	33,813
Miscellaneous	282,352	265,244	169,234	2,700	451,586	267,944	-	-
Transfers	(107,653)	700,865	107,653	(700,865)	-	-	-	-
Total Revenues	21,568,349	12,211,877	4,162,827	4,340,799	25,731,176	16,552,676	27,725	33,813
Expenses								
General government								
administration	1,202,594	1,344,187	-	-	1,202,594	1,344,187	-	-
Public safety	16,077,744	5,674,974	-	-	16,077,744	5,674,974	-	-
Public works	4,920,893	3,432,814	-	-	4,920,893	3,432,814	-	-
Parks, recreation, and cultural	1,035,746	1,254,545	-	-	1,035,746	1,254,545	-	-
Community development	227,496	166,629	-	-	227,496	166,629	41,355	3,200
Enterprise fund expenses	-	-	4,331,344	4,655,567	4,331,344	4,655,567	-	-
Interest on long-term debt	685,655	548,256	-	-	685,655	548,256	-	45,158
Total Expenses	24,150,128	12,421,405	4,331,344	4,655,567	28,481,472	17,076,972	41,355	48,358
Increase (Decrease) in Net Assets	(2,581,779)	(209,528)	(168,517)	(314,768)	(2,750,296)	(524,296)	(13,630)	(14,545)
Beginning Net Assets (Deficit)	8,712,200	9,592,955	6,463,774	6,778,542	15,175,974	16,371,497	(493,902)	(479,357)
Prior Period Adjustment	-	(671,227)	-	-	-	(671,227)	-	-
Ending Net Assets (Deficit)	\$ 6,130,421	\$ 8,712,200	\$ 6,295,257	\$ 6,463,774	\$ 12,425,678	\$ 15,175,974	\$ (507,532)	\$ (493,902)

Governmental activities decreased the Town's net assets by \$2,581,779. Revenues from governmental activities totaled \$21,568,349. Operating grants and contributions comprise the largest source of these revenues, totaling \$14,412,688 or 66.8 percent of all governmental activities revenue. Other local taxes are the second largest revenue stream totaling \$4,553,609 or 21.1 percent of governmental revenues.

The total cost of all governmental activities for this fiscal year was \$24,150,128. Public Safety is the Town's largest program with expenses totaling \$16,077,744 or 66.6 percent. Public Works expenses, which total \$4,920,893 or 20.4 percent, represent the second largest expense.

For the Town's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>		<u>2010</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 1,202,594	\$ (1,153,450)	\$ 1,344,187	\$ (1,298,349)
Public safety	16,077,744	(15,402,324)	5,674,974	(2,960,089)
Public works	4,920,893	9,145,656	3,432,814	(1,577,285)
Parks, recreation, and cultural	1,035,746	(722,440)	1,254,545	(598,545)
Community development	227,496	(227,496)	166,629	(166,629)
Interest on long-term debt	<u>685,655</u>	<u>(685,655)</u>	<u>548,256</u>	<u>(548,256)</u>
Total	<u>\$ 24,150,128</u>	<u>\$ (9,045,709)</u>	<u>\$ 12,421,405</u>	<u>\$ (7,149,153)</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As of June 30, 2011, the Town's Governmental Funds reported a combined ending fund balance of \$993,759, a decrease of \$2,102,033 in comparison with the prior year. The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$830,463. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 8.5 percent of total fund expenditures.

The Street Maintenance Fund had expenditures totaling \$1,579,868. The ICA had expenditures totaling \$12,310,129 for the immigration facility.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 737,950	\$ 737,950	\$ 725,121	\$ 739,650	\$ 739,650	\$ 688,527
Other	5,849,201	5,849,201	5,840,365	6,381,857	6,381,857	6,216,622
Intergovernmental	<u>2,821,988</u>	<u>2,821,988</u>	<u>1,473,250</u>	<u>2,951,201</u>	<u>2,951,201</u>	<u>1,911,973</u>
Total	9,409,139	9,409,139	8,038,736	10,072,708	10,072,708	8,817,122
Expenditures						
	<u>10,565,572</u>	<u>10,565,572</u>	<u>9,738,944</u>	<u>13,397,071</u>	<u>13,397,071</u>	<u>13,514,249</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,156,433)	(1,156,433)	(1,700,208)	(3,324,363)	(3,324,363)	(4,697,127)
Other Financing Sources (Uses)						
Proceeds of loans	-	-	-	3,400,000	3,400,000	4,000,000
Transfers in	-	-	15,018	-	-	1,258,318
Transfers out	<u>(406,004)</u>	<u>(406,004)</u>	<u>(613,509)</u>	<u>(971,806)</u>	<u>(971,806)</u>	<u>(1,435,542)</u>
Total	(406,004)	(406,004)	(598,491)	2,428,194	2,428,194	3,822,776
Net Change in Fund Balance	(1,562,437)	(1,562,437)	(2,298,699)	(896,169)	(896,169)	(874,351)
Contingency/Transfer from Surplus	<u>1,562,437</u>	<u>1,562,437</u>	<u>-</u>	<u>896,169</u>	<u>896,169</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,298,699)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (874,351)</u>

Street Maintenance Fund

For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Intergovernmental	\$ 1,350,000	\$ 1,350,000	\$ 1,415,148	\$ 1,338,686	\$ 1,338,686	\$ 1,365,949
Total	1,350,000	1,350,000	1,415,148	1,338,686	1,338,686	1,365,949
Expenditures						
	<u>1,409,178</u>	<u>1,409,178</u>	<u>1,579,868</u>	<u>1,642,685</u>	<u>1,642,685</u>	<u>1,405,175</u>
Excess (Deficiency) of Revenues Over Expenditures	(59,178)	(59,178)	(164,720)	(303,999)	(303,999)	(39,226)
Other Financing Sources (Uses)						
Transfers in	<u>59,178</u>	<u>59,178</u>	<u>147,122</u>	<u>303,999</u>	<u>303,999</u>	<u>56,824</u>
Total	59,178	59,178	147,122	303,999	303,999	56,824
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,598)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,598</u>

For the General Fund, actual revenues were less than final budget amounts by \$1,370,403, or 14.6 percent, while actual expenditures were \$826,628, or 7.8 percent less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2011, the Town's investment in capital assets totals \$8,139,104 which is net capital assets less related debt.

During fiscal year 2011, the Town's Governmental Activity net capital assets (including additions, decreases, and depreciation) decreased \$1,205,695 or 4.8 percent and the Town's Business-Type Activity net capital assets decreased by \$1,151,356 or 11.7 percent as summarized below:

Change in Capital Assets

Governmental Activities

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Land and land improvements	\$ 2,408,507	\$ -	\$ 2,408,507
Other capital assets	<u>39,634,607</u>	<u>344,674</u>	<u>39,979,281</u>
Total Capital Assets	42,043,114	344,674	42,387,788
Less: Accumulated depreciation	<u>(17,014,756)</u>	<u>(1,550,369)</u>	<u>(18,565,125)</u>
Total Capital Assets, Net	<u>\$ 25,028,358</u>	<u>\$ (1,205,695)</u>	<u>\$ 23,822,663</u>

Business-Type Activities

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Land and land improvements	\$ 1,703,672	\$ -	\$ 1,703,672
Other capital assets	<u>26,402,140</u>	<u>108,875</u>	<u>26,511,015</u>
Total Capital Assets	28,105,812	108,875	28,214,687
Less: Accumulated depreciation	<u>(18,240,431)</u>	<u>(1,260,231)</u>	<u>(19,500,662)</u>
Total Capital Assets, Net	<u>\$ 9,865,381</u>	<u>\$ (1,151,356)</u>	<u>\$ 8,714,025</u>

Component Unit Farmville IDA

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Land	\$ 65,652	\$ -	\$ 65,652
Land improvements	<u>106,247</u>	<u>-</u>	<u>106,247</u>
Total Capital Assets, Net	<u>\$ 171,899</u>	<u>\$ -</u>	<u>\$ 171,899</u>

Long-Term Debt

As of June 30, 2011, the Town's long-term obligations for the primary government total \$22,637,860.

	<u>Balance</u> <u>June 30, 2010</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Primary Government			
Governmental Activities			
Long-term debt	\$ 16,600,435	\$ (916,876)	\$ 15,683,559
Net pension obligation	784,857	108,534	893,391
Landfill obligation	1,454,399	71,759	1,526,158
Compensated absences			
Governmental Funds	<u>572,079</u>	<u>10,634</u>	<u>582,713</u>
Total Governmental Activities	19,411,770	(725,949)	18,685,821
Business-Type Activities			
Long-term debt	4,533,930	(660,573)	3,873,357
Compensated absences			
Enterprise Funds	<u>74,287</u>	<u>4,393</u>	<u>78,680</u>
Total Business-Type Activities	<u>4,608,217</u>	<u>(656,180)</u>	<u>3,952,037</u>
Total Primary Government	<u>\$ 24,019,987</u>	<u>\$ (1,382,129)</u>	<u>\$ 22,637,858</u>
Component Unit Farmville IDA			
Long-term debt	<u>\$ 878,739</u>	<u>\$ (156,841)</u>	<u>\$ 721,898</u>

The legal debt limit is the amount of general obligation bonded indebtedness that the Town can at any time incur or have outstanding.

More detailed information on the Town's long-term obligations is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The average unemployment rate for the Town of Farmville, Virginia in June 2011, which uses Prince Edward County's rate, was 9.5 percent, a decrease of 1.4 percent from June 2010. This compares unfavorably to the state's rate of 6.3 percent and the national rate of 9.3 percent as of June 2011.
- According to the 2000 U.S. Census, the population in the Town of Farmville, Virginia was 6,845, an increase of 12.9%, since the 1990 U.S. Census.
- The per capita income in the Town of Farmville, Virginia was \$16,743, compared to \$32,338 for the state, according to the 2000 U.S. Census data.

The fiscal year 2012 adopted budget anticipates General Fund revenues to be \$10,205,055.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Carol Anne Seal, Treasurer, Town of Farmville, Virginia, P. O. Drawer 368, Farmville, Virginia 23901, telephone 434-392-3333, or visit the Town's website at www.farmvilleva.com.

BASIC FINANCIAL STATEMENTS

Town of Farmville, Virginia

Statement of Net Assets

At June 30, 2011

	Primary Government			Component Unit Farmville IDA
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 292,758	\$ 898,392	\$ 1,191,150	\$ 8,807
Restricted cash	663,301	105,373	768,674	-
Receivables, net	358,113	526,875	884,988	595,532
Accrued interest receivable	-	-	-	2,959
Inventory	49,665	156,197	205,862	-
Due from other governments	4,587,531	-	4,587,531	-
Capital Assets				
Land and construction in progress	2,408,507	1,703,672	4,112,179	171,899
Other capital assets, net of accumulated depreciation	21,414,156	7,010,353	28,424,509	-
Capital Assets, Net	23,822,663	8,714,025	32,536,688	171,899
Other Assets				
Unamortized bond costs	-	-	-	28,135
Accumulated amortized bond costs	-	-	-	(19,045)
Total Other Assets	-	-	-	9,090
Total Assets	<u>\$ 29,774,031</u>	<u>\$ 10,400,862</u>	<u>\$ 40,174,893</u>	<u>\$ 788,287</u>
Liabilities				
Accounts payable and accrued expenses	\$ 3,477,105	\$ 84,738	\$ 3,561,843	\$ -
Pooled cash deficit	604,618	-	604,618	-
Accrued interest payable	-	-	-	4,572
Short-term line of credit	800,000	-	800,000	-
Due to other governments	-	-	-	569,349
Customer deposits	-	68,830	68,830	-
Deferred revenue	76,066	-	76,066	-
Long-Term Liabilities				
<i>Due within one year</i>				
Bonds, loans, and capital leases payable	1,138,478	676,932	1,815,410	162,520
<i>Due in more than one year</i>				
Compensated absences	582,713	78,680	661,393	-
Net pension obligation	893,391	-	893,391	-
Landfill obligation	1,526,158	-	1,526,158	-
Bonds, loans, and capital leases payable	14,545,081	3,196,425	17,741,506	559,378
Total Liabilities	23,643,610	4,105,605	27,749,215	1,295,819
Net Assets				
Invested in capital assets, net of related debt	8,139,104	4,840,466	12,979,570	171,899
Unrestricted (deficit)	(2,008,683)	1,454,791	(553,892)	(679,431)
Total Net Assets (Deficit)	<u>6,130,421</u>	<u>6,295,257</u>	<u>12,425,678</u>	<u>(507,532)</u>
Total Liabilities and Net Assets	<u>\$ 29,774,031</u>	<u>\$ 10,400,862</u>	<u>\$ 40,174,893</u>	<u>\$ 788,287</u>

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

Town of Farmville, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Farmville IDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government administration	\$ 1,202,594	\$ 49,144	\$ -	\$ -	\$ (1,153,450)		\$ (1,153,450)	
Public safety	16,077,744	353,063	322,357	-	(15,402,324)		(15,402,324)	
Public works	4,920,893	84,639	13,981,910	-	9,145,656		9,145,656	
Parks, recreation, and cultural	1,035,746	204,885	108,421	-	(722,440)		(722,440)	
Community development	227,496	-	-	-	(227,496)		(227,496)	
Interest on long-term debt	685,655	-	-	-	(685,655)		(685,655)	
Total Governmental Activities	24,150,128	691,731	14,412,688	-	(9,045,709)		(9,045,709)	
Business-Type Activities								
Water fund	1,656,383	1,379,675	1,842	-		\$ (274,866)	(274,866)	
Sewer fund	1,358,542	1,527,207	15,341	-		184,006	184,006	
Airport fund	560,970	305,411	38,552	-		(217,007)	(217,007)	
Transportation fund	755,449	14,162	538,692	-		(202,595)	(202,595)	
Total Business-Type Activities	4,331,344	3,226,455	594,427	-		(510,462)	(510,462)	
Total Primary Government	\$ 28,481,472	\$ 3,918,186	\$ 15,007,115	\$ -		(510,462)	(9,556,171)	
Component Unit								
Farmville IDA	\$ 41,355	\$ -	\$ -	\$ -				\$ (41,355)
General Revenues								
Taxes								
General property taxes, real and personal					725,121	-	725,121	-
Other local taxes					4,553,609	-	4,553,609	-
Noncategorical aid from state					790,239	-	790,239	-
Use of property					212,614	63,979	276,593	-
Investment earnings					7,648	1,079	8,727	27,725
Miscellaneous					282,352	169,234	451,586	-
Transfers					(107,653)	107,653	-	-
Total General Revenues					6,463,930	341,945	6,805,875	27,725
Change in Net Assets					(2,581,779)	(168,517)	(2,750,296)	(13,630)
Net Assets (Deficit) - Beginning of Year					8,712,200	6,463,774	15,175,974	(493,902)
Net Assets (Deficit) - End of Year					\$ 6,130,421	\$ 6,295,257	\$ 12,425,678	\$ (507,532)

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

Town of Farmville, Virginia

Balance Sheet

Governmental Funds

At June 30, 2011

	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>ICA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and investments	\$ 185,468	\$ 1,986	\$ -	\$ 105,304	\$ 292,758
Cash - restricted	663,301	-	-	-	663,301
Property taxes receivable, net	77,704	-	-	-	77,704
Accounts receivable	278,596	-	350	1,463	280,409
Inventory	33,997	-	-	15,668	49,665
Due from other governments	<u>1,291,849</u>	<u>-</u>	<u>3,295,682</u>	<u>-</u>	<u>4,587,531</u>
 Total Assets	 <u>\$ 2,530,915</u>	 <u>\$ 1,986</u>	 <u>\$ 3,296,032</u>	 <u>\$ 122,435</u>	 <u>\$ 5,951,368</u>
Liabilities					
Pooled cash deficit	\$ 600,068	\$ -	\$ 4,550	\$ -	\$ 604,618
Accounts payable and accrued liabilities	191,979	1,986	3,268,278	14,862	3,477,105
Short-term revenue anticipation note	800,000	-	-	-	800,000
Deferred revenue - other	-	-	-	1,658	1,658
Deferred revenue - property taxes	<u>74,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,408</u>
 Total Liabilities	 1,666,455	 1,986	 3,272,828	 16,520	 4,957,789
Fund Balance					
Nonspendable fund balance	33,997	-	-	-	33,997
Restricted fund balance	-	-	23,204	2,635	25,839
Assigned fund balance	-	-	-	103,280	103,280
Unassigned fund balance	<u>830,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,463</u>
 Total Fund Balance	 <u>864,460</u>	 <u>-</u>	 <u>23,204</u>	 <u>105,915</u>	 <u>993,579</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,530,915</u>	 <u>\$ 1,986</u>	 <u>\$ 3,296,032</u>	 <u>\$ 122,435</u>	 <u>\$ 5,951,368</u>

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

Town of Farmville, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

At June 30, 2011

Total Fund Balances for Governmental Funds	\$ 993,579
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	\$ 2,408,507
Buildings and improvements, net of accumulated depreciation	13,112,810
Infrastructure and equipment, net of accumulated depreciation	<u>8,301,346</u>
Total Capital Assets	23,822,663
Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Balances of long-term liabilities affecting net assets are as follows:	
Bonds, loans, and capital leases payable	(15,683,559)
Net pension obligation	(893,391)
Landfill obligation	(1,526,158)
Compensated absences	<u>(582,713)</u>
Total	<u>(18,685,821)</u>
Total Net Assets of Governmental Activities	<u>\$ 6,130,421</u>

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

Town of Farmville, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2011

	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>ICA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 725,121	\$ -	\$ -	\$ -	\$ 725,121
Other local taxes	4,553,609	-	-	-	4,553,609
Permits, privilege fees, and regulatory licenses	53,861	-	-	-	53,861
Fines and forfeitures	120,975	-	-	-	120,975
Use of money and property	181,784	-	-	44,545	226,329
Charges for services	325,135	-	-	191,760	516,895
Miscellaneous	280,717	-	-	1,635	282,352
Recovered costs	324,284	-	90,537	2,895	417,716
<i>Intergovernmental</i>					
Revenue from the Commonwealth	1,396,577	1,415,148	16,504	13,635	2,841,864
Revenue from the Federal Government	<u>76,673</u>	<u>-</u>	<u>12,283,827</u>	<u>563</u>	<u>12,361,063</u>
Total Revenues	8,038,736	1,415,148	12,390,868	255,033	22,099,785
Expenditures					
Current					
General government administration	1,282,563	-	-	-	1,282,563
Public safety	3,607,199	-	12,310,129	10,115	15,927,443
Public works	2,464,105	1,579,868	-	11,429	4,055,402
Parks, recreation, and cultural	552,155	-	-	443,680	995,835
Community development	230,391	-	-	-	230,391
Debt service	<u>1,602,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602,531</u>
Total Expenditures	<u>9,738,944</u>	<u>1,579,868</u>	<u>12,310,129</u>	<u>465,224</u>	<u>24,094,165</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,700,208)	(164,720)	80,739	(210,191)	(1,994,380)
Other Financing Sources (Uses)					
Transfers in	15,018	147,122	-	358,734	520,874
Transfers out	<u>(613,509)</u>	<u>-</u>	<u>-</u>	<u>(15,018)</u>	<u>(628,527)</u>
Total Other Financing Sources (Uses)	<u>(598,491)</u>	<u>147,122</u>	<u>-</u>	<u>343,716</u>	<u>(107,653)</u>
Net Change in Fund Balance	(2,298,699)	(17,598)	80,739	133,525	(2,102,033)
Fund Balance (Deficit) - Beginning of Year	<u>3,163,159</u>	<u>17,598</u>	<u>(57,535)</u>	<u>(27,610)</u>	<u>3,095,612</u>
Fund Balance - End of Year	<u>\$ 864,460</u>	<u>\$ -</u>	<u>\$ 23,204</u>	<u>\$ 105,915</u>	<u>\$ 993,579</u>

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

Town of Farmville, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (2,102,033)

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 and gains and losses in the current period. (1,205,695)

Bond and capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Assets.

Repayments on debt	\$ 916,876	
Net Adjustment		916,876

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Net OPEB obligation	(108,534)	
Compensated absences	(10,634)	
Landfill obligation	<u>(71,759)</u>	
Net Adjustment		<u>(190,927)</u>

Change in Net Assets of Governmental Activities		<u>\$ (2,581,779)</u>
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The accompanying notes to financial statements are an integral part of this statement.

Town of Farmville, Virginia

Statement of Net Assets

Proprietary Funds

At June 30, 2011

Business-Type Activities - Enterprise Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transportation Fund</u>	<u>Airport Fund</u>	<u>Total</u>
Assets					
Current Assets					
Cash	\$ 80,807	\$ 769,501	\$ 1,672	\$ 46,412	\$ 898,392
Cash - restricted	105,373	-	-	-	105,373
Due from other funds	-	162,499	-	-	162,499
Accounts receivable (net of allowance for bad debts)	214,639	303,439	8,300	497	526,875
Inventory	<u>96,822</u>	<u>20,593</u>	<u>-</u>	<u>38,782</u>	<u>156,197</u>
Total Current Assets	497,641	1,256,032	9,972	85,691	1,849,336
Capital Assets					
Capital assets	13,218,569	10,083,463	1,715,943	3,196,712	28,214,687
Less: Accumulated depreciation	<u>(9,209,453)</u>	<u>(7,887,179)</u>	<u>(650,293)</u>	<u>(1,753,737)</u>	<u>(19,500,662)</u>
Total Capital Assets	<u>4,009,116</u>	<u>2,196,284</u>	<u>1,065,650</u>	<u>1,442,975</u>	<u>8,714,025</u>
Total Assets	<u>\$ 4,506,757</u>	<u>\$ 3,452,316</u>	<u>\$ 1,075,622</u>	<u>\$ 1,528,666</u>	<u>\$ 10,563,361</u>
Liabilities					
Current Liabilities					
Accounts payable	\$ 55,820	\$ 13,577	\$ 1,672	\$ 349	\$ 71,418
Due to other funds	162,499	-	-	-	162,499
Accrued wages	<u>7,027</u>	<u>6,293</u>	<u>-</u>	<u>-</u>	<u>13,320</u>
Total Current Liabilities	225,346	19,870	1,672	349	247,237
Noncurrent Liabilities					
Customer deposits	68,830	-	-	-	68,830
Compensated absences	39,594	39,086	-	-	78,680
General obligation bonds	<u>3,252,718</u>	<u>620,639</u>	<u>-</u>	<u>-</u>	<u>3,873,357</u>
Total Noncurrent Liabilities	<u>3,361,142</u>	<u>659,725</u>	<u>-</u>	<u>-</u>	<u>4,020,867</u>
Total Liabilities	3,586,488	679,595	1,672	349	4,268,104
Net Assets					
Invested in capital assets, net of related debt	756,197	1,575,644	1,065,650	1,442,975	4,840,466
Unrestricted	<u>164,072</u>	<u>1,197,077</u>	<u>8,300</u>	<u>85,342</u>	<u>1,454,791</u>
Total Net Assets	<u>920,269</u>	<u>2,772,721</u>	<u>1,073,950</u>	<u>1,528,317</u>	<u>6,295,257</u>
Total Liabilities and Net Assets	<u>\$ 4,506,757</u>	<u>\$ 3,452,316</u>	<u>\$ 1,075,622</u>	<u>\$ 1,528,666</u>	<u>\$ 10,563,361</u>

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

Town of Farmville, Virginia

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

Year Ended June 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transportation Fund</u>	<u>Airport Fund</u>	
Operating Revenues					
Charges for services	\$ 1,347,611	\$ 1,488,707	\$ 14,162	\$ 305,411	\$ 3,155,891
Rental income	36,602	-	-	11,297	47,899
Operating grants - state	1,842	15,341	85,432	38,552	141,167
Operating grants - federal	-	-	453,260	-	453,260
Contribution - Counties and other	-	-	155,450	9,500	164,950
Miscellaneous	-	-	4,284	-	4,284
Tap fees	<u>32,064</u>	<u>38,500</u>	<u>-</u>	<u>-</u>	<u>70,564</u>
Total Operating Revenues	1,418,119	1,542,548	712,588	364,760	4,038,015
Operating Expenses					
Salaries and wages	383,077	349,464	344,180	24,082	1,100,803
Fringe benefits	130,672	106,931	87,731	3,545	328,879
Cost of fuel	-	-	75,936	253,744	329,680
Contractual services and professional fees	86,579	18,223	-	4,852	109,654
Chemicals	53,511	82,243	-	-	135,754
Repairs and maintenance	141,275	98,813	126,504	64,754	431,346
Other charges	34,670	22,262	9,866	27,681	94,479
Depreciation	573,276	518,820	85,497	131,583	1,309,176
Bad debt expense	23,470	21,186	-	-	44,656
Utilities	107,892	121,163	9,378	17,520	255,953
Insurance	<u>20,434</u>	<u>19,437</u>	<u>16,357</u>	<u>33,209</u>	<u>89,437</u>
Total Operating Expenses	<u>1,554,856</u>	<u>1,358,542</u>	<u>755,449</u>	<u>560,970</u>	<u>4,229,817</u>
Operating Income (Loss)	(136,737)	184,006	(42,861)	(196,210)	(191,802)
Nonoperating Revenues (Expenses)					
Interest earned	698	101	2	278	1,079
Gain (loss) on sale of fixed assets	-	10,900	2,480	2,700	16,080
Interest expense on bonds	<u>(101,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,527)</u>
Total Nonoperating Revenues (Expenses)	<u>(100,829)</u>	<u>11,001</u>	<u>2,482</u>	<u>2,978</u>	<u>(84,368)</u>
Income (Loss) Before Operating Transfers	(237,566)	195,007	(40,379)	(193,232)	(276,170)
Operating Transfers In	-	-	35,686	71,967	107,653
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>35,686</u>	<u>71,967</u>	<u>107,653</u>
Change in Net Assets	(237,566)	195,007	(4,693)	(121,265)	(168,517)
Total Net Assets - Beginning of Year	<u>1,157,835</u>	<u>2,577,714</u>	<u>1,078,643</u>	<u>1,649,582</u>	<u>6,463,774</u>
Total Net Assets - End of Year	<u>\$ 920,269</u>	<u>\$ 2,772,721</u>	<u>\$ 1,073,950</u>	<u>\$ 1,528,317</u>	<u>\$ 6,295,257</u>

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

Town of Farmville, Virginia
Combining Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Transportation Fund	Airport Fund	
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,434,145	\$ 1,463,508	\$ 14,281	\$ 317,782	\$ 3,229,716
Receipts from County and others	-	-	155,450	9,500	164,950
Operating grants from state and federal government	1,842	15,341	538,692	38,552	594,427
Other receipts	-	-	4,284	-	4,284
Payments to personnel and related expenses	(522,180)	(462,181)	(431,911)	(27,627)	(1,443,899)
Payments to suppliers	(445,036)	(357,936)	(239,154)	(419,832)	(1,461,958)
Net Cash Provided by (Used in) Operating Activities	468,771	658,732	41,642	(81,625)	1,087,520
Cash Flows from Noncapital Financing Activities					
Funds from (paid to) other funds	17,015	14,915	48,856	74,295	155,081
Net Cash Provided by Noncapital Financing Activities	17,015	14,915	48,856	74,295	155,081
Cash Flows from Financing Capital and Related Activities					
Purchase of capital assets	(9,926)	(51,346)	(93,912)	(2,636)	(157,820)
Gain (loss) on disposition of capital assets	-	10,900	2,299	2,700	15,899
Principal paid on capital debt	(350,253)	(310,320)	-	-	(660,573)
Interest paid on capital debt	(101,527)	-	-	-	(101,527)
Net Cash Provided by (Used in) Financing Capital and Related Activities	(461,706)	(350,766)	(91,613)	64	(904,021)
Cash Flows from Investing Activities					
Interest income	698	101	2	278	1,079
Net Cash Provided by Investing Activities	698	101	2	278	1,079
Net Increase (Decrease) in Cash	24,778	322,982	(1,113)	(6,988)	339,659
Cash - Beginning of Year	161,402	446,519	2,785	53,400	664,106
Cash - End of Year	<u>\$ 186,180</u>	<u>\$ 769,501</u>	<u>\$ 1,672</u>	<u>\$ 46,412</u>	<u>\$ 1,003,765</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ (136,737)	\$ 184,006	\$ (42,861)	\$ (196,210)	\$ (191,802)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation expense	573,276	518,820	85,497	131,583	1,309,176
Changes in assets and liabilities					
Receivables, net	33,518	(42,512)	118	1,074	(7,802)
Inventory	(267)	(2,553)	-	(6,220)	(9,040)
Accounts payable	(408)	6,757	(1,112)	(11,852)	(6,615)
Accrued wages	(9,988)	(8,622)	-	-	(18,610)
Compensated absences	1,557	2,836	-	-	4,393
Customer deposits	7,820	-	-	-	7,820
Net Cash Provided by (Used in) Operating Activities	<u>\$ 468,771</u>	<u>\$ 658,732</u>	<u>\$ 41,642</u>	<u>\$ (81,625)</u>	<u>\$ 1,087,520</u>

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

Town of Farmville, Virginia

Statement of Fiduciary Net Assets
Fiduciary Funds

At June 30, 2011

	Retirement Trust Fund	Paulette Memorial Trust Fund
Assets		
Cash and investments	\$ 4,945,091	\$ 3,242
Miscellaneous receivables	<u>16,821</u>	<u>-</u>
Total Assets	<u>\$ 4,961,912</u>	<u>\$ 3,242</u>
Liabilities		
Amounts held for others	\$ 4,960,897	\$ 3,242
Due to forfeiture account	<u>1,015</u>	<u>-</u>
Total Liabilities	<u>\$ 4,961,912</u>	<u>\$ 3,242</u>

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

Town of Farmville, Virginia

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the Year Ended June 30, 2011

	Retirement Trust Fund	Paulette Memorial Trust Fund
Additions		
Contributions	\$ 461,793	\$ -
Interest, dividends, and unrealized gains (losses)	<u>793,030</u>	<u>28</u>
Total Additions	1,254,823	28
Deductions		
Benefits paid to participants or beneficiaries	292,302	-
Forfeitures	1,015	-
Administrative expenses	<u>-</u>	<u>177</u>
Total Deductions	<u>293,317</u>	<u>177</u>
Change in Net Assets	961,506	(149)
Amounts Held for Others - Beginning	<u>3,999,391</u>	<u>3,391</u>
Amounts Held for Others - Ending	<u><u>\$ 4,960,897</u></u>	<u><u>\$ 3,242</u></u>

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

Town of Farmville, Virginia

Notes to Financial Statements

Year Ended June 30, 2011

1 Summary of Significant Accounting Policies

Narrative Profile

The Town of Farmville, Virginia (the "Town"), which was founded in 1798, has a population of approximately 6,845 living within an area of 7.2 square miles. The Town is located in the heart of Virginia. The Town is governed by an elected mayor and an elected Town Council with each serving administrative and legislative functions.

The Town is governed under the Town Manager form of government. Town of Farmville, Virginia engages in a comprehensive range of municipal services, including general government administration, public safety, public works, planning, community development, parks, recreation, and cultural, and historic activities.

The financial statements of the Town of Farmville, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below:

A. *The Financial Reporting Entity*

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the Town prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

- Management's Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.
- Government-Wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

- Statement of Net Assets: The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.
- Statement of Program Activities: The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
- 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 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. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary 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 and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide statements to emphasize it is legally separate from the primary government. The discretely presented component unit has a June 30 fiscal year-end.

Inclusions in the Reporting Entity

Component Units

Farmville Industrial Development Authority

The Authority is a separate and distinct entity from the Town of Farmville, Virginia and is, in accordance with the Act, a political subdivision of the Commonwealth of Virginia.

A seven-member board appointed by the judge of the Circuit Court of Prince Edward County governs the Authority. The directors are to serve staggered terms of four years each.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority or it may be assumed by the enterprise for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

The Authority is a component unit of the financial reporting entity of the Town of Farmville, Virginia.

Exclusions from the Reporting Entity

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

Central Virginia Regional Library

The Library provides library services to the Town of Farmville, Virginia. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes significantly more funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The Town appropriated \$228,105 in operating funds in fiscal year 2011. The Town has no equity interest in the Library.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the Town as a whole or major individual funds (within the fund financial statements). The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the Fiduciary Funds (by category), and the Component Units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Proprietary Fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings, and other revenues not directly derived from the providing of services.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting.

This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The Town's Fiduciary Funds are presented in the fund financial statements by type (agency). Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the Town in fiscal year 2011:

1. *Governmental Funds*

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

a. General Fund – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes.

b. Special Revenue Funds – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds include the following funds:

ICA Fund – This fund accounts for the funding and operations for the immigration detention facility constructed near the Town of Farmville, Virginia.

Probation/Parole Building Fund – This fund accounts for the rental activity of the Probation/Parole Building.

Narcotic Fund – This fund accounts for special police activity having to do with narcotics and drug seizures and forfeitures.

Golf Fund – This fund accounts for the daily operations and maintenance of the golf course.

c. Debt Service Funds

The Town does not account for its debt service in a separate fund. The debt is paid from either the General Fund or the Component Unit Farmville IDA Fund.

d. Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The Capital Projects Funds consist of the CDBG Fund.

2. *Proprietary Funds*

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise and Internal Service Funds.

a. Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. The Enterprise Funds consist of the following:

The Water Fund accounts for activities associated with providing water services to customers in the Town.

The Sewer Fund accounts for activities associated with providing sewer services to customers in the Town.

The Transportation Fund accounts for activities providing bus transportation services to local residents of the Town of Farmville and Prince Edward County residents.

The Airport Fund accounts for activities associated with maintaining the airport and providing airport services to the local Farmville area.

b. Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town government, on a cost-reimbursement basis. Internal Service Funds are not used by the Town at this time.

3. *Fiduciary Funds (Trust and Agency Funds)*

Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Private Purpose Trust and Agency Funds. Private Purpose Trust Funds utilize the accrual basis of accounting as described in the Proprietary Funds presentation. Agency Funds utilize the modified accrual basis of accounting described in the Governmental Funds presentation. The Private Purpose Trust and Agency Funds consist of the following:

a. Private Purpose Trust Funds

The Town maintains the Retirement Trust Fund of the Town employees as a service to the employees. The fund is administered by Retirement Plan Administrative Service, Ltd. in Richmond, Virginia. It also has the Paulette Memorial Trust Fund for the cemetery.

b. Agency Funds

The Town has no agency funds at this time.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide Statements of Net Assets and Statements of Activities and the Proprietary Fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the Statement of Net Assets or on the Statement of Fiduciary Net Assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the General, Special Revenue, Capital Projects, and Fiduciary Funds (for the primary government and Component Unit Farmville IDA) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

D. Budgets and Budgetary Accounting

The Town annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the departmental level for the primary Government Funds.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Budgetary Data

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

1. Prior to April 1, 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 budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments. Work sessions between the Town Council and Town Manager are conducted on the budget.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. The appropriation for each fund, function, and department can be revised only by the Town Council. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.
5. The Town legally adopted budgets for all of its funds.

The Town may adopt budgets for other funds, such as the Agency Funds, for use as a management control device over such funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30 for all Town and Authority funds.
8. All budget data presented in the accompanying financial statements is the original budget as of June 30, 2011, as adopted, appropriated, and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and the Authority. State law requires that if budget amendments exceed 1 percent of the original adopted budget, the Town Council may legally amend the budget only by following procedures used in the adoption of the original budget. The Town Council must approve all appropriations and transfers of appropriated amounts.

E. Investments

Investments are reported at fair value.

F. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance is composed of the following:

General Fund - taxes receivable	\$ 5,759
General Fund - miscellaneous receivables	<u>45,828</u>
Total General Fund Allowance	<u>\$ 51,587</u>
Water Fund - water bills	\$ 12,811
Water Fund - miscellaneous receivables	<u>10,659</u>
Total Water Fund Allowance	<u>\$ 23,470</u>
Sewer Fund - sewer bills	\$ 18,584
Sewer Fund - miscellaneous receivables	<u>2,602</u>
Total Sewer Fund Allowance	<u>\$ 21,186</u>
Total Allowance - Primary Government	<u>\$ 96,243</u>

G. Capital Assets

Capital outlays are recorded as expenditures of the Governmental Funds of the primary government and as assets in the government-wide financial statements to the extent the Town’s capitalization threshold of \$5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and improvements	10 to 50 years
Furniture and other equipment	3 to 25 years
Infrastructure	40 years

All fixed assets are valued at historical cost or estimated historical cost, if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The Town does not capitalize historical treasures or works of art.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Long-Term Obligations

The Town reports long-term debt of Governmental Funds at face value. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

2 Cash and Investments

Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit, and investments with maturities of three months or less.

The Town maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the Town’s accounts are invested at all times.

Deposits

All cash of the Town of Farmville, Virginia is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance.

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).

Investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town and/or its Component Unit or their safekeeping agent in the entity's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department (if a bank) or agent in the entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a broker, dealer, or by a counterparty or safekeeping agent but not in the entity's name.

The following is a summary of investments:

	<u>Carrying Amount</u>	<u>Market Value</u>
DIG Investments	\$ 4,945,091	\$ 4,945,091
Total Investments	4,945,091	<u>\$ 4,945,091</u>
 Total Deposits	 <u>1,364,755</u>	
 Total Deposits and Investments - Primary Government	 6,309,846	
 Cash on Hand	 <u>2,500</u>	
 All Cash - Town	 <u>\$ 6,312,346</u>	

The following is a summary and reconciliation of the pooled cash and investments at June 30, 2011:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Responsibilities</u>	<u>Total</u>
Primary Government				
Cash and cash equivalents	\$ (311,860)	\$ 898,392	\$ -	\$ 586,532
Cash - restricted	663,301	105,373	-	768,674
Investments	<u>-</u>	<u>-</u>	<u>4,948,333</u>	<u>4,948,333</u>
Total Primary Government	351,441	1,003,765	4,948,333	6,303,539
Component Unit Farmville IDA				
Cash and cash equivalents	<u>8,807</u>	<u>-</u>	<u>-</u>	<u>8,807</u>
Total Primary Government and Component Unit Farmville IDA	<u>\$ 360,248</u>	<u>\$ 1,003,765</u>	<u>\$ 4,948,333</u>	<u>\$ 6,312,346</u>

Cash on Hand. The Town has cash on hand of \$2,500.

3 Property Taxes

Real property taxes are assessed on property values as of January 1 and attach as an enforceable lien on property as of the date levied by the Town Council. Personal property taxes are assessed on a prorated basis for the period the property is located in the Town and also attach as an enforceable lien on the property.

Real estate and personal property taxes are due December 15.

A ten percent penalty or \$10 minimum is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on January 1.

Property taxes for calendar year 2010 were levied by the Town Council in May 2010 on the assessed value listed as of January 1, 2010.

Property taxes for calendar year 2011 were levied by the Town Council in May 2011 on the assessed value listed as of January 1, 2011.

Property taxes levied in the current and prior year have been recorded as receivables as of the date the Town has the legal right to receive payments thereon. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year. Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as deferred revenues.

4 Receivables

Receivables at June 30, 2011 consist of the following:

	<u>Primary Government</u>					
	<u>Governmental Activities</u>					<u>Component</u>
	<u>General</u>	<u>ICA</u>	<u>Other</u>	<u>Total</u>	<u>Business-Type</u>	<u>Unit</u>
					<u>Farmville</u>	<u>IDA</u>
Property taxes	\$ 83,463	\$ -	\$ -	\$ 83,463	\$ -	\$ -
Utility taxes	28,171	-	-	28,171	-	-
Sales tax	26,587	-	-	26,587	-	-
Food tax	156,404	-	-	156,404	-	-
Lodging tax	14,966	-	-	14,966	-	-
Block grant recipients	-	-	1,463	1,463	-	-
Other miscellaneous	98,296	350	-	98,646	-	595,532
Water fund accounts	-	-	-	-	238,109	-
Sewer fund accounts	-	-	-	-	324,625	-
Transportation fund accounts	-	-	-	-	8,300	-
Airport fund accounts	-	-	-	-	497	-
Total	407,887	350	1,463	409,700	571,531	595,532
Allowance for uncollectibles	(51,587)	-	-	(51,587)	(44,656)	-
Net Receivables	\$ 356,300	\$ 350	\$ 1,463	\$ 358,113	\$ 526,875	\$ 595,532

5 Due from Other Governmental Units

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General</u>	<u>ICA</u>	<u>Business-type</u>	<u>Primary</u>
			<u>Activities</u>	<u>Government</u>
Commonwealth of Virginia				
Fire program	\$ 17,254	\$ -	\$ -	\$ 17,254
E-911 wireless payments	11,483	-	-	11,483
Farmville IDA	1,263,112	-	-	1,263,112
Federal Government				
Immigration Center	-	3,295,682	-	3,295,682
Total	\$ 1,291,849	\$ 3,295,682	\$ -	\$ 4,587,531

6 Interfund Balances and Activity

Balance due to/from other funds at June 30, 2011:

Primary Government

Transfers To/From Other Funds	Transfer To	Transfer From
General Fund		
To Airport Fund	\$ 71,967	\$ -
To Street Maintenance Fund	147,122	-
To Golf Course Fund	358,734	-
To Transportation Fund	35,686	-
From Narcotic Fund	-	890
From CDBG Fund	-	14,128
Total General Fund	613,509	15,018
Street Maintenance Fund		
From General Fund for operating costs	-	147,122
Narcotics Fund		
To General Fund for operating costs	890	-
Airport Fund		
From General Fund for operating costs	-	71,967
Transportation Fund		
From General Fund for operating costs	-	35,686
CDBG Fund		
To General Fund for operating costs	14,128	-
Golf Course Fund		
From General Fund for acquisition and start up costs	-	358,734
Total Transfers	\$ 628,527	\$ 628,527
Due To/Due From's		
Water Fund		
Due from Sewer Fund	\$ 162,499	\$ -
Sewer Fund		
Due to Water Fund	-	162,499
Total Due To's and Due From's	\$ 162,499	\$ 162,499
Between Town of Farmville, Virginia and Component Unit Farmville IDA		
Town of Farmville, Virginia - General Fund		
From Component Unit Farmville IDA (includes unamortized bond costs)	\$ 1,263,112	\$ -
Component Unit Farmville IDA		
To Town of Farmville, Virginia - General Fund (includes unamortized bond costs)	-	1,263,112
Total Between Primary Government and Component Unit	\$ 1,263,112	\$ 1,263,112

7 Capital Assets

Primary Government

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 2,408,507	\$ -	\$ -	\$ 2,408,507
Total Capital Assets Not Being Depreciated	2,408,507	-	-	2,408,507
Other Capital Assets				
Buildings and improvements	15,837,472	67,592	-	15,905,064
Infrastructure	18,475,043	284,177	-	18,759,220
Vehicles and equipment	<u>5,322,092</u>	<u>337,718</u>	<u>344,813</u>	<u>5,314,997</u>
Total Other Capital Assets	39,634,607	689,487	344,813	39,979,281
Less: Accumulated depreciation for				
Buildings and improvements	2,377,292	414,962	-	2,792,254
Infrastructure	11,395,406	919,248	-	12,314,654
Vehicles and equipment	<u>3,242,058</u>	<u>554,905</u>	<u>338,746</u>	<u>3,458,217</u>
Total Accumulated Depreciation	<u>17,014,756</u>	<u>1,889,115</u>	<u>338,746</u>	<u>18,565,125</u>
Other Capital Assets, Net	<u>22,619,851</u>	<u>(1,199,628)</u>	<u>6,067</u>	<u>21,414,156</u>
Net Capital Assets	<u>\$ 25,028,358</u>	<u>\$ (1,199,628)</u>	<u>\$ 6,067</u>	<u>\$ 23,822,663</u>
Depreciation expense was allocated as follows:				
General government administration	\$ 15,083			
Public safety	267,073			
Public works	1,530,561			
Parks, recreation, and cultural	<u>76,398</u>			
Total Depreciation Expense	<u>\$ 1,889,115</u>			

Business-Type Activities

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 1,703,672	\$ -	\$ -	\$ 1,703,672
Total Capital Assets Not Being Depreciated	1,703,672	-	-	1,703,672
Other Capital Assets				
Buildings and improvements	3,242,186	-	-	3,242,186
Infrastructure	21,600,126	62,496	-	21,662,622
Equipment and vehicles	1,559,828	95,324	48,945	1,606,207
Total Other Capital Assets	26,402,140	157,820	48,945	26,511,015
Less: Accumulated depreciation for				
Buildings and improvements	1,420,838	86,198	-	1,507,036
Infrastructure	15,711,038	1,085,459	-	16,796,497
Equipment and vehicles	1,108,555	137,519	48,945	1,197,129
Total Accumulated Depreciation	18,240,431	1,309,176	48,945	19,500,662
Other Capital Assets, Net	8,161,709	(1,151,356)	-	7,010,353
Net Capital Assets	<u>\$ 9,865,381</u>	<u>\$ (1,151,356)</u>	<u>\$ -</u>	<u>\$ 8,714,025</u>
Depreciation expense was allocated to enterprise activities.		<u>\$ 1,309,176</u>		

Component Unit Farmville IDA

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 171,899	\$ -	\$ -	\$ 171,899
Total Capital Assets Not Being Depreciated	171,899	-	-	171,899
Net Capital Assets	<u>\$ 171,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,899</u>

8 Short-Term Debt

The Town also had some short-term debt activity in the form of a Revenue Anticipation note. Activity for the note is as follows:

	Balance July 1, 2010	Increase	Decrease	Balance June 30, 2011
Short-term Debt				
The Town has a Revenue Anticipation note with SunTrust Bank.				
The note carries an interest rate of 1.48 percent and an original balance of \$2,000,000. It is renegotiated annually.	<u>\$ 400,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,600,000</u>	<u>\$ 800,000</u>

9 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30,	Governmental Activities		Business-Type Activities		Total Town of Farmville	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,138,477	\$ 641,831	\$ 676,932	\$ 98,841	\$ 1,815,409	\$ 740,672
2013	1,124,263	596,535	688,568	88,151	1,812,831	684,686
2014	844,218	552,305	205,534	77,099	1,049,752	629,404
2015	876,133	516,827	212,094	70,543	1,088,227	587,370
2016	912,832	479,973	219,866	63,753	1,132,698	543,726
2017-2021	5,143,805	1,790,177	1,215,749	208,177	6,359,554	1,998,354
2022-2026	5,534,443	620,001	627,269	26,618	6,161,712	646,619
2027-2031	109,388	4,187	27,345	-	136,733	4,187
Compensated absences	582,713	-	78,680	-	661,393	-
Net Pension Obligation	893,391	-	-	-	893,391	-
Landfill obligation	1,526,158	-	-	-	1,526,158	-
Total	\$18,685,821	\$5,201,836	\$ 3,952,037	\$ 633,182	\$22,637,858	\$5,835,018

Year(s) Ended June 30,	Component Unit Farmville IDA		Total Above Town of Farmville		Total Reporting Entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 162,520	\$ 27,427	\$ 1,815,409	\$ 740,672	\$ 1,977,929	\$ 768,099
2013	167,019	21,251	1,812,831	684,686	1,979,850	705,937
2014	24,301	14,905	1,049,752	629,404	1,074,053	644,309
2015	24,305	13,981	1,088,227	587,370	1,112,532	601,351
2016	25,451	13,058	1,132,698	543,726	1,158,149	556,784
2017-2021	134,058	50,479	6,359,554	1,998,354	6,493,612	2,048,833
2022-2026	151,978	23,726	6,161,712	646,619	6,313,690	670,345
2027-2031	32,266	1,221	136,733	4,187	168,999	5,408
Compensated absences	-	-	661,393	-	661,393	-
Net Pension Obligation	-	-	893,391	-	893,391	-
Landfill obligation	-	-	1,526,158	-	1,526,158	-
Total	\$ 721,898	\$ 166,048	\$22,637,858	\$5,835,018	\$23,359,756	\$6,001,066

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Primary Government					
<p>\$1,665,100 Refunding Bond Series 2002 with Carter Bank and Trust (to refund the old 1993 Series Bonds), issued December 2002 with an interest rate of 3.12 percent, payable semiannually in July and January over 10 years, and principal payments due in January each year maturing January 1, 2013.</p>					
Enterprise Fund Portion	\$ 435,786	\$ -	\$ 137,884	\$ 297,902	\$ 146,644
General Fund Portion - Firehouse	121,414	-	38,416	82,998	40,856
Total Series 2002 Refunding	557,200	-	176,300	380,900	187,500
<p>\$2,973,471 General Obligation Refunding Bond, Series 2008B with US Bank Corporate Trust Services, issued February 2008 with an interest rate of 3.80 percent, payable semiannually in May and November, and annual principal payments ranging from \$147,186 to \$137,745 in May of every year.</p>					
Enterprise Fund Portion	478,397	-	46,021	432,376	47,715
General Fund Portion	1,913,591	-	184,081	1,729,510	190,860
Total Series 2008B Refunding Bonds	2,391,988	-	230,102	2,161,886	238,575
<p>\$3,000,000 General Obligation Public Improvement Bonds Series 2008A, with RBC Centura Bank, issued January 2008 with an interest rate of 3.55 percent, payable semiannually in August and February, and annual principal payments ranging from \$150,567 to \$252,825 in February of every year (Enterprise Fund).</p>					
	2,688,788	-	166,349	2,522,439	172,254
<p>\$7,000,000 General Obligation Public Improvement Bonds Series 2005, with SunTrust Bank, issued December 2005 with an interest rate of 4.15 percent, payable semiannually in December and June, and annual principal payments ranging from \$231,437 to \$501,140 in December of every year.</p>					
	6,015,070	-	272,314	5,742,756	283,615
<p>\$6,158,207 Sewer Construction Bonds Series 1991, with Virginia Resources Authority, issued December 1, 1991 and amended June 1, 1996, bearing no interest with the semiannual payments beginning November 1, 1993 and continuing until May 1, 2013. (Enterprise Fund)</p>					
	930,959	-	310,319	620,640	310,319
<p>\$674,555 note payable to BB&T, issued August 9, 2005. The note is payable semiannually with an interest rate of 3.38 percent per annum. Proceeds used to buy a ladder truck.</p>					
	259,264	-	101,106	158,158	104,553
<p>\$4,200,000 Series 2009 bond payable to RBC Bank, issued January 29, 2009. Interest is payable semiannually with a rate of 3.68 percent per annum. Principal is paid annually over 15 years.</p>					
	3,985,996	-	222,737	3,763,259	230,934

	<u>Balance July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
\$4,000,000 Series 2010 A/B bonds payable to SunTrust Bank, issued April 28, 2010. Interest is payable semiannually with an average rate of 4.903 percent per annum. Principal is paid annually over 15 years.	4,000,000	-	-	4,000,000	186,000
\$400,000 loan payable to Margaret Carter, issued November 5, 2008. Payments are made annually for \$108,900 over 4 years with interest at 3.5 percent.	305,100	-	98,222	206,878	101,660
Net Pension Obligation	784,857	108,534	-	893,391	-
Landfill obligation	1,454,399	71,759	-	1,526,158	-
Compensated absences - Governmental Funds	572,079	10,634	-	582,713	-
Compensated absences - Enterprise Funds	<u>74,287</u>	<u>4,393</u>	<u>-</u>	<u>78,680</u>	<u>-</u>
Total Primary Government	<u>\$ 24,019,987</u>	<u>\$ 195,320</u>	<u>\$ 1,577,449</u>	<u>\$ 22,637,858</u>	<u>\$ 1,815,410</u>

Recap by Fund of Above Debt

Governmental Funds	\$ 19,411,770	\$ 190,927	\$ 916,876	\$ 18,685,821	\$ 1,138,478
Enterprise Funds	<u>4,608,217</u>	<u>4,393</u>	<u>660,573</u>	<u>3,952,037</u>	<u>676,932</u>
Total Primary Government	<u>\$ 24,019,987</u>	<u>\$ 195,320</u>	<u>\$ 1,577,449</u>	<u>\$ 22,637,858</u>	<u>\$ 1,815,410</u>

Component Unit Farmville IDA

Town of Farmville, Virginia

The Authority originally borrowed \$1,595,000 to match the bond committed to by the Town on the Authority's behalf. While no payment terms are specified, it is assumed that the note payments will correspond with the bond payments. The bank has an adjustable interest rate and variable principal payments. In the current year, the note bears an interest rate of 1.85 percent with a required principal payment of \$95,000.

\$ 418,088	\$ -	\$ 134,843	\$ 283,245	\$ 139,377
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Town of Farmville, Virginia

The Authority originally borrowed \$600,000 from the Town to provide financing for a local business. The terms of the note mirror the bond requirements that the Town must pay on a corresponding bond obligation. The note has a variable interest rate. In the current year, the note bears an interest rate of 1.85 percent with a required principal payment of \$16,800.

<u>460,651</u>	<u>-</u>	<u>21,998</u>	<u>438,653</u>	<u>23,143</u>
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Total Component Unit Farmville IDA	<u>\$ 878,739</u>	<u>\$ -</u>	<u>\$ 156,841</u>	<u>\$ 721,898</u>	<u>\$ 162,520</u>
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10 Claims, Judgments, and Compensated Absences

In accordance with NCGA Statement 4 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the Town has accrued the liability arising from outstanding claims, judgments, and compensated absences. After 12 months of employment, each Town employee earns personal leave at the rate of a minimum of 1 day per month up to 1¼ days per month based on years of service. After 10 years of employment, the employee accumulates 20 hours per month. The maximum carryover of personal leave shall be 120 days (960 hours) at the end of the last two-week pay period in a calendar year. Personal leave is paid at termination at the rate of 50%. The Town has outstanding compensated absences totaling \$582,713 in the governmental activities. The balance in the business-type activities is \$78,680.

11 Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet recognizable. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Primary Government

General Fund

Property taxes	\$ 74,408
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Total General Fund	74,408
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CDBG Fund

From CDBG recipients	1,658
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Total Primary Government	\$ 76,066
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12 Contingent Liabilities (Including Federally Assisted Programs - Compliance Audits)

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

At June 30, 2011, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decision or pending matter not be favorable to the Town.

13 Defined Contribution Plan

The Town provides retirement benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after 90 days of service and attainment of age 18. Employees can contribute not less than 4 percent of his base compensation and not to exceed the maximum percentage or amount allowable by law. The Town will match the employee contribution of either 4 or 5

percent. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested after ten years continuous service. Town contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Town's current period contribution requirement.

The Town's total payroll in fiscal year 2011 was \$5,955,616. Employees contribute earnings and the Town matches this dollar for dollar with a cap of 5 percent. Both the Town and the covered employees made the required contributions totaling \$461,793 of which \$184,114 was from the Town.

14 Fund Balances

Fund balances have been allocated for the following purposes:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Nonspendable</u>		
General Fund	Used to isolate inventory balance	\$ 33,997
<u>Restricted</u>		
ICA Fund	Used for immigration center	\$ 23,204
CDBG Fund	Used for collecting CDBG recovered costs	2,635
Total Restricted Funds		\$ 25,839
<u>Assigned</u>		
Narcotic Fund	Used by police department	9,159
Golf Fund	Used in supporting golf club	15,670
Probation/Parole Building Fund	Used in paying building debt	78,451
Total Assigned Funds		\$ 103,280

15 Legal Compliance

A. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations by \$170,690 for the Street Maintenance Fund. Budgets also need to be established and appropriated for the ICA Fund that more closely reflect the activity in the fund. Expenditures exceeded budget in this fund by \$12,110,129.

B. Fund Deficits

There is an unrestricted net assets deficit balance in the governmental activities of \$2,008,683.

There is also a fund deficit in the Component Unit IDA this year of \$507,532.

16 Surety Bond Information

Aetna Insurance Company - Surety

Carol Anne Seal, Treasurer	\$ 50,000
All Town Employees - Blanket Bond	50,000

17 Landfill Obligation

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The Town will recognize the remaining estimated costs of closure and postclosure care of \$1,526,158 as the cost to finalize closure of its landfill. These amounts are based on what it would cost to perform all closure and postclosure care as of June 30, 2011.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Town is paying these costs on an annual pay-as-you-go basis. The calculated landfill costs were \$526,158. However, due to a contamination issue, EPA Regulation 9 VAC 20-70-113.A requires that a flat \$1 million be added to calculated closure and postclosure costs. Therefore, the audit reports \$1,526,158 as long-term debt.

The percentage of landfill capacity used to date is 100 percent. The estimated landfill life would be zero since we ceased accepting municipal waste in September 1990.

18 Post Retirement Compensation Plan

A. Following are the required disclosures for the Town's Post Retirement Compensation Plan for the years ending June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
<i>Actuarial Valuation Date</i>	July 1, 2010	July 1, 2009
Annual Pension Cost (APC)		
Annual Required Contribution (ARC)	\$ 166,637	\$ 164,463
Interest on net beginning Net Pension Obligation (NPO)	27,470	23,493
Adjustment to ARC	(42,674)	(36,496)
Annual Pension Cost (APC)	151,433	151,460
Components of Annual Required Contribution (ARC)		
Normal Cost	74,919	76,500
Amortization of Accrued Liability	86,083	82,401
Interest Cost	5,635	5,562
Annual Required Contribution	166,637	164,463
Change in NPO During the Fiscal Year		
NPO at beginning of fiscal year	784,857	671,227
Interest on NPO	27,470	23,493
Annual Required Contribution (ARC) for the fiscal year	166,637	164,463
Adjustment to the ARC	(42,674)	(36,496)
Employer Contribution made during the fiscal year	(42,899)	(37,830)
NPO at end of fiscal year	893,391	784,857
Net change in NPO	108,534	113,630
Funded Status at End of Fiscal Year		
Accrued Liability at end of year	1,728,985	1,661,743
Plan assets at end of year	-	-
Unfunded Accrued Liability	(1,728,985)	(1,661,743)
Percentage of Funded Accrued Liability	0%	0%

Plan Description

Summary of Employer Provided Retiree Health Benefits

<i>Effective Date</i>	Plan adopted by Town Council 12-11-2002. First Payments made on 4-2-2003.
<i>Employee Class</i>	Permanent Full Time Employees
<i>Eligibility</i>	25 years of service and attainment of Town of Farmville Retirement age (62). Employees must meet both requirements upon retiring from Town to receive benefit. Employees terminating prior to meeting either requirement are not eligible for future benefits.
<i>Monthly Benefit</i>	\$250 per month, plus \$10/month for each year of credited service in excess of 25. Payments are made quarterly (1/1, 4/1, 7/1, 10/1). Payments are for the retiree's lifetime.
<i>Credited Service</i>	Credited service must be earned while employed as a permanent full-time employee. 12 months of service is required for each year of credit. Prior service of rehired employees is credited. Employees who have met retirement age and continue working at least 24 hours per week may meet 25 year service requirement with combination of prior full-time service and part-time service after meeting retirement age.
<i>Surviving Spouses</i>	Benefit is payable only to retiree, no benefit payable to spouse after death of retiree.
<i>Retiree Cost Sharing</i>	Employer pays full cost.
<i>Employer Funding Policy</i>	Pay as you go funding.

B. Prior Period Adjustment

Due to the above retiree benefits, the Town has to recognize a net pension obligation. This resulted in restating the long-term debt for a beginning balance of this obligation.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Farmville, Virginia

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues				
General Property Taxes				
Real property taxes	\$ 510,000	\$ 510,000	\$ 492,469	\$ (17,531)
Public service corporation property taxes	19,000	19,000	22,290	3,290
Personal property taxes	198,000	198,000	196,112	(1,888)
Mobile home taxes	1,950	1,950	2,723	773
Interest on taxes	4,500	4,500	5,327	827
Penalties on taxes	<u>4,500</u>	<u>4,500</u>	<u>6,200</u>	<u>1,700</u>
Total General Property Taxes	737,950	737,950	725,121	(12,829)
Other Local Taxes				
Local sales and use taxes	350,000	350,000	325,810	(24,190)
Consumption tax	30,000	30,000	29,260	(740)
Consumers' utility taxes	338,000	338,000	346,416	8,416
Business licenses	1,255,000	1,255,000	1,279,795	24,795
Franchise license taxes	35,000	35,000	58,905	23,905
Motor vehicle licenses	60,000	60,000	61,969	1,969
Bank stock taxes	170,000	170,000	216,182	46,182
Hotel and motel room taxes	235,000	235,000	254,833	19,833
Restaurant food taxes	<u>1,902,000</u>	<u>1,902,000</u>	<u>1,980,439</u>	<u>78,439</u>
Total Other Local Taxes	4,375,000	4,375,000	4,553,609	178,609
Permits, Privilege Fees, and Regulatory Licenses				
Building permits	80,000	80,000	47,829	(32,171)
Other permits, licenses, and fees	<u>7,825</u>	<u>7,825</u>	<u>6,032</u>	<u>(1,793)</u>
Total Permits, Privilege Fees, and Regulatory Licenses	87,825	87,825	53,861	(33,964)
Fines and Forfeitures				
Court fines	80,000	80,000	97,380	17,380
Other fines and forfeitures	<u>21,075</u>	<u>21,075</u>	<u>23,595</u>	<u>2,520</u>
Total Fines and Forfeitures	101,075	101,075	120,975	19,900
Revenue from Use of Money and Property				
Revenue from use of money	8,500	8,500	7,296	(1,204)
Revenue from use of property				
Rental of general property and real estate	111,077	111,077	109,016	(2,061)
Sale of property	<u>41,850</u>	<u>41,850</u>	<u>65,472</u>	<u>23,622</u>
Total Revenue from Use of Money and Property	161,427	161,427	181,784	20,357

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Charges for Services				
Miscellaneous	8,800	8,800	30,240	21,440
Administrative - fuel	35,000	35,000	18,904	(16,096)
Rescue Squad	191,026	191,026	196,292	5,266
Parking meters	40,000	40,000	35,796	(4,204)
Public works	35,000	35,000	30,778	(4,222)
Grave openings	10,000	10,000	13,125	3,125
Total Charges for Services	319,826	319,826	325,135	5,309
Miscellaneous				
Payment from PE County for share of debt	246,281	246,281	246,281	-
Miscellaneous	10,250	10,250	34,436	24,186
Total Miscellaneous	256,531	256,531	280,717	24,186
Recovered Costs				
Interest from Farmville IDA for debt	212,231	212,231	33,394	(178,837)
Other funds and street department	275,000	275,000	229,560	(45,440)
Salaries - Chamber	56,906	56,906	53,301	(3,605)
Other recovered costs	3,380	3,380	8,029	4,649
Total Recovered Costs	547,517	547,517	324,284	(223,233)
Intergovernmental				
<i>Revenue from the Commonwealth</i>				
Non-Categorical Aid				
Communications taxes	550,000	550,000	553,925	3,925
Mobile home titling tax	250	250	865	615
Rolling stock taxes - motor vehicle carriers tax	100	100	175	75
Aid to localities with police departments	160,000	160,000	173,012	13,012
Auto rental tax	35,000	35,000	51,297	16,297
Total Non-Categorical Aid	745,350	745,350	779,274	33,924
Categorical Aid				
Wireless quarterly payments	100,000	100,000	84,021	(15,979)
VITA Grant	-	-	33,131	33,131
Litter Control Grant	3,000	3,000	3,135	135
VDOT Grants	1,937,840	1,937,840	263,296	(1,674,544)
Rails to Trails	-	-	108,421	108,421
Other grants	2,000	2,000	27,287	25,287
DMV and Police Grants	2,118	2,118	64,684	62,566
Fire program	19,500	19,500	33,328	13,828
Total Categorical Aid	2,064,458	2,064,458	617,303	(1,447,155)
Total Revenue from the Commonwealth	2,809,808	2,809,808	1,396,577	(1,413,231)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Revenue from the Federal Government</i>				
Emergency Preparedness grant	12,180	12,180	37,548	25,368
Police grants	-	-	39,125	39,125
Total Revenue from the Federal Government	<u>12,180</u>	<u>12,180</u>	<u>76,673</u>	<u>64,493</u>
Total Intergovernmental Revenue	<u>2,821,988</u>	<u>2,821,988</u>	<u>1,473,250</u>	<u>(1,348,738)</u>
Total Revenues	9,409,139	9,409,139	8,038,736	(1,370,403)

Expenditures

Current

General Government Administration

Town Council	167,475	167,475	175,860	(8,385)
Town Manager	522,833	522,833	582,451	(59,618)
Chamber of Commerce	67,571	67,571	68,692	(1,121)
Treasurer	<u>478,334</u>	<u>478,334</u>	<u>455,560</u>	<u>22,774</u>
Total General Government Administration	1,236,213	1,236,213	1,282,563	(46,350)

Public Safety

Police Department	2,008,597	2,008,597	2,191,049	(182,452)
911 services	760,102	760,102	878,852	(118,750)
Fire services	167,540	167,540	196,802	(29,262)
Rescue services	191,026	191,026	203,378	(12,352)
Building inspector	117,166	117,166	115,217	1,949
Animal control	<u>21,333</u>	<u>21,333</u>	<u>21,901</u>	<u>(568)</u>
Total Public Safety	3,265,764	3,265,764	3,607,199	(341,435)

Public Works

Recycling department	84,933	84,933	90,457	(5,524)
Sanitation	487,499	487,499	584,870	(97,371)
Maintenance of highways and streets	1,864,557	1,864,557	659,377	1,205,180
Surveying	125,289	125,289	132,862	(7,573)
Maintenance of buildings and grounds	1,320,893	1,320,893	927,876	393,017
Horticulturist	<u>67,587</u>	<u>67,587</u>	<u>68,663</u>	<u>(1,076)</u>
Total Public Works	3,950,758	3,950,758	2,464,105	1,486,653

Parks, Recreation, and Cultural

Library	-	-	228,105	(228,105)
Rails to Trails	-	-	221,783	(221,783)
Field of Dreams	-	-	20,057	(20,057)
Parks and recreation	<u>68,425</u>	<u>68,425</u>	<u>82,210</u>	<u>(13,785)</u>
Total Parks, Recreation, and Cultural	68,425	68,425	552,155	(483,730)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<i>Community Development</i>				
Planning and community development	123,750	123,750	153,089	(29,339)
Town Planner	<u>77,671</u>	<u>77,671</u>	<u>77,302</u>	<u>369</u>
Total Community Development	201,421	201,421	230,391	(28,970)
<i>Debt Service</i>				
Total Expenditures	<u>10,565,572</u>	<u>10,565,572</u>	<u>9,738,944</u>	<u>826,628</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,156,433)	(1,156,433)	(1,700,208)	(543,775)
Other Financing Sources (Uses)				
Transfers in	-	-	15,018	15,018
Transfers out	<u>(406,004)</u>	<u>(406,004)</u>	<u>(613,509)</u>	<u>(207,505)</u>
Total Other Financing Sources (Uses)	<u>(406,004)</u>	<u>(406,004)</u>	<u>(598,491)</u>	<u>(192,487)</u>
Net Change in Fund Balance	(1,562,437)	(1,562,437)	(2,298,699)	(736,262)
Fund Balance - Beginning of Year	-	-	3,163,159	3,163,159
Transfer from Surplus (Contingency)	<u>1,562,437</u>	<u>1,562,437</u>	<u>-</u>	<u>(1,562,437)</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 864,460</u>	<u>\$ 864,460</u>

Street Maintenance Fund

Revenues

Intergovernmental

Revenue from the Commonwealth

Categorical Aid

Street maintenance fund

\$ 1,350,000 \$ 1,350,000 \$ 1,415,148 \$ 65,148

 Total Categorical Aid and Revenues

1,350,000 1,350,000 1,415,148 65,148

Expenditures

Current

Public Works

Maintenance of streets and highways

1,409,178 1,409,178 1,579,868 (170,690)

Excess (Deficiency) of Revenues Over Expenditures

(59,178) (59,178) (164,720) (105,542)

Other Financing Sources (Uses)

 Transfers in (out)

59,178 59,178 147,122 87,944

 Total Other Financing Sources (Uses)

59,178 59,178 147,122 87,944

Net Change in Fund Balance

- - (17,598) (17,598)

Fund Balance - Beginning of Year

- - 17,598 17,598

Fund Balance - End of Year

\$ - \$ - \$ - \$ -

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
ICA Fund				
Revenues				
Recovered costs	\$ 200,000	\$ 200,000	\$ 90,537	\$ (109,463)
Intergovernmental				
<i>Revenue from the Commonwealth</i>				
Tobacco Indemnification Funds	-	-	16,504	16,504
<i>Revenue from the Federal Government</i>				
ICA Transportation Funds	<u>-</u>	<u>-</u>	<u>12,283,827</u>	<u>12,283,827</u>
Total Intergovernmental Revenues	200,000	200,000	12,390,868	12,190,868
Expenditures				
Current				
<i>Public Safety</i>				
Detention expenses	<u>200,000</u>	<u>200,000</u>	<u>12,310,129</u>	<u>(12,110,129)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	80,739	80,739
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	80,739	80,739
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>(57,535)</u>	<u>(57,535)</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,204</u>	<u>\$ 23,204</u>

OTHER SUPPLEMENTARY INFORMATION

Town of Farmville, Virginia

Combining Balance Sheet

Other Governmental Funds

At June 30, 2011

Special Revenue Funds

	<u>Probation/ Parole Building Fund</u>	<u>Golf Fund</u>	<u>Narcotic Fund</u>	<u>Capital Projects CDBG Fund</u>	<u>Total Other Governmental Funds</u>
Assets					
Cash and investments	\$ 83,645	\$ 9,670	\$ 9,159	\$ 2,830	\$ 105,304
Accounts receivable	-	-	-	1,463	1,463
Inventory	-	15,668	-	-	15,668
	<u>-</u>	<u>15,668</u>	<u>-</u>	<u>-</u>	<u>15,668</u>
Total Assets	<u>\$ 83,645</u>	<u>\$ 25,338</u>	<u>\$ 9,159</u>	<u>\$ 4,293</u>	<u>\$ 122,435</u>
Liabilities					
Accounts payable	\$ 5,194	\$ 9,070	\$ -	\$ -	\$ 14,264
Accrued liabilities	-	598	-	-	598
Deferred revenue	-	-	-	1,658	1,658
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,658</u>	<u>1,658</u>
Total Liabilities	5,194	9,668	-	1,658	16,520
Fund Balance					
Restricted	-	-	-	2,635	2,635
Assigned	78,451	15,670	9,159	-	103,280
	<u>78,451</u>	<u>15,670</u>	<u>9,159</u>	<u>-</u>	<u>103,280</u>
Total Fund Balance	<u>78,451</u>	<u>15,670</u>	<u>9,159</u>	<u>2,635</u>	<u>105,915</u>
Total Liabilities and Fund Balance	<u>\$ 83,645</u>	<u>\$ 25,338</u>	<u>\$ 9,159</u>	<u>\$ 4,293</u>	<u>\$ 122,435</u>

Town of Farmville, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Other Governmental Funds

At June 30, 2011

	Special Revenue Funds			Capital Projects	Total Other Governmental Funds
	Probation/ Parole Building Fund	Golf Fund	Narcotic Fund	CDBG Fund	
Revenues					
Use of money and property	\$ 42,243	\$ 2,186	\$ 67	\$ 49	\$ 44,545
Charges for services	-	191,760	-	-	191,760
Miscellaneous	-	1,635	-	-	1,635
Recovered costs	-	-	-	2,895	2,895
Intergovernmental					
From the Commonwealth of Virginia	-	-	13,635	-	13,635
From the Federal Government	-	-	563	-	563
Total Revenues	42,243	195,581	14,265	2,944	255,033
Expenditures					
Current					
Public safety	-	-	10,115	-	10,115
Public works	11,429	-	-	-	11,429
Parks, recreation, and cultural	-	443,680	-	-	443,680
Total Expenditures	11,429	443,680	10,115	-	465,224
Excess (Deficiency) of Revenues Over Expenditures	30,814	(248,099)	4,150	2,944	(210,191)
Other Financing Sources (Uses)					
Transfers in	-	358,734	-	-	358,734
Transfers out	-	-	(890)	(14,128)	(15,018)
Total Other Financing Sources (Uses)	-	358,734	(890)	(14,128)	343,716
Net Change in Fund Balances	30,814	110,635	3,260	(11,184)	133,525
Fund Balance - Beginning of Year	47,637	(94,965)	5,899	13,819	(27,610)
Fund Balance - End of Year	<u>\$ 78,451</u>	<u>\$ 15,670</u>	<u>\$ 9,159</u>	<u>\$ 2,635</u>	<u>\$ 105,915</u>

Town of Farmville, Virginia

Farmville Industrial Development Authority
A Component Unit of the Town of Farmville, Virginia

Statement of Net Assets

As of June 30, 2011

Assets

Current Assets

Cash	\$	8,807
Accrued interest receivable		2,959
Notes receivable - current portion and related interest		<u>107,200</u>
Total Current Assets		118,966

Noncurrent Assets

Capital Assets

Land		65,652
Land improvements		<u>106,247</u>
Total Capital Assets		171,899

Long-Term Notes Receivable

488,332

Other Assets

Unamortized bond costs		28,135
Accumulated amortized bond cost		<u>(19,045)</u>
Total Other Assets		<u>9,090</u>

Total Noncurrent Assets

669,321

Total Assets

\$ 788,287

Liabilities and Net Assets

Liabilities

Current Liabilities

Due to Town of Farmville, Virginia	\$	569,349
Accrued interest payable		4,572
Notes payable - current portion		<u>162,520</u>
Total Current Liabilities		736,441

Long-Term Liabilities

Note payable - less current portion

559,378

Total Long-Term Liabilities

559,378

Total Liabilities

1,295,819

Net Assets

Invested in capital assets		171,899
Unrestricted (deficit)		<u>(679,431)</u>
Total Net Assets (Deficit)		<u>(507,532)</u>
Total Liabilities and Net Assets	\$	<u><u>788,287</u></u>

Town of Farmville, Virginia

Farmville Industrial Development Authority
A Component Unit of the Town of Farmville, Virginia

Statement of Activities

Year Ended June 30, 2011

Operating Income	\$ -
Operating Expenses	
Professional fees	<u>3,400</u>
Net Operating Loss	(3,400)
Non-Operating Revenues (Expenses)	
Interest income	27,725
Interest expense	(32,328)
Amortization of bond fees	<u>(5,627)</u>
Net Non-Operating Revenues (Expenses)	<u>(10,230)</u>
Change in Net Assets	(13,630)
Total Net Assets (Deficit) - Beginning of Year	<u>(493,902)</u>
Total Net Assets (Deficit) - End of Year	<u><u>\$ (507,532)</u></u>

Town of Farmville, Virginia

Farmville Industrial Development Authority
A Component Unit of the Town of Farmville, Virginia

Statement of Cash Flows

Year Ended June 30, 2011

Cash Flows from Operating Activities

Payments to suppliers	\$ <u>(3,400)</u>
-----------------------	-------------------

Net Cash Used in Operating Activities	(3,400)
---------------------------------------	---------

Cash Flows from Capital and Related Financing Activities

Curtailed of borrowings	(156,841)
-------------------------	-----------

Proceeds resulting from curtailment of note receivable	116,126
--	---------

Proceeds from Town of Farmville, Virginia	51,537
---	--------

Curtailed of due to Town of Farmville, Virginia	(13,333)
---	----------

Recognition of deferred revenue	(265)
---------------------------------	-------

Accrued interest receivable	2
-----------------------------	---

Accrued interest payable	(1,066)
--------------------------	---------

Amortized bond fees	<u>5,627</u>
---------------------	--------------

Net Cash Provided by Capital and Related Financing Activities	1,787
---	-------

Cash Flows from Investing Activities

Interest income	27,725
-----------------	--------

Interest expense	(32,328)
------------------	----------

Amortized bond cost	<u>(5,627)</u>
---------------------	----------------

Net Cash Used in Investing Activities	<u>(10,230)</u>
---------------------------------------	-----------------

Net Decrease in Cash and Cash Equivalents	(11,843)
---	----------

Cash and Cash Equivalents - Beginning of Year	<u>20,650</u>
---	---------------

Cash and Cash Equivalents - End of Year	<u><u>\$ 8,807</u></u>
---	------------------------

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities

Operating loss	<u>\$ (3,400)</u>
----------------	-------------------

Net Cash Used in Operating Activities	<u><u>\$ (3,400)</u></u>
---------------------------------------	--------------------------

COMPLIANCE SECTION



**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 the
Town Council
Town of Farmville, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Farmville, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the Town of Farmville, Virginia's basic financial statements and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Creedle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
November 21, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Honorable Members of the
Town Council
Town of Farmville, Virginia

Compliance

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

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

In our opinion, Town of Farmville, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Town Council, the audit committee, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Credle, Jones & Alga, P.C.

Credle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
November 21, 2011

Town of Farmville, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Catalog Number	State Agency Number	Expenditures
U. S. Department of Homeland Security			
Direct Payments			
U.S. Immigration and Customs Enforcement	97.unknown*	N/A	\$ 12,283,827
Pass-Through Payments			
Department of Emergency Management Emergency Management Preparedness Grant	97.042	127	<u>37,548</u>
Subtotal - Department of Homeland Security			12,321,375
U. S. Department of Justice			
Direct Payments			
Federal asset forfeitures	16.000	N/A	563
U. S. Department of Transportation			
Pass-Through Payments			
Department of Rail and Public Transportation Mass Transit Assistance	20.509*	505	352,431
ARRA Formula Grants for Other Than Urbanized Areas	20.509*	505	100,829
Highway Safety Cluster - Department of Motor Vehicles National Highway Traffic Safety - Ground Transportation	20.601	530	<u>39,125</u>
Subtotal - Department of Transportation			<u>492,385</u>
Grand Totals			<u><u>\$ 12,814,323</u></u>

*Denotes Major Program

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Town and is presented on GAAP. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Town of Farmville, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

- (a) The auditor's report expresses an **unqualified opinion** on the financial statements of Town of Farmville, Virginia.
- (b) **No deficiencies** relating to the audit of the financial statements are reported in the 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*.
- (c) **No instances of noncompliance** material to the financial statements of Town of Farmville, Virginia were disclosed during the audit.
- (d) **No deficiencies** relating to the audit of the major Federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements that Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133.
- (e) The auditor's report on compliance for the major Federal award programs for Town of Farmville, Virginia expresses an **unqualified opinion** on all major Federal programs.
- (f) There were **no audit findings** relative to the major Federal award programs for Town of Farmville, Virginia to be reported in this schedule.
- (g) The programs tested as major programs include:
 - CFDA #97.unknown, U.S. Immigration and Customs Enforcement**
 - CFDA #20.509, Mass Transit Assistance**
- (h) The **threshold** for distinguishing Types A and B programs was **\$300,000**.
- (i) Town of Farmville, Virginia was determined to be a **low-risk auditee**.

2. FINDINGS - FINANCIAL STATEMENT AUDIT

None

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

Town of Farmville, Virginia

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2011

FINANCIAL STATEMENTS

There were no findings in the prior year.