

TOWN OF HAMILTON, VIRGINIA

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**TOWN OF HAMILTON, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011**

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MAYOR AND TOWN COUNCIL

June 30, 2011

Gregory K. Wilmoth, Mayor

John Unger, Vice Mayor
Dimitri N. Kesari
James T. Rollins, Jr.

Michael E. Snyder
David R. Simpson
Kenneth C. Wine

OFFICIALS

Lori M. Jones, Treasurer
David M. Beniamino, Zoning Administrator
Jennifer Helbert, Recorder

LEGAL COUNSEL

Maureen K. Gilmore

MITCHELL & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LEESBURG, VIRGINIA 20176

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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of Town Council
Town of Hamilton, Virginia
Hamilton, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, major funds and remaining fund information of the Town of Hamilton, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the Town of Hamilton, Virginia basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the Town of Hamilton, Virginia as of June 30, 2011, and the changes in the financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although, not 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 in Town of Hamilton, Virginia's financial statements as a whole. The supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

October 17, 2011
Leesburg, Virginia

Mitchell & Co., P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Hamilton, Virginia, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Hamilton, Virginia for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$8,836,695.
- The Town's total net assets increased by \$615,508.
- As of the close of the current fiscal year, the Town of Hamilton's governmental funds reported combined ending fund balances of \$1,120,275, an increase of \$22,606 in comparison with the prior year. The majority of this total amount, \$857,574, is available for spending at the government's discretion.
- The Town's total bonded debt decreased by \$256,607 (11.6 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 12 – 13 of this report.

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

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

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

The Town of Hamilton, Virginia maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Hamilton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 – 17 of this report.

Proprietary funds. The Town of Hamilton, Virginia uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The Town's enterprise funds include the water fund and sewer fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found starting on pages 18 – 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 35 of this report.

Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 36 – 39 of this report. Additional state required supplementary schedules follow the combining and individual fund statements and can be found on page 40 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hamilton, Virginia, assets exceeded liabilities by \$8,836,695 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town of Hamilton uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table presents a summary of the Town's net assets by type of activity as of June 30, 2011.

Town of Hamilton – Net Assets

	Governmental Activities	Business-type Activities	Total
Assets			
Current and other assets	\$ 914,083	\$ 1,877,781	\$ 2,791,864
Capital assets	224,266	8,105,065	8,329,331
Total Assets	1,138,349	9,982,846	11,121,195
Liabilities			
Long-term liabilities	4,052	1,811,147	1,815,199
Other liabilities	14,022	455,279	469,301
Total Liabilities	18,074	2,266,426	2,284,500
Net Assets			
Nonspendable	221,622	4,874,682	5,096,304
Restricted	41,079	-	41,079
Unrestricted	857,574	2,841,738	3,699,312
Total Net Assets	\$ 1,120,275	\$ 7,716,420	\$ 8,836,695

The remaining balance of assigned and unassigned net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town of Hamilton is able to report positive balances in all three categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

The Town's net assets increased by \$615,508 during the current fiscal year.

Governmental activities. Governmental activities increased the Town of Hamilton's net assets by \$22,606. These changes are presented in column one of the following table:

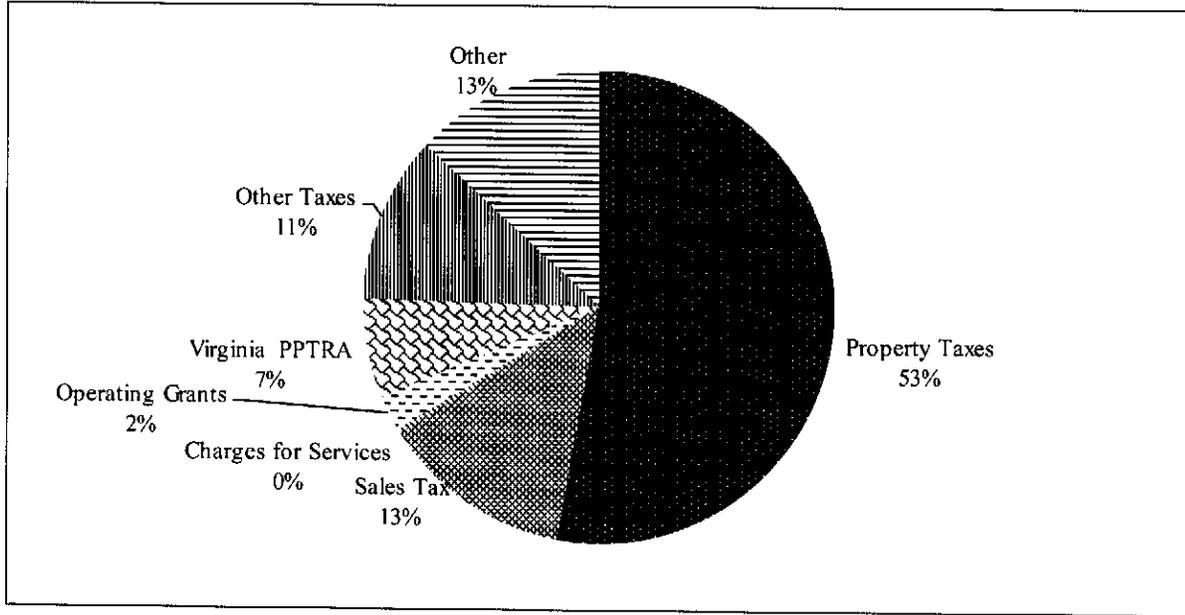
Town of Hamilton – Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Program Revenues			
Charges for services	\$ 975	\$ 646,650	\$ 647,625
Operating grants and contributions	8,400	-	8,400
Capital grants and contributions	-	799,243	799,243
General Revenues			
Property taxes	182,706	-	182,706
Other taxes	117,711	-	117,711
Other	36,067	47,558	83,625
Total Revenues	345,859	1,493,451	1,839,310
Expenses			
General government	248,984	-	248,984
Public safety	27,272	-	27,272
Public works	44,513	-	44,513
Interest on long-term debt	169	-	169
Infrastructure depreciation	2,315	-	2,315
Water	-	389,499	389,499
Sewer	-	511,050	511,050
Total Expenses	323,253	900,549	1,223,802
Transfers			
	-	-	-
Increase(Decrease) in Net Assets	22,606	592,902	615,508
Net Assets - 7/01/10	1,097,669	7,123,518	8,221,187
Net Assets - 6/30/11	\$ 1,120,275	\$ 7,716,420	\$ 8,836,695

- Revenue from property taxes increased by \$11,594 (6.8 percent) during the year.

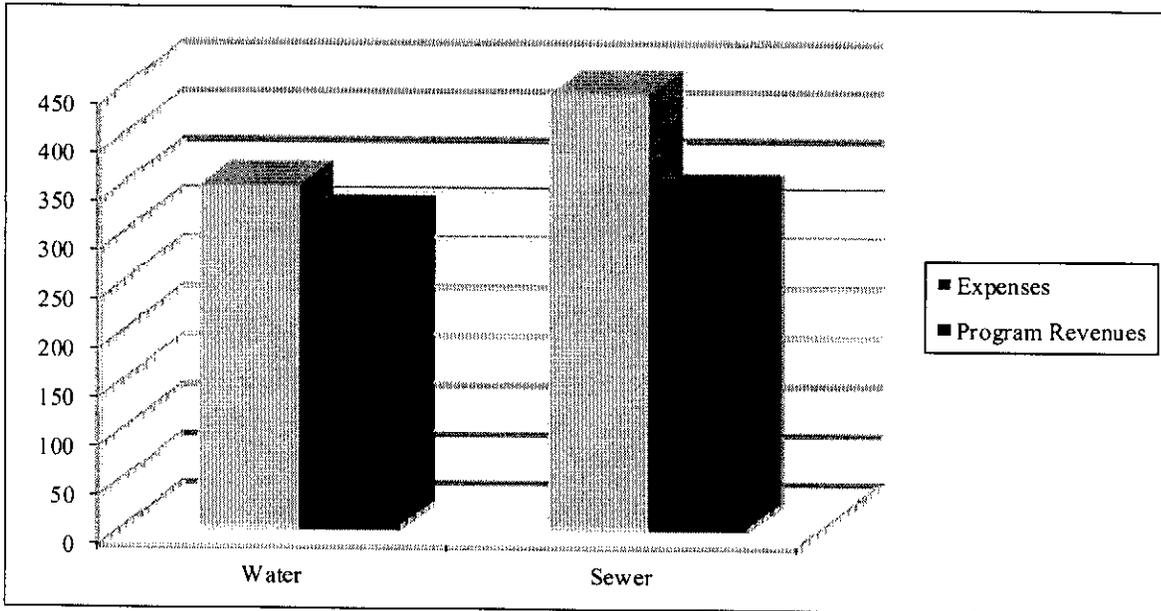
The following charts present a graphic representation of the Town's governmental activities and the related revenue structure for fiscal year 2011.

Revenues by Source – Governmental Activities

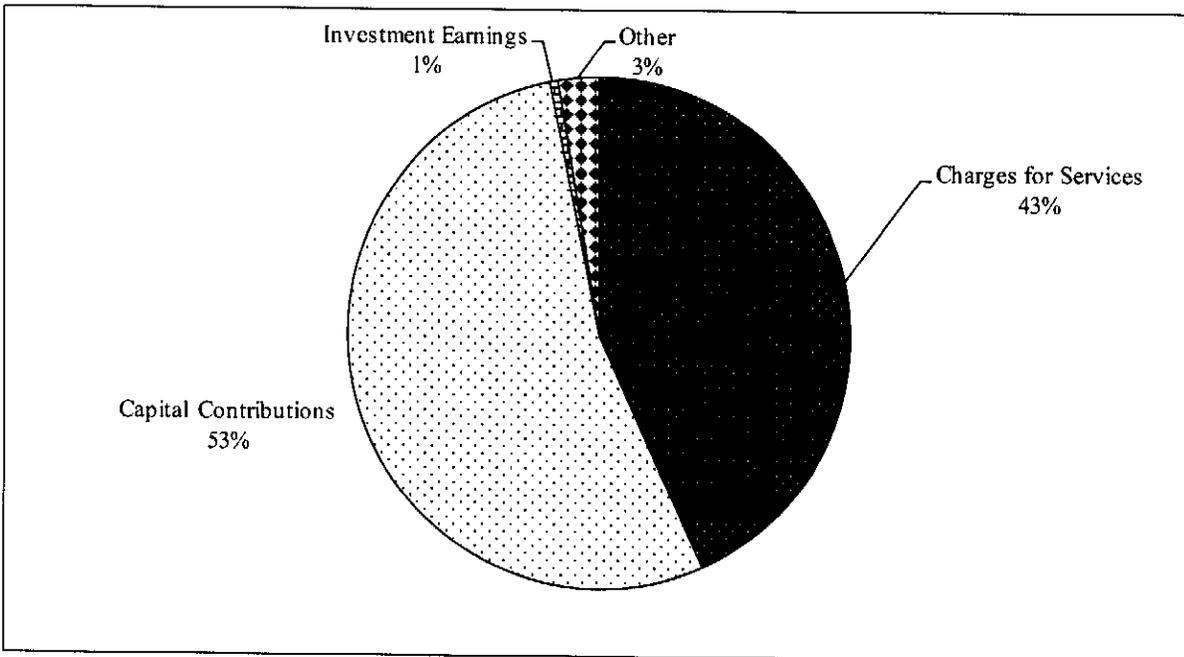


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- **Business-type activities.** Business-type activities increased the Town of Hamilton's net assets by \$592,902, accounting for 96.3 percent of the increase in the Town's net assets.
-

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town of Hamilton's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the

Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Hamilton's governmental funds reported combined ending fund balances of \$896,084, an increase of \$1,539 in comparison with the prior year. The majority of this total amount (\$855,005) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$41,079) is restricted to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The general fund is the chief operating fund of the Town of Hamilton, Virginia. At the end of the current fiscal year, unassigned fund balance of the general fund was \$855,005, which represents the total fund balance of the general fund. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance of \$855,005 is more than 2 times the total general fund expenditures of \$324,537.

The fund balance of the Town of Hamilton, Virginia's general fund increased by \$19,158 during the current fiscal year.

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

Net assets of the water fund at the end of the year amounted to \$4,259,895, and those for the sewer fund amounted to \$3,456,525. The total increase in net assets for proprietary funds was \$592,902. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Hamilton, Virginia's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$8,329,331 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and roads.

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

- Completed construction on upgrading the water system.
- Additional utility systems were purchased/upgraded.

The table below summarizes the capital assets of the Town at June 30, 2011

**Town of Hamilton – Capital Assets
(Net of accumulated depreciation)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 116,959	\$ 421,162	\$ 538,121
Buildings and improvements	59,405	306,876	366,281
Utility distribution systems	-	7,226,667	7,226,667
Machinery and equipment	10,395	150,360	160,755
Infrastructure	37,507	-	37,507
TOTAL	\$ 224,266	\$ 8,105,065	\$ 8,329,331

Additional information on the Town of Hamilton capital assets can be found in note III. D on pages 28 – 29 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Hamilton, Virginia had total bonded debt outstanding of \$1,951,165. This entire amount comprises debt backed by the full faith and credit of the government even though all of it will be repaid from proprietary fund revenue.

The Town of Hamilton's total debt decreased by \$256,607 (11.6 percent) during the current fiscal year. The key factor in this decrease was the fact that debt was refinanced during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Town of Hamilton is \$5,982,480, which is in excess of the Town's outstanding general obligation debt.

Additional information on the Town of Hamilton's long-term debt can be found in note III. G on pages 30 – 32 of this report.

Requests for Information

This report is designed to provide a general overview of the Town of Hamilton's finances for all those with an interest in the government's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Town of Hamilton, 53 East Colonial Highway, PO Box 130, Hamilton, Virginia 20159-0130.

TOWN OF HAMILTON, VIRGINIA
GOVERNMENT WIDE STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 177,522	\$ 771,703	\$ 949,225
Certificate of deposits	526,504	767,377	1,293,881
Investments	161,692	145,072	306,764
Receivables			
Delinquent taxes, including penalties	4,555	-	4,555
Accrued interest	440	967	1,407
Accounts	4,273	88,642	92,915
Due from other governments	11,036	52,573	63,609
Prepays and other	28,061	4,472	32,533
Bond issuance costs	-	44,013	44,013
Temporarily restricted assets			
2010 Bond escrow funds	-	2,962	2,962
Capital assets (net of accumulated depreciation):			
Land	116,959	421,162	538,121
Buildings and improvements	59,405	306,876	366,281
Utility distribution systems	-	7,226,667	7,226,667
Machinery and equipment	10,395	150,360	160,755
Infrastructure	37,507	-	37,507
Total Assets	1,138,349	9,982,846	11,121,195
Liabilities			
Accounts payable	12,622	16,704	29,326
Banking advances	-	224,367	224,367
Accrued interest payable	-	20,960	20,960
Deferred revenue	-	20,500	20,500
Noncurrent liabilities:			
Due within one year	1,400	172,748	174,148
Due in more than one year	4,052	1,811,147	1,815,199
Total Liabilities	18,074	2,266,426	2,284,500
Net Assets			
Invested in capital assets, net of related debt	221,622	4,874,682	5,096,304
Restricted	41,079	-	41,079
Unrestricted	857,574	2,841,738	3,699,312
Total Net Assets	\$ 1,120,275	\$ 7,716,420	\$ 8,836,695

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

**TOWN OF HAMILTON, VIRGINIA
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues		Capital Contributions		Primary Government		Total
	Expenses	Charges for Services	Operating Grants	Capital Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 248,984	\$ -	\$ 400	\$ -	\$ (248,584)	\$ -	\$ (248,584)
Public safety	27,272	-	8,000	-	(19,272)	-	(19,272)
Public works	44,513	-	-	-	(44,513)	-	(44,513)
Planning and zoning	-	975	-	-	975	-	975
Interest on long-term debt	169	-	-	-	(169)	-	(169)
Infrastructure depreciation	2,315	-	-	-	(2,315)	-	(2,315)
Total Governmental Activities	323,253	975	8,400	-	(313,878)	-	(313,878)
Business-type activities:							
Water	389,499	312,547	-	526,862	-	449,910	449,910
Sewer	511,050	334,103	-	272,381	-	95,434	95,434
Total Business-Type Activities	900,549	646,650	-	799,243	-	545,344	545,344
Total Primary Government	\$ 1,223,802	\$ 647,625	\$ 8,400	\$ 799,243	\$ (313,878)	\$ 545,344	\$ 231,466
General Revenues:							
Property taxes					182,706	-	182,706
Sales taxes					45,239	-	45,239
Business and occupational taxes					11,207	-	11,207
Consumer taxes					28,325	-	28,325
Virginia personal property tax reduction					23,496	-	23,496
Motor vehicle licenses					9,444	-	9,444
Virginia Department of Transportation					26,911	-	26,911
Miscellaneous					4,009	-	4,009
Unrestricted investment earnings					5,147	7,775	12,922
Other					-	39,783	39,783
Transfers					-	-	-
Total general revenues					336,484	47,558	384,042
Change in net assets					22,606	592,902	615,508
Net assets - beginning					1,097,669	7,123,518	8,221,187
Net assets - ending					\$ 1,120,275	\$ 7,716,420	\$ 8,836,695

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

**TOWN OF HAMILTON, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 145,398	\$ 32,124	\$ 177,522
Certificates of deposit	517,549	8,955	526,504
Investments	161,692	-	161,692
Receivables:			
Property taxes	4,555	-	4,555
Accrued interest	440	-	440
Due from other governments	11,036	-	11,036
Prepays and other	32,334	-	32,334
Total Assets	873,004	41,079	914,083
Liabilities and Fund Balances			
Liabilities			
Accounts payable	12,622	-	12,622
Deferred revenue	2,569	-	2,569
Compensated absences payable	2,808	-	2,808
Total Liabilities	17,999	-	17,999
Fund balances:			
Nonspendable			
Prepaid expenses	28,061	-	28,061
Restricted			
Community park	-	17,214	17,214
Fire program	-	23,865	23,865
Unassigned	826,944	-	826,944
Total Fund Balances	855,005	41,079	896,084
Total Liabilities and Fund Balances	\$ 873,004	\$ 41,079	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	224,266
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,569
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in funds.	<u>(2,644)</u>
Net assets of governmental activities	<u>\$ 1,120,275</u>

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

TOWN OF HAMILTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
General property taxes	\$ 189,151	\$ -	\$ 189,151
Other local taxes	83,008	-	83,008
Permits, licenses, and fees	12,182	-	12,182
Contributions	-	400	400
Interest	5,058	89	5,147
Intergovernmental	50,407	8,000	58,407
Miscellaneous	3,889	120	4,009
Total revenues	343,695	8,609	352,304
Expenditures			
General government administration	249,049	1,000	250,049
Public works	71,988	-	71,988
Public safety	2,000	25,228	27,228
Debt service:			
Principal	1,331	-	1,331
Interest	169	-	169
Total expenditures	324,537	26,228	350,765
Excess of revenues over expenditures	19,158	(17,619)	1,539
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	19,158	(17,619)	1,539
Fund balances - beginning	835,847	58,698	894,545
Fund balances - ending	\$ 855,005	\$ 41,079	\$ 896,084

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

TOWN OF HAMILTON, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$ 1,539
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 of capital assets recorded in the current period.	37,175
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(10,994)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,445)
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,331</u>
Change in net assets of governmental activities	<u>\$ 22,606</u>

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

**TOWN OF HAMILTON, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Original & Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenues			
General property taxes	\$ 173,409	\$ 189,151	\$ 15,742
Other local taxes	76,300	83,008	6,708
Permits, fees, and licenses	9,000	12,182	3,182
Interest	9,570	5,058	(4,512)
Miscellaneous	1,920	3,889	1,969
Intergovernmental	23,496	50,407	26,911
Total Revenues	293,695	343,695	50,000
Expenditures			
General government administration	249,645	249,049	596
Public safety donations	43,000	2,000	41,000
Public works	44,300	71,988	(27,688)
Debt service:			
Principal	1,331	1,331	-
Interest	169	169	-
Total Expenditures	338,445	324,537	13,908
Excess (deficiency) of Revenues over Expenditures	(44,750)	19,158	63,908
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(44,750)	19,158	63,908
Fund balance - beginning	835,847	835,847	-
Fund balance - ending	\$ 791,097	\$ 855,005	\$ 63,908

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

**TOWN OF HAMILTON, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Business-type Activities - Enterprise Funds				
	Water		Sewer		Totals
	Current Year	Prior Year	Current Year	Prior Year	Current Year
Assets					
Current assets					
Cash and cash equivalents	\$ 370,325	\$ 346,336	\$ 401,378	\$ 328,736	\$ 771,703
Certificates of deposit	138,824	160,447	628,553	615,862	767,377
Investments	23,900	23,850	121,172	120,921	145,072
Accounts receivable	40,745	126,480	47,897	53,865	88,642
Intergovernmental receivable	-	-	52,573	55,092	52,573
Accrued interest receivable	166	454	801	2,421	967
Prepaid expenses	2,236	-	2,236	-	4,472
Total current assets	576,196	657,567	1,254,610	1,176,897	1,830,806
Noncurrent assets					
Restricted assets, cash & equivalents					
Bond escrow funds	2,962	6,177	-	-	2,962
Bond issuance costs	39,906	40,319	4,107	4,480	44,013
Capital assets					
Land, buildings and structures	413,748	162,948	940,021	940,020	1,353,769
Utility distribution systems	5,399,331	1,612,734	3,774,738	3,774,737	9,174,069
Construction in progress	-	3,478,705	-	-	-
Equipment	283,717	238,077	319,607	318,412	603,324
Less accumulated depreciation	(1,169,242)	(1,023,028)	(1,856,855)	(1,708,965)	(3,026,097)
Total capital assets (net of accumulated depreciation)	4,927,554	4,469,436	3,177,511	3,324,204	8,105,065
Total noncurrent assets	4,970,422	4,515,932	3,181,618	3,328,684	8,152,040
Total Assets	5,546,618	5,173,499	4,436,228	4,505,581	9,982,846
Liabilities					
Current liabilities					
Accounts payable	6,082	60,345	10,622	9,374	16,704
Banking advances	224,367	203,258	-	-	224,367
Accrued interest payable	9,457	3,672	11,503	12,880	20,960
Deferred revenue	-	-	20,500	20,500	20,500
General obligation bonds - current	76,500	85,500	96,248	101,739	172,748
Total current liabilities	316,406	352,775	138,873	144,493	455,279
Noncurrent liabilities					
Compensated absences	3,157	5,613	4,930	6,173	8,087
Premium on bonds	72,934	79,564	8,103	8,840	81,037
Accounting charge on refinance	(32,774)	(35,753)	(23,620)	(26,676)	(56,394)
General obligation bonds payable	927,000	1,003,500	851,417	1,017,033	1,778,417
Total noncurrent liabilities	970,317	1,052,924	840,830	1,005,370	1,811,147
Total Liabilities	1,286,723	1,405,699	979,703	1,149,863	2,266,426
Net Assets					
Invested in capital assets, net of related debt	3,927,017	3,383,120	947,665	2,227,747	4,874,682
Unrestricted	332,878	384,680	2,508,860	1,127,971	2,841,738
Total Net Assets	\$ 4,259,895	\$ 3,767,800	\$ 3,456,525	\$ 3,355,718	\$ 7,716,420

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

TOWN OF HAMILTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				
	Water		Sewer		Totals
	Current Year	Prior Year	Current Year	Prior Year	Current Year
Operating revenues					
Charges for services	\$ 299,975	\$ 310,821	\$ 298,958	\$ 293,927	\$ 598,933
Connection fees	6,800	33,400	30,000	16,000	36,800
Miscellaneous revenue	5,772	18,255	5,145	4,833	10,917
Total operating revenues	<u>312,547</u>	<u>362,476</u>	<u>334,103</u>	<u>314,760</u>	<u>646,650</u>
Operating expenses					
Personal service	80,329	177,521	98,711	135,274	179,040
Fringe benefits	23,329	23,275	28,122	25,525	51,451
Depreciation	146,214	122,817	147,890	148,378	294,104
Truck expense	3,300	7,629	3,318	7,528	6,618
Supplies	12,997	17,631	74,804	57,180	87,801
Repairs and maintenance	29,930	127,193	56,497	37,586	86,427
Utilities	45,868	37,010	29,140	25,919	75,008
Telephone	2,755	2,759	2,814	2,807	5,569
Other charges	2,576	2,371	592	1,257	3,168
Total operating expenses	<u>347,298</u>	<u>518,206</u>	<u>441,888</u>	<u>441,454</u>	<u>789,186</u>
Operating income (loss)	<u>(34,751)</u>	<u>(155,730)</u>	<u>(107,785)</u>	<u>(126,694)</u>	<u>(142,536)</u>
Nonoperating revenues (expenses)					
Refund of connection and availability fees	-	(24,300)	(34,800)	(20,700)	(34,800)
Investment earnings	2,402	6,670	5,373	16,979	7,775
Lease income	39,783	39,271	-	-	39,783
Bond issuance costs	(6,607)	(16,316)	(3,429)	(1,805)	(10,036)
Interest expense	(35,594)	(39,280)	(30,933)	(36,660)	(66,527)
Total nonoperating revenue (expenses)	<u>(16)</u>	<u>(33,955)</u>	<u>(63,789)</u>	<u>(42,186)</u>	<u>(63,805)</u>
Income before contributions and transfers	<u>(34,767)</u>	<u>(189,685)</u>	<u>(171,574)</u>	<u>(168,880)</u>	<u>(206,341)</u>
Transfers and contributions					
Capital contributions	526,862	30,000	272,381	226,571	799,243
Transfers in	-	54,758	-	38,095	92,853
Change in net assets	<u>492,095</u>	<u>(104,927)</u>	<u>100,807</u>	<u>95,786</u>	<u>592,902</u>
Total net assets - beginning of year	<u>3,767,800</u>	<u>3,872,727</u>	<u>3,355,718</u>	<u>3,259,932</u>	<u>7,123,518</u>
Total net assets - end of year	<u>\$ 4,259,895</u>	<u>\$ 3,767,800</u>	<u>\$ 3,456,525</u>	<u>\$ 3,355,718</u>	<u>\$ 7,716,420</u>

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

TOWN OF HAMILTON, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 438,065	\$ 342,590	\$ 780,655
Payments to suppliers	(150,946)	(165,096)	(316,042)
Payments to employees	(106,114)	(128,077)	(234,191)
Net cash provided by operating activities	181,005	49,417	230,422
Cash Flows from Noncapital Financing Activities			
Interfund transfers	-	-	-
Net cash provided by capital and related financing activities	-	-	-
Cash Flows from Capital and Related Financing Activities			
Bond escrow funding from refinance	3,215	-	3,215
Capital contributions	142,262	272,381	414,643
Refund of connection and availability fees	-	(34,800)	(34,800)
Acquisition and construction of capital assets	(219,732)	(1,197)	(220,929)
Bond issuance costs net of premium	(12,824)	(3,793)	(16,617)
Principal paid on capital debt	(85,500)	(171,107)	(256,607)
Interest paid on capital debt	(29,809)	(32,310)	(62,119)
Net cash (provided by) used in capital and related financing activities	(202,388)	29,174	(173,214)
Cash Flows from Investing Activities			
(Purchases) redemption of certificates of deposit	21,623	(12,691)	8,932
Interest and dividends received	2,690	6,993	9,683
Net cash provided by (used in) investing activities	24,313	(5,698)	18,615
Net increase in cash and cash equivalents	2,930	72,893	75,823
Cash and cash equivalents July 1, 2010	166,928	449,657	616,585
Cash and cash equivalents June 30, 2011	\$ 169,858	\$ 522,550	\$ 692,408
Reconciliation of operating income to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (34,751)	\$ (107,785)	\$ (142,536)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	146,214	147,890	294,104
Lease income	39,783	-	39,783
(Increase) decrease in accounts receivable	85,735	8,487	94,222
(Increase) decrease in prepaid and other assets	743	821	1,564
Increase (decrease) in operating accounts payable	(54,263)	1,248	(53,015)
Increase (decrease) in compensated absences	(2,456)	(1,244)	(3,700)
Total adjustments	215,756	157,202	372,958
Net cash provided by operating activities	\$ 181,005	\$ 49,417	\$ 230,422

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

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hamilton, Virginia (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the more significant policies is presented to assist the reader in interpreting the financial statements and other data contained in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The Town is an incorporated municipal government governed by an elected mayor and six-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (A) the ability to impose will by the primary government, or (B) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based upon the above, all potential component units were evaluated for inclusion in the reporting entity and it was determined there are no material component units requiring inclusion reporting.

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

Additionally, the government reports the following non-major government funds:

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

The government reports the following major proprietary funds:

The *water and sewer funds* account for the activities of the Town's water and sewer operations.

Private-sector standards of accounting and financial reporting issued prior to December 2, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services.

The authority also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value, which approximates cost due to the short-term nature of the investment maturities.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

The trade and property tax receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined using historical collection data and account analysis.

Real estate and personal property taxes are assessed annually by Loudoun County, Virginia for all property of record as of January 1. The Town bills and collects its own property taxes based on the assessed values provided by the County. Real estate taxes are levied annually on January 1 and are due in semi-annual installments on June 5 and December 5. Personal property taxes are levied annually on January 1 and are due October 5.

Collections of real and personal property taxes between July 1 and August 15 of the subsequent fiscal year, classified as delinquent at June 30, are recorded as revenue for the fiscal year then ended, in accordance with the standards established by the Auditor of Public Accounts of the Commonwealth of Virginia. Liens attach to the property when the tax remains unpaid after July 1 of the following year. The billings are considered past due after the respective tax billing date at which time the applicable property is subject to a 10% penalty and interest is assessed 30 days therefrom.

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

3. Restricted Assets

Bond Fund Escrow - The 2002 Series Revenue Bond requires that the bond proceeds be held in escrow by the Virginia Resources Authority (VRA). The VRA makes all payments from the escrow based on requisitions prepared by the Town. The bond was authorized to finance improvements to the Town's water system and to refund certain outstanding debt.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town has adopted GASB Statement No. 51, *Accounting for Financial Reporting for Intangible Assets*, which requires all identifiable intangible assets not excluded by its scope provisions be classified as capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Type of Asset	Years
Buildings	25
Improvements other than buildings	10
Equipment and vehicles	5 – 10
Infrastructure	30
Utility distribution systems	10 – 50

5. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund.

NOTES TO THE FINANCIAL STATEMENTS

6. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts of debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Certain amounts presented in prior year data have been reclassified to be consistent with current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. Budgets for the enterprise funds serve as a spending guide and do not constitute legally binding limitations.

Before June 30, the proposed budget is presented to Town Council for review. The council holds public hearings and a final budget must be prepared and adopted no later than June 30. The appropriated budget is prepared by fund, function, and department. The Town's council made no supplemental budgetary appropriations during the year.

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the following general fund departments:

<u>Department</u>	<u>Excess Expenditures Over Appropriations</u>
Public Works	\$ 27,688

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits

At year-end June 30, 2011 the carrying amount of the Town's deposits with banks and savings institutions was \$2,018,639 and the bank balance was \$2,063,215. All of the Town's deposits were covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying localities of compliance by banks and savings and loans. The funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below as to credit risk.

Investments

Statutes authorize the Town 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 qualifying corporate notes, bankers acceptances, repurchase agreements and the State Treasurer's Local Government Pool.

As of June 30, 2011, the Town had the following investments:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
LGIP Fund	\$ 306,764	\$ 306,764

Interest rate risk. In accordance with its investment policy, the government manages its exposure to declines in fair value by limiting the average maturity of its investment portfolio.

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

Custodial credit risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments of the government have a custodial credit risk exposure because the related securities are uninsured, unregistered and held by the government's brokerage firm or outside custodian which is also the counterparty for these particular securities. The Town's investment policy provides for annual review of custodian and selecting custodians that have annual 3rd party audits of their custodian accounts and financial internal accounting control.

Credit risk. State Law limits investments in commercial paper and corporate bonds to the top rating issued by nationally recognized statistical rating organizations. It is the Town's policy to limit its investments in these types of investments to the state Law. As of June 30, 2011, the Town's investment in the State Treasurer's investment pool was rated AAA by Standard & Poor's.

Concentration of credit risk. The Town's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the Town's total investments.

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water	Sewer	Total
Receivables:				
Delinquent property taxes	\$ 4,555	\$ -	\$ -	\$ 4,555
Accounts	4,273	40,745	47,897	92,915
Interest	440	166	801	1,407
Intergovernmental	11,036	-	52,573	63,609
Net total receivables	<u>\$ 20,304</u>	<u>\$ 40,911</u>	<u>\$ 101,271</u>	<u>\$ 162,486</u>

Governmental funds reported deferred revenue in connection with receivables for revenues 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 earned. At the end of the current fiscal year, the deferred revenue reported in the governmental funds was \$2,569 representing delinquent property taxes in the general fund.

C. Due from Other Governments

At June 30, 2011 amounts due from other governments were as follows:

Description/Payer	General
Loudoun County, Virginia	
Sales tax	\$ 11,036
Special taxing district	52,573
	<u>\$ 63,609</u>

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

D. Capital Assets

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 116,959	\$ -	\$ -	\$ 116,959
Total capital assets, not being depreciated	116,959	-	-	116,959
Capital assets, being depreciated:				
Buildings and improvements	113,030	-	-	113,030
Furniture and fixtures	2,461	-	(1,491)	970
Equipment	78,482	8,100	(20,755)	65,827
Infrastructure	138,640	29,075	-	167,715
Total capital assets being depreciated	332,613	37,175	(22,246)	347,542
Less accumulated depreciation for:				
Buildings and improvements	(46,472)	(7,153)	-	(53,625)
Furniture and fixtures	(1,018)	-	1,491	473
Equipment	(76,104)	(1,526)	20,755	(56,875)
Infrastructure	(127,893)	(2,315)	-	(130,208)
Total accumulated depreciation	(251,487)	(10,994)	22,246	(240,235)
Net capital assets being depreciated	81,126	26,181	-	107,307
Governmental capital assets, net	\$ 198,085	\$ 26,181	\$ -	\$ 224,266

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 170,362	\$ 250,800	\$ -	\$ 421,162
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	170,362	250,800	-	421,162
Capital assets, being depreciated:				
Buildings and improvements	932,607	-	-	932,607
Utility distribution systems	5,387,471	263,842	-	5,651,313
Water treatment plant	3,478,705	44,051	-	3,522,756
Equipment	556,487	46,836	-	603,323
Total capital assets being depreciated	10,355,270	354,729	-	10,709,999
Less accumulated depreciation for:				
Buildings and improvements	(587,061)	(38,670)	-	(625,731)
Utility distribution systems	(1,667,063)	(140,963)	-	(1,808,026)
Water treatment plant	(62,571)	(76,805)	-	(139,376)
Equipment	(415,297)	(37,666)	-	(452,963)
Total accumulated depreciation	(2,731,992)	(294,104)	-	(3,026,096)
Net capital assets being depreciated	7,623,278	60,625	-	7,683,903
Business-type activities capital assets, net	\$ 7,793,640	\$ 311,425	\$ -	\$ 8,105,065

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

Activity	Depreciation
Governmental activities:	
General government administration	\$ 7,153
Public works	1,526
Infrastructure depreciation	2,315
Total depreciation expense - governmental activities	\$ 10,994
Business-type activities:	
Water	\$ 146,214
Sewer	147,890
Total depreciation expense - business-type activities	\$ 294,104

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

E. Capital Lease

The Town entered into a lease agreement for the acquisition of a copier. The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2011 are as follows:

Year Ending June 30	Governmental Activities
2012	1,400
2013	1,244
Total minimum lease payments	<u>2,644</u>
Less: amount representing interest	(105)
Present value of minimum lease payments	<u>\$2,539</u>

F. Long-Term Debt

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for refunding of general obligation bonds. General obligation bonds have been issued for proprietary activities. These bonds are reported in the proprietary funds as they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with amounts of principal maturing each year.

General obligation bonds and notes outstanding at June 30, 2011 are as follows:

Description	Amount
\$2,542,000, 1999 Revenue Bond; 1999, 2000, 2001 and 2002 drawdowns amounted to \$2,439,462 due interest only through February 1, 2000 thereafter due in semi-annual principal and interest installments of \$86,567, interest at 3.00%; due in full August 1, 2019; County of Loudoun to provide annual debt service of \$88,000 for twenty years subject to annual appropriation	\$ 836,165
\$1,125,000, 2010 General Obligation Bond; semi-annual interest payments at 3.20% to 4.08% and annual principal payments of \$10,000 to \$120,000; due in full October 1, 2021.	<u>1,115,000</u>
Total General Obligation Debt	<u>\$ 1,951,165</u>

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2012	172,748	65,277
2013	175,400	60,505
2014	183,132	55,847
2015	185,947	50,902
2016	193,847	44,717
2017 - 2022	1,040,091	112,019
Total	<u>\$ 1,951,165</u>	<u>\$ 389,267</u>

The bonds are collateralized by the revenues of the water and sewer funds. The covenants also contain certain provisions which require the Town of maintain revenues as defined in the covenants of at least 1.15 times annual total debt service. For fiscal year 2011, all revenue bond covenants were met.

The legal debt margin mandated by the Commonwealth of Virginia is \$5,982,480, which is computed based on 10% of the assessed value of real estate subject to taxation less applicable bonded debt.

Long-term liability activity for the year ended June 30, 2011 was as follows:

	June 30, 2010	Additions	Retirements	June 30, 2011	Due Within One Year
Governmental activities:					
Capital lease	\$ 3,975	\$ -	\$ (1,331)	\$ 2,644	\$ 1,400
Compensated absences	6,460	-	(3,652)	2,808	-
Governmental activities long-term liabilities	<u>\$ 10,435</u>	<u>\$ -</u>	<u>\$ (4,983)</u>	<u>\$ 5,452</u>	<u>\$ 1,400</u>
Business-type activities:					
General obligation bonds	\$2,207,772	\$ -	\$ (256,607)	\$1,951,165	\$ 172,748
Compensated absences	11,786	-	(2,328)	8,087	-
Premiums on bonds	88,404	88,404	(7,367)	81,037	-
Accounting charge on refinance	(62,429)	-	6,035	(56,394)	-
Business-type activities long-term liabilities	<u>\$2,245,533</u>	<u>\$ 88,404</u>	<u>\$ (260,267)</u>	<u>\$1,983,895</u>	<u>\$ 172,748</u>

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

Advance Refundings

The Town issued 2010 series \$1,125,000 general obligation refunding bonds to provide resources for advance bonded debt refunding. The Town advanced refunded the 2002 \$1,180,000 bonded debt. As a result, the refunded bonds are considered to be defeased and liability removed from bonded debt obligations. The reacquisition price exceeded the net carrying amount of the old debt by \$62,429 and is being amortized over the term of the new debt. The advance refunding was undertaken to improve current cash flow by reducing required debt service requirements. Total debt service payments of the 12 year life of the new bonded debt decreased by \$82,521 with an estimated economic gain of \$58,310.

G. Capital Contributions

Contributed capital for the water and sewer funds consists of funds received from developers, individuals, and other governmental units for use in aid of construction and support of the utility system. A summary of capital contributions collected during fiscal year 2011 follows:

Source of Capital	Fund		Total
	Water Fund	Sewer Fund	
Availability fees	\$ 36,200	\$ 74,400	\$ 110,600
Loudoun County - donated facilities	384,600	-	384,600
Loudoun County - utility distribution systems support	-	88,000	88,000
Loudoun County - special tax district/debt service	-	109,981	109,981
Virginia Department of Environmental Quality	106,062	-	106,062
	<u>\$ 526,862</u>	<u>\$ 272,381</u>	<u>\$ 799,243</u>

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To reduce insurance costs and the need for self-insurance, the Town has joined together with other municipalities in the Commonwealth of Virginia in several public entity risk pools (not self-insured) that operate as common risk management and insurance programs for member municipalities. The risk pools include:

VMGSIA: The Town has workers' compensation coverage with the Virginia Municipal Group Self Insurance Association (VMGSIA). During the fiscal year 2011 the Town paid premiums of approximately \$5,221 to VMGSIA.

VMLP: The Town has general and excess liability, automobile, property, boiler and machinery, public officials, legal liability, and commercial crime insurance with the Virginia Municipal Liability Pool (VMLP). During the fiscal year 2011, the Town paid contributions of approximately \$24,315 to the VMLP.

Settled claims have not exceeded commercial insurance coverage in any of the past four fiscal years.

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

B. Segment Information - Enterprise Funds

The Town maintains two enterprise funds which provide water and sewer services. Selected segment information for the year ended June 30, 2011, is as follows:

	Water Fund	Sewer Fund	Total
Operating revenues	\$ 312,547	\$ 334,103	\$ 646,650
Operating expenses	347,298	441,888	789,186
Net nonoperating revenues (expenses)	(16)	(63,789)	(63,805)
Transfers and contributions	526,862	272,381	799,243
Net income (loss)	492,095	100,807	592,902
Acquisition of property	604,332	1,197	605,529
Total assets	5,546,618	4,436,228	9,982,846
Bonds payable	1,003,500	947,665	1,951,165
Total net assets	4,259,895	3,456,525	7,716,420

C. Surety Bonds

The Town maintains a \$100,000 blanket surety bond on all employees through the Virginia Municipal Liability Pool Insurance Program.

D. Defined Benefit Pension Plan

Plan Description

The Town contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain period of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal social security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basis Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit. Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the Town. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Town's total contribution rate (employee and employer) for the fiscal year ended 2011 was 11.66% of annual covered payroll.

Annual Pension Cost

For 2011, the Town's annual pension cost of \$21,027 was equal to the Town's and employee's required and actual contributions.

Five year historical trend information for annual pension costs is as follows:

Fiscal Year Ended	Annual Pension Costs (APC)	% APC Funded	Net Pension Obligation
2011	\$ 21,027	100%	None
2010	25,170	100%	None
2009	24,935	100%	None
2008	25,435	100%	None
2007	21,067	100%	None

TOWN OF HAMILTON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.5% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

Required Supplementary Information – Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 87.51% funded. The actuarial accrued liability for benefits was \$616,410 and the actuarial value of assets was \$539,395 resulting in an unfunded actuarial accrued liability (UAAL) of \$77,015. The covered payroll (annual payroll of active employees covered by the plan) was \$221,460, and ratio of the UAAL to the covered payroll was 34.78%.

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
2006	447,507	441,786	(5,721)	101.29%	135,936	-4.21%
2007	499,844	454,930	(44,914)	109.87%	197,537	-22.74%
2008	553,686	495,244	(58,442)	111.80%	189,590	-30.83%
2009	534,518	533,658	(860)	100.16%	242,460	-0.35%
2010	539,395	616,410	77,015	87.51%	221,460	34.78%

E. Subsequent Events

The Town of Hamilton has evaluated events and transactions subsequent to June 30, 2011 through October 17, 2011, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to June 30, 2011 that require adjustment to, or disclosure in, the financial statements for the year ended June 30, 2011.

**TOWN OF HAMILTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

Sources of Revenues	Original & Final Budget	Actual	Variance Positive (Negative)
General Property Taxes			
Real and personal property taxes	\$ 172,959	\$ 186,771	\$ 13,812
Penalties and interest	450	2,380	1,930
Total General Property Taxes	<u>173,409</u>	<u>189,151</u>	<u>15,742</u>
Other Local Taxes			
Sales taxes	42,000	45,239	3,239
Motor vehicle licenses	9,300	9,444	144
Consumer utility tax	25,000	28,325	3,325
Total Other Local Taxes	<u>76,300</u>	<u>83,008</u>	<u>6,708</u>
Permits, Fees, and Licenses			
Zoning income	1,000	975	(25)
Business licenses	8,000	11,207	3,207
Total Permits, Fees and Licenses	<u>9,000</u>	<u>12,182</u>	<u>3,182</u>
Revenues from Use of Money and Property			
Interest on bank deposits	9,570	5,058	(4,512)
Miscellaneous Revenue			
Total miscellaneous revenue	<u>1,920</u>	<u>3,889</u>	<u>1,969</u>
Intergovernmental			
Virginia Department of Transportation	-	26,911	26,911
Virginia personal property tax	23,496	23,496	-
Total Intergovernmental	<u>23,496</u>	<u>50,407</u>	<u>26,911</u>
Total General Fund Revenues	<u>\$ 293,695</u>	<u>\$ 343,695</u>	<u>\$ 50,000</u>

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

TOWN OF HAMILTON, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	Original & Final Budget	Actual	Variance Positive (Negative)
General Government			
Administration			
Permanent salaries	\$ 80,547	\$ 73,080	\$ 7,467
Payroll taxes	5,947	5,649	298
Pension contribution	6,821	4,450	2,371
Worker's benefits	14,407	13,166	1,241
Audit	12,000	12,735	(735)
Legal fees	36,000	47,635	(11,635)
Advertising	1,150	528	622
Postage and printing	4,900	5,274	(374)
Telephone	2,500	2,735	(235)
Mayor and Town Council contingencies	1,000	1,067	(67)
Training	500	299	201
General office expenses	9,940	7,618	2,322
Building and grounds			
Electricity	2,000	2,290	(290)
Maintenance	1,000	1,061	(61)
Mowing	18,000	12,200	5,800
Other expenses			
Insurance	24,314	31,595	(7,281)
Membership dues	495	178	317
Administrative contingencies	1,324	(207)	1,531
Recreation and activities	2,500	3,387	(887)
Planning commission	7,550	4,400	3,150
Computer/Software support	16,750	19,909	(3,159)
Total General Government	249,645	249,049	596
Public Safety Donations	43,000	2,000	41,000
Public Works			
Trash removal	38,800	38,491	309
Street lighting	5,500	6,228	(728)
Streets, sidewalks and signs	-	27,269	(27,269)
Total Public Works	44,300	71,988	(27,688)
Debt Service			
Principal	1,331	1,331	-
Interest	169	169	-
Total Debt Service	1,500	1,500	-
Other Financing Uses			
Transfers out	-	-	-
Total Other Financing Uses	-	-	-
Total General Fund Expenditures	\$ 338,445	\$ 324,537	\$ 13,908

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

**TOWN OF HAMILTON, VIRGINIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011**

	Special Revenue		
	Fire Programs Fund	Community Park Fund	Total
Assets			
Cash and cash equivalents	\$ 23,865	\$ 8,259	\$ 32,124
Certificates of deposit	-	8,955	8,955
Total assets	\$ 23,865	\$ 17,214	\$ 41,079
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Reserved for restricted use	23,865	17,214	41,079
Total liabilities and fund balance	\$ 23,865	\$ 17,214	\$ 41,079

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

TOWN OF HAMILTON, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Revenue		
	Fire Programs Fund	Community Park Fund	Total
Revenues			
Contributions	\$ -	\$ 400	\$ 400
Intergovernmental	8,000	-	8,000
Sales	-	120	120
Interest	40	49	89
Total revenues	<u>8,040</u>	<u>569</u>	<u>8,609</u>
Expenditures			
Public safety	25,228	-	25,228
Supplies	-	-	-
Maintenance	-	1,000	1,000
Total expenditures	<u>25,228</u>	<u>1,000</u>	<u>26,228</u>
Excess (deficiency) of revenues over (under) expenditures	(17,188)	(431)	(17,619)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Fund balances - beginning	<u>41,053</u>	<u>17,645</u>	<u>58,698</u>
Fund balances - ending	<u>\$ 23,865</u>	<u>\$ 17,214</u>	<u>\$ 41,079</u>

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

**TOWN OF HAMILTON, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2011**

Assessed value of taxable real property	<u>\$ 59,824,800</u>
Debt limit (10% of assessed value)	5,982,480
Amount of debt applicable to debt limitation	<u>-</u>
Legal debt margin	<u>\$ 5,982,480</u>

Section 15.1-176 of 1950 Code of Virginia, as amended, limits to 10% of the assessed valuation of the real estate subject to taxation as the amount of debt which can be issued by the town. Debt includes any bonds or other interest bearing obligations including existing indebtedness. Excluded from the debt margin calculation are bonds payable from enterprise funds issued under Article VII Section 10(a)(2) of the Constitution of Virginia (formerly Clause (B) of Section 127 of the Constitution of Virginia). This exclusion applies to the 1999 and 2010 bond obligations.

Assessed value is as of January 1, 2011 and excludes real property owned by public service corporations.

TABLE 1

**TOWN OF HAMILTON, VIRGINIA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	General Property Taxes	Other Local Taxes	Licenses, Permits, and Fees	Interest	Miscellaneous	Inter- governmental	Total
2002	138,520	136,031	34,844	9,791	18,100	2,320	339,606
2003	152,597	137,677	19,763	8,772	175	1,735	320,719
2004	145,636	159,448	22,859	8,808	607	21,513	358,871
2005	153,159	173,519	33,707	14,451	2,241	22,097	399,174
2006	185,535	165,111	19,297	26,849	9,879	24,910	431,581
2007	211,243	167,409	25,441	42,299	2,189	24,171	472,752
2008	202,246	159,345	14,819	46,713	1,541	24,171	448,835
2009	189,621	147,722	17,268	26,828	1,374	23,496	406,309
2010	165,085	79,076	13,015	15,203	2,020	23,496	297,895
2011	189,151	83,008	12,182	5,058	3,889	50,407	343,695

TABLE 2

**TOWN OF HAMILTON, VIRGINIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Public Works	Debt Service	Total
2002	\$ 168,214	\$ 2,000	\$ 62,154	\$ -	\$ 232,368
2003	180,716	2,000	70,599	-	253,315
2004	219,078	2,000	50,526	-	271,604
2005	251,155	4,000	52,923	1,277	309,355
2006	284,220	4,000	57,698	1,277	347,195
2007	340,647	4,000	54,172	1,277	400,096
2008	278,694	4,000	65,457	1,481	349,632
2009	286,136	-	59,204	1,500	346,840
2010	271,121	2,000	57,967	1,500	332,588
2011	249,049	2,000	71,988	1,500	324,537

**TOWN OF HAMILTON, VIRGINIA
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Real Property	Personal Property	Public Utilities	Total
2002	\$ 40,552,582	\$ 2,165,947	\$ 677,417	\$ 43,395,946
2003	44,119,240	2,234,764	734,032	47,088,036
2004	47,764,756	2,708,305	890,725	51,363,786
2005	55,213,950	2,940,066	925,170	59,079,186
2006	69,592,500	3,402,622	951,428	73,946,550
2007	81,805,650	3,593,170	1,425,553	86,824,373
2008	80,299,150	3,206,575	1,603,440	85,109,165
2009	71,953,850	3,258,830	1,877,614	77,090,294
2010	63,873,450	2,969,396	2,145,508	68,988,354
2011	60,548,900	3,191,216	2,197,168	65,937,284

Total assessed value is based on 100 percent of estimated actual value

Real estate assessed value is average of current year and prior year January 1 valuations.

TABLE 4

**TOWN OF HAMILTON, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collection as Percent of Current Levy
2002	133,882	130,853	97.74%	7,666	138,519	103.46%
2003	146,329	145,202	99.23%	7,395	152,597	104.28%
2004	163,231	161,980	99.23%	3,781	165,761	101.55%
2005	170,525	173,320	101.64%	913	174,233	102.17%
2006	181,947	181,415	99.71%	2,717	184,132	101.20%
2007	209,259	206,491	98.68%	3,360	209,851	100.28%
2008	200,089	195,353	97.63%	3,957	199,310	99.61%
2009	182,428	187,787	102.94%	2,090	189,877	104.08%
2010	170,352	164,904	96.80%	67	164,971	96.84%
2011	183,197	182,063	96.80%	4,708	186,771	96.84%

Note: Penalties and interest are not included in any of the values.