

TOWN OF BLACKSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2020

DEPARTMENT OF FINANCIAL SERVICES

TOWN OF BLACKSBURG, VIRGINIA

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INTRODUCTORY SECTION

November 30, 2020

**The Honorable Mayor, Members of Town Council
and the Citizens of the Town of Blacksburg, Virginia:**

Section 15.2-2511 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town of Blacksburg, Virginia (the “Town”) presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town for the fiscal year ended June 30, 2020.

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

The Town’s financial statements have been audited by the independent certified public accounting firm of Brown, Edwards & Company, L.L.P. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town’s financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor’s report is presented at the front of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports will be issued in a separate document.

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

Profile of the Government

The Town was founded and organized in 1798 and incorporated in 1871. The Town is located in Montgomery County, Virginia approximately 40 miles southwest of Roanoke, Virginia. The Town has a land area of 19.7 square miles. Blacksburg is one of the largest towns in Virginia with a 2010 census population of 42,620. The Town is empowered to levy a property tax on real properties located within its boundaries. Town residents are also citizens of and are subject to taxation by Montgomery County.

The Town has been organized under the Council-Manager form of government since 1952. Town Council is the legislative body of the Town and is empowered by the Town Charter to make all Town policy. The Council, including the Mayor, is elected at large for four-year overlapping terms.

Town Council appoints a Town Manager to serve as the chief administrative officer of the Town. The primary duties and responsibilities of the Town Manager include preparation, submittal and administration of the capital and operating budgets, handling citizen concerns, enforcement of the Town Charter and laws of the Town, advising the Council on the affairs of the Town and direction and supervision of all departments.

For financial reporting purposes, the Town includes all funds, agencies, boards, commissions and authorities that are controlled by or are financially dependent upon the Town. Control by or financial dependence was determined on the basis of obligation of the Town to finance deficits, guarantee debt, select the governing authority, approve the budget, have authority to make a public levy, and to have ownership of assets. The Town has not identified any entities that should be reported as component units of the Town.

Jointly governed organizations of the Town that require only note disclosure presentation are the New River Valley Regional Water Authority, the Montgomery Regional Solid Waste Authority, the Blacksburg-VPI Sanitation Authority, the Virginia Tech-Montgomery Regional Airport Authority, the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization, the Montgomery Regional Tourism Board, and the New River Valley Emergency Communications Regional Authority.

The Town provides an extensive range of services for its citizens including general administration, public safety, public works, planning, and recreational activities. The Town also provides and maintains water and sewer utilities, solid waste and recycling services, a stormwater program, and a transit system for the benefit of its citizens. Montgomery County provides social services and public school services and educational programs for the students of the Town. The Town plays no part in financing or operating public schools, although residents do assist in financing the operation of the schools through payment of property taxes to the County.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Town Manager by the end of January each year. The Town Manager uses these requests as a beginning for developing a recommended budget. The Town Manager then presents this recommended budget to the Town Council for review by the second Tuesday in March. The Town Council is required to hold a public hearing on the recommended budget and to adopt a final budget by no later than June 30, the close of the Town's fiscal year. The practice of the Town Council is to adopt the final budget by April 30 of each year. The general fund budget is appropriated annually. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require approval by resolution by the Town Council. The Town also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, outstanding encumbrances generally are re-appropriated in the subsequent year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit 5 as part of the basic financial statements for the governmental funds.

Local Economy

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

The COVID-19 outbreak and measures implemented to contain its spread are altering business operations and citizens' behavior in a manner that is having negative effects on the global and local economies, including the Town's. The COVID-19 measures requiring the curtailing of restaurants and retail activities impacted the Town's consumer sensitive revenues such as meals tax, lodging tax and sales tax. As Phase 2 and 3 allowed for the opening of restaurants for public seating, the impact on the Town's revenue has not been as severe as expected but the online orientation and summer classes for Virginia Tech has had a negative impact on revenues.

It is difficult to predict the full impact of the outbreak on the Town's economy and operations. The Town expects the outbreak to have an overall negative impact on its financial performance for fiscal year 2021 and beyond. The Town has updated departmental procedures to enhance the safety of employees and citizens while continuing to provide essential services. In the current fiscal year, the Town has identified savings in every department to help offset the decline in revenues and has instituted a hiring freeze for non-public safety positions. In developing the amended fiscal year 2021 budget, the Town has incorporated reductions in the revenue streams most affected by the COVID-19 outbreak, including property, sales, business license, meals and lodging taxes, as well as investment earnings, and will continue to closely monitor the effects of the virus on current and future budgets. The preliminary estimated impact to fiscal year 2020 General Fund Revenues was a \$1.8 million reduction which was better than the anticipated reduction of \$2.5 million. This reduction has been offset by the delay of revenue funded capital projects and the deferral of equipment purchases. The severity of the continuing impacts on the fiscal year 2021 budget will depend on the level of activity on the Virginia Tech campus. Virginia Tech students started the fall semester with a combination of in-person and virtual classes. Students will remain in Blacksburg for classes until Thanksgiving break and finish the semester remotely. A spike in cases among students occurred in early September as predicted by the health department. Since that time the number of new cases has steadily decreased. To date there is no community spread of the virus from students.

There can be no assurance that the executive orders issued to mitigate the effects of COVID-19 will not be extended for a longer duration, or that additional executive orders and mandates will not be issued in order to continue to mitigate the effects of the pandemic. Furthermore, actions taken by Virginia Tech to mitigate the spread of COVID-19 on its campus could have a negative impact on the Town's financial performance. All of the short-term and long-term impacts of the COVID-19 pandemic on the economies of the United States, the Commonwealth and the Town cannot be determined at this time, and such impacts and effects may be materially adverse to the operations and financial conditions of the United States, the Commonwealth and the Town.

Maintaining current services while attempting to control costs in conjunction with revenue decline defines the character of the municipal corporation for both fiscal year 2020 and for the near future. The cost of health insurance, retirement benefits, snow removal, and fleet related expenses are four areas where costs continue to grow. Concurrently, Federal and State revenues continue to decline with no relief in sight.

The Town's major employer, Virginia Tech, is the largest university in the Commonwealth and is located on over 2,600 acres in Blacksburg (and 1,800 acres of research farmland in Montgomery County) with more than 213 buildings on its campus. One of Virginia Tech's goals as outlined by the University President is to increase enrollment by 5,000 students. This growth will have a financial impact to the Town as more people will demand Town services. Funding is included in the Town budget to develop a plan to guide future development related to the growth of Virginia Tech. Student enrollment will continue to increase by several thousand students over the next two years in what is the largest planned growth at Virginia Tech in decades. Virginia Tech continues to position itself as a major research institution with a high level of effort being concentrated on Intelligent Vehicle Highway System (IVHS) technology and

Biotechnology. Growth in technology-based research and the spawning of businesses from the Corporate Research Center (“CRC”) reflect well on the area and the wealth of resources offered by a major academic institution makes the Town an attractive venue for business. The CRC is now home to over 200 research, support, and technology-based companies that collectively employ over 3,300 knowledge-based workers in 36 buildings over 230 acres. The emergence of the university as a major research institution has occurred during the past decade with a research portfolio of more than \$530 million, and it is currently ranked 48th overall and 24th among public research universities in university research in the U.S. The university routinely ranks among the top 15 universities in the number of patents issued to U.S. universities. The university carries a \$1.35 billion endowment and currently has an operating budget of \$1.66 billion.

The presence of Virginia Tech as a corporate citizen brings many advantages to the economic condition of the Town. The combination of approximately 36,000 students and 8,000 faculty and administrators bring significant buying power to the merchants and tax base of the Town. Also the visitors generated by Virginia Tech for sports events as well as conferences and research endeavors bring significant buying power to the area. The presence of Virginia Tech offers the stability essential to a local government even during economic downturns as recently experienced in fiscal year 2009 thru fiscal year 2012. However, with the pandemic and related factors as mentioned above, the Town is not as insulated as it once was with the economic crisis of 2009. The State of Virginia, similar to many other state governments, is experiencing lower tax revenues and has lowered the state’s funding of Virginia Tech. The condition of the state’s budget and its impact on the state’s commitment to higher education and therefore the local economy is being monitored by the Town’s leaders.

Due to Amazon’s announcement of their second headquarters in Alexandria, Virginia, Virginia Tech will invest \$1 billion in an Innovation Campus that will be home to three academic buildings as part of the first phase of a new North Potomac Yard mixed-use development in Alexandria. The Virginia Tech Innovation Campus will triple the university’s footprint in Northern Virginia and will be a magnet for leading tech talent, research, and education.

Local industry serves as a strong complement to the presence of Virginia Tech. Manufacturers of automobile components and electronic/fiber-optic technology continue to provide an employment base that contributes significantly to the economy of the Town. The opening of the IMAX theatre in the First & Main shopping center was met with great enthusiasm. Blacksburg is home to only the second IMAX theatre west of Richmond. The Old Blacksburg Middle School (OBMS) site has been rezoned and is under redevelopment and will be known as the Midtown development. The Town has collaborated with the owners of the OBMS property on an agreement to partner on the redevelopment project. The project is a mixed-use development consisting of hotel, office, retail, restaurant, and housing uses. A combination of public and private funds will fund a public parking garage and public plaza spaces to support the project. Revenue generated from the redevelopment is anticipated to fund the Town’s public parking garage. This site has a lot of potential to draw in new business and revenue for the Town. Part of the Town Council’s Strategic Goals is to construct a new police station and parking garage on the old school site. The current estimate for the new police station is \$16.5 million. The Town increased the real estate tax rate by one cent in 2018 to fund the debt service related to the police station. The design for the new police station and parking garage have started and the related bond issue was completed subsequent to year end. The Town has also approved a special service tax district whereby an additional real estate tax will be assessed on properties in the Midtown development. These additional taxes along with meals and lodging taxes assessed on site will be used to pay for the debt service of the parking garage.

Commercial and housing redevelopment continue to move forward despite the pandemic. Various large housing redevelopments have started which include The Hub which will provide for 500 student housing units (1,530 bedrooms) and two parking garages over a 13.4-acre site. The Union apartment redevelopment will involve eleven apartment buildings and will be 424 housing units and 800 bedrooms over an 11.5-acre site. The North End Center redevelopment will consist of a new 236,000 square foot, mixed-use building with five stories and a rooftop restaurant/event space and a one-level podium parking

structure. The first floor will be dedicated to retail space and include one large anchor tenant while floors two through five will be dedicated for Virginia Tech use including housing its computer science department.

As growth continues throughout the community the Town is proactively planning for and implementing recommendations for land use, transportation, housing, and neighborhood impacts. Recommendations from the Downtown Strategic Plan adopted by Town Council in FY 2018 look at future uses in the area around the traditional core of downtown including connectivity with Virginia Tech's planned Creativity and Innovation District. An additional study is evaluating appropriate zoning standards in the Town's commercial districts. Transportation needs are being addressed with the implementation of the Prices Fork Mobility Study recommendations while Blacksburg Transit is expanding service system-wide including increasing neighborhood services. Other transportation needs are being addressed through several mobility related studies and bicycle and pedestrian improvements.

Along with the development of "niches" for targeted populations, the Town also actively pursues special events that bring visitors and associated revenue.

The Virginia Tech/Montgomery Executive Airport is currently in the construction phase of expanding its runway. This \$37 million expansion is nearing completion and will build greater capacity for economic development in the region as well as fulfill FAA regulations.

Long-term Financial Planning

The Town Council has adopted *Principles of Sound Financial Management* that is designed to ensure sound financial condition at all times. These principles include: a balanced budget is prepared annually; ongoing operating costs should be funded by ongoing revenue sources; fund balance and net position targets; and debt service targets. As demonstrated by the financial statements and supplemental schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

The fiscal year 2021 budget demonstrates a commitment to outstanding service delivery and progressiveness of local government. Revenue projections in fiscal year 2021 reflected the current pandemic we are experiencing. Decline in revenues will be offset with controlled spending and by the use of fund balance to fund both capital and some operating needs. Calendar year 2019 was a reassessment year for Montgomery County. Property values in Blacksburg increased 13.4% as a result of the recently completed reassessment which is done every four years by Montgomery County. Commercial property values increased 9.6%, multi-family increased 24.1%, and single family increased 10.4%. Also the budget demonstrates the Town Council's Vision "*Blacksburg's vision is to be a dynamic, sustainable, livable community balancing environmental stewardship, economic opportunity, technological leadership, and the arts.*"

During the coming year, the Town will be developing a plan to address how to fund the quality of life our citizens' desire including infrastructure needs, Town services and capital project needs. The plan will address the challenge of identifying funding sources for construction and supporting capital projects. The Town has been excellent at leveraging external funding sources but the debt incurred by the Town lessens the funding available for operations. Available funding for operations is also impacted by the on-going support required for capital projects. This is becoming a more difficult task to accomplish with anticipating future budgets and opportunities that lie ahead.

The future of the Town is both exciting and challenging. Major initiatives ranging from the impact of the continuing developments on Town services and infrastructure to the responsiveness of the Town to its customers will continue to position our community well.

Relevant Financial Policies

In accordance with State code and the Town's Investment Policy, the Town invests in Treasury securities, agency securities, certificates of deposit, the Commonwealth of Virginia's State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). To the extent possible, the Policy will match investments with anticipated cash flow requirements. The maturities of the investments range from overnight to eight years with an average maturity of five years. The average yield on investments for fiscal year 2020 was 2.154%.

Major Initiatives

Blacksburg Transit (BT) is an essential part of the Town's transportation network with ridership growing from 3.7 million passengers in FY 2017 to a projected ridership of 4.9 million passengers in FY 2021. Because of the growing demands for service and the challenges of recruiting and retaining employees in a highly competitive job market Blacksburg Transit reevaluated its model of using primarily part-time bus operators several years ago. Having successfully transitioned to a model using more full-time drivers, two additional support positions were added for FY 2020. The positions are a Trainer and a Lead Information Technology Systems Technician. Also, ten new full-time bus operator positions were added in August 2019. As the reliance on BT increases and the system grows more positions may be needed in future years. Future initiatives include discussion of further expansion of the system in the New River Valley including construction of a multi-modal facility. This facility will encourage individuals to use alternative transportation by creating a central hub for transit transfers.

Despite the economic climate, there are various projects underway throughout Town including the airport runway extension project, the transit multi-modal facility, design and construction of a new police station and parking garage, various VDOT revenue sharing and other infrastructure projects, and the continued funding of the equipment replacement fund. All of these projects will contribute to the economic and sustainable future.

The Town's upcoming Capital Improvement Program (CIP) includes many projects over the next five years with estimated costs of \$131 million and a fiscal year 2021 total appropriation of \$28.097 million. While the CIP includes projects that enhance the quality of life in Blacksburg and maintain existing infrastructure, there are significant projects not included that have been identified as potential future projects. These projects require further discussion because of financial or political impacts requiring resolution before inclusion in the CIP. These projects include a new recreation facility and a downtown parking garage. The magnitude of these projects would impact future revenue generation, debt capacity, and operating expenses. Due to the pandemic, the Town has deferred many 2020 projects that were previously appropriated to help in the preservation of cash balances.

While the redevelopment of the Old Blacksburg Middle School property is challenging today, it offers far more opportunities tomorrow to enhance the economic vitality and the quality of life in the community. The process of developing and completing the Master Plan for the site illustrated that potential. The challenge now is to help others see the value in the vision portrayed in the Plan. An application for rezoning and redevelopment of the Old Blacksburg Middle School/Midtown property has been approved and it plans to be the anchor to the southern gateway to Downtown Blacksburg.

Awards and Acknowledgements

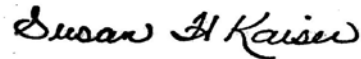
Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Blacksburg for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the fortieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award GFOA has also awarded the Town of Blacksburg with the prestigious Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2020. This is the twenty-ninth consecutive year that the Town has achieved this honor. In order to be awarded, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

Acknowledgements The preparation of this report is a very intensive project, and could not have been accomplished without the assistance and dedication of the Financial Services Department staff, especially Matt Hornby, Assistant Finance Director, and other personnel from various departments, who assisted in the preparation. The Mayor and Town Council continue to be very supportive of our efforts to produce the best financial reports possible for our citizens. We appreciate your support in granting us the time and funding to generate this document, and allowing us to submit it to the GFOA for consideration. Lastly, we would like to express our appreciation to our independent auditing firm, Brown, Edwards & Company, L.L.P., for their cooperation and assistance in these efforts.

Respectfully submitted,

A handwritten signature in black ink, reading "Susan A. Kaiser". The signature is written in a cursive style with a large, stylized 'S' and 'K'.

Director of Finance
Town of Blacksburg



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Blacksburg
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

TOWN OF BLACKSBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2020

MEMBERS OF TOWN COUNCIL

Leslie Hager-Smith.Mayor
Michael Sutphin.Vice-Mayor
John Bush
Susan Anderson
Susan Mattingly
Jerry R. Ford, Jr.
Lauren Colliver

GENERAL TOWN GOVERNMENT

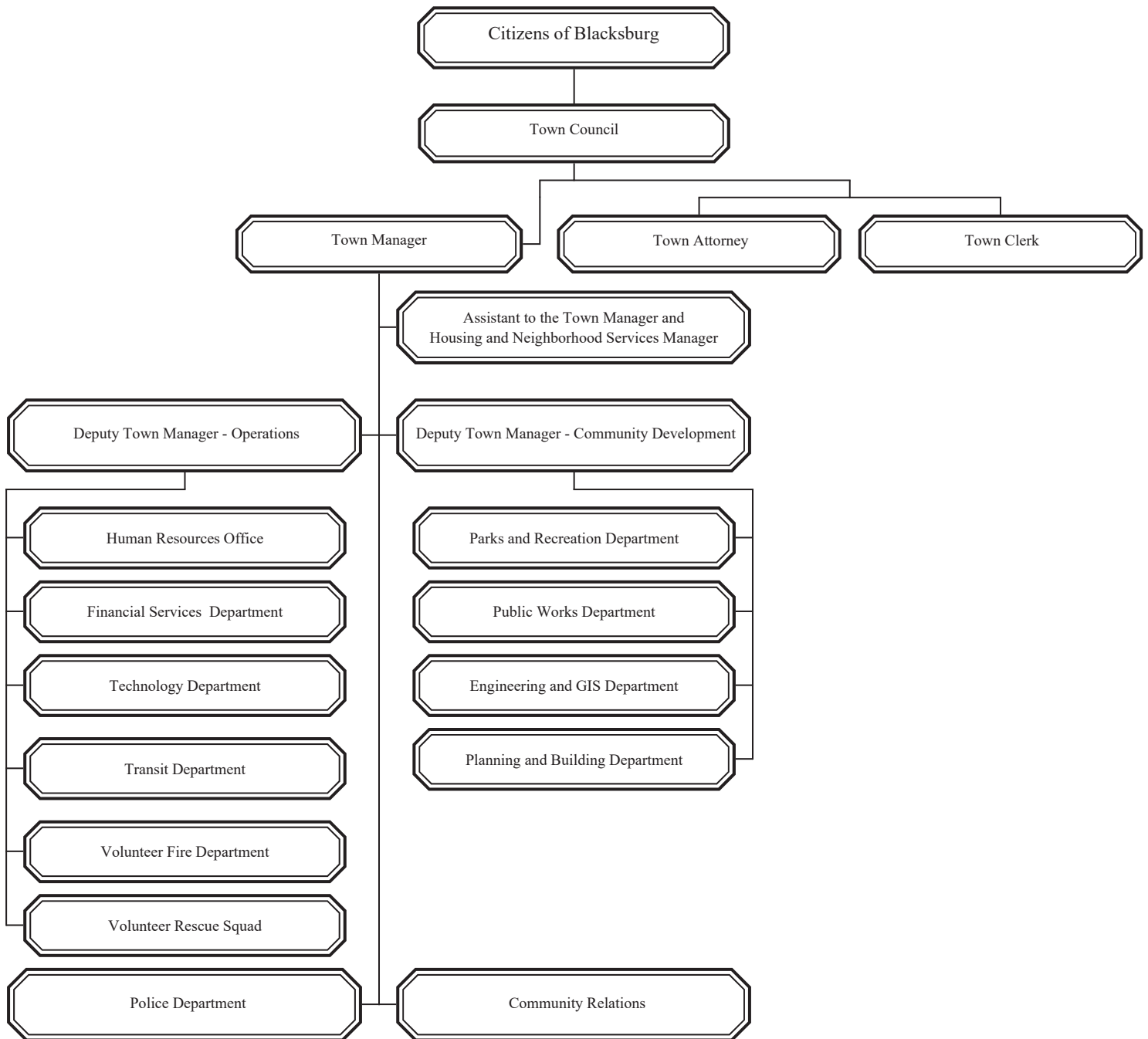
Marc A. Verniel..... Town Manager
Steven F. Ross.....Deputy Town Manager for Operations
Christopher S. Lawrence..... Deputy Town Manager for Economic Development
Lawrence S. Spencer..... Town Attorney
Donna Boone-Caldwell, M.M.C..... Town Clerk
Susan H. Kaiser, CPA.....Director of Financial Services
S. Randy Formica, P.E. Director of Engineering and GIS
Anne L. McClung.....Director of Planning and Building
Anthony S. Wilson Chief of Police
S. Kelly Mattingly, P.E. Director of Public Works
Dean B. Crane Director of Parks and Recreation
Tom D. Fox Director of Transit
Steven B. Jones..... Director of Technology

INDEPENDENT AUDITORS

Brown, Edwards & Company, L.L.P.

Town of Blacksburg

Organization Chart



Please note that the number of employees in each Department is reflected in each Department's Funding Summary.

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining nonmajor fund financial statements, the computation of legal debt margin, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the computation of legal debt margin, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the computation of legal debt margin, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Blacksburg, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vii of this report.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$99,700,776 (net position). Of this amount, \$5,053,803 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. In the current year, this balance increased primarily due to controlled spending and an increase in real estate tax and business license tax revenues.
- The Town's total net position increased by \$7,494,790. This increase is primarily attributable to CARES Act funding received in the Transit fund for operating assistance. In addition, real estate taxes and business licenses taxes increased in the current year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,928,265 a decrease of \$1,856,374. This decrease was attributable to the purchase of the Old Blacksburg High School land of \$3.3 million to be used for future recreational purposes. This purchase was made in advance of a bond issue. The bond issue occurred subsequent to year end and the balance was replaced. Of this combined ending fund balance, \$3,929,160 represents unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,167,557, or 27 percent of total general fund expenditures exclusive of debt service, capital projects, and transfers.
- In December 2019, a novel strain of coronavirus (COVID-19) was reported and the full impact of the outbreak continues to evolve as of the date of this report. The World Health Organization (WHO) declared the outbreak a "public health emergency of international concern" on January 30, 2020. The Town's operations have been affected by closures and stay at home orders issued in March and April 2020 by government officials in response to the COVID-19 outbreak. As a result of these stay at home orders, campus closures occurred, spring sporting events were cancelled, and other significant campus events, such as graduation, were held virtually, or not at all, greatly reducing the collection of meals and lodging taxes along with closures of parks and recreation events and the absence of those fee collections. The extent of the impact of COVID-19 on the Town's operations will depend on the duration and spread of the outbreak, which is uncertain and cannot be predicted. The extent to which COVID-19 may impact the Town's activities cannot be reasonably estimated at this time.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which consist 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.

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

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

Overview of the Financial Statements (Continued)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include legislative, executive, legal, financial services, technology, police, fire and rescue, public works, recreation, planning, engineering, and equipment operations. The business-type activities of the Town are Water and Sewer, Transit System, Stormwater, and Solid Waste and Recycling.

The government-wide financial statements can be found on pages 15 and 16 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, 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town maintains eight 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, the CARES Act fund, general capital projects fund, equipment replacement fund, and debt service fund, which are considered to be major funds. The three non-major governmental funds are the CDBG Entitlement fund, the HOME Consortium fund, and the urban construction fund.

The Town 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 17 through 20 of this report.

Proprietary Funds – The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer, Transit System, Stormwater, and Solid Waste and Recycling. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the

Overview of the Financial Statements (Continued)

Town's fleet function. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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, Transit System, Stormwater, and Solid Waste and Recycling departments. The Water and Sewer, Transit System, and Stormwater funds are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 21 through 24 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government or to account for the Town's other post-employment benefits trust. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 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 27 through 67 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's defined benefit pension plan and the Town's other post-employment benefits plan. Required supplementary information can be found on pages 69 through 74 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$99,700,776 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (95 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

	The Town's Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 20,769,430	\$ 21,881,023	\$ 19,854,246	\$ 14,693,201	\$ 40,623,676	\$ 36,574,224
Capital assets	85,317,367	83,029,084	30,766,317	29,865,191	116,083,684	112,894,275
Total assets	106,086,797	104,910,107	50,620,563	44,558,392	156,707,360	149,468,499
Deferred outflows of resources	4,929,362	2,238,372	1,700,130	740,540	6,629,492	2,978,912
Long-term liabilities outstanding	41,480,421	41,489,853	11,042,369	10,998,883	52,522,790	52,488,736
Other liabilities	4,921,834	2,436,284	3,803,569	2,705,773	8,725,403	5,142,057
Total liabilities	46,402,255	43,926,137	14,845,938	13,704,656	61,248,193	57,630,793
Deferred inflows of resources	1,660,314	1,889,005	727,569	721,627	2,387,883	2,610,632
Net position						
Net investment in capital assets	66,198,430	64,935,509	28,104,472	26,612,008	94,302,902	91,547,517
Restricted	293,297	282,461	50,774	55,004	344,071	337,465
Unrestricted	(3,538,137)	(3,884,633)	8,591,940	4,205,637	5,053,803	321,004
Total net position	\$ 62,953,590	\$ 61,333,337	\$ 36,747,186	\$ 30,872,649	\$ 99,700,776	\$ 92,205,986

Unrestricted net position is used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position for business-type activities and the government as a whole. Governmental activities reported negative unrestricted net position of \$3,538,137. This negative balance was a direct result of implementing GASB Statements No 68 and No. 75 in prior years.

Governmental activities – Governmental activities increased net position by \$1,620,253 thereby accounting for a majority of the increase in the net position of the Town. The key element for this increase is the increase in real estate and business licenses taxes and reduced spending.

Business-type activities – Business-type activities increased the Town's net position by \$5,874,537. This increase is mainly attributable to the operating funding received in the Transit fund from the CARES Act.

The Town's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 6,176,318	\$ 5,970,853	\$ 20,776,831	\$ 19,831,519	\$ 26,953,149	\$ 25,802,372
Operating grants and contributions	5,013,149	4,399,936	8,404,785	4,311,843	13,417,934	8,711,779
Capital grants and contributions	3,253,702	1,065,040	3,873,239	1,842,880	7,126,941	2,907,920
General revenues						
Property taxes	8,927,086	8,389,571	-	-	8,927,086	8,389,571
Other taxes	14,118,943	14,958,559	-	-	14,118,943	14,958,559
Other	1,686,653	1,755,726	416,851	331,075	2,103,504	2,086,801
Total revenues	<u>39,175,851</u>	<u>36,539,685</u>	<u>33,471,706</u>	<u>26,317,317</u>	<u>72,647,557</u>	<u>62,857,002</u>
Expenses						
Legislative	292,998	261,595	-	-	292,998	261,595
Executive	2,990,263	2,844,304	-	-	2,990,263	2,844,304
Legal	350,234	347,236	-	-	350,234	347,236
Financial services	1,809,891	1,694,909	-	-	1,809,891	1,694,909
Technology	848,321	758,309	-	-	848,321	758,309
Police	9,040,904	8,186,787	-	-	9,040,904	8,186,787
Fire and rescue	2,169,197	1,847,379	-	-	2,169,197	1,847,379
Public works	9,869,392	8,773,687	-	-	9,869,392	8,773,687
Recreation	2,802,516	2,730,339	-	-	2,802,516	2,730,339
Engineering and GIS	1,251,071	1,105,228	-	-	1,251,071	1,105,228
Planning and building	1,448,650	1,413,021	-	-	1,448,650	1,413,021
CDBG entitlement	439,785	477,087	-	-	439,785	477,087
HOME consortium	1,270,378	212,996	-	-	1,270,378	212,996
Interest on long-term debt	685,311	689,431	-	-	685,311	689,431
Unallocated depreciation	1,740,164	1,727,582	-	-	1,740,164	1,727,582
Water and sewer	-	-	12,072,168	12,009,402	12,072,168	12,009,402
Transit system	-	-	13,261,372	12,448,556	13,261,372	12,448,556
Solid waste and recycling	-	-	2,034,118	1,926,007	2,034,118	1,926,007
Stormwater	-	-	776,034	798,759	776,034	798,759
Total expenses	<u>37,009,075</u>	<u>33,069,890</u>	<u>28,143,692</u>	<u>27,182,724</u>	<u>65,152,767</u>	<u>60,252,614</u>
Excess before transfers	2,166,776	3,469,795	5,328,014	(865,407)	7,494,790	2,604,388
Transfers	<u>(546,523)</u>	<u>245,951</u>	<u>546,523</u>	<u>(245,951)</u>	<u>-</u>	<u>-</u>
Change in net position	1,620,253	3,715,746	5,874,537	(1,111,358)	7,494,790	2,604,388
Net position at July 1	61,333,337	57,617,591	30,872,649	31,984,007	92,205,986	89,601,598
Net position at June 30	<u>\$ 62,953,590</u>	<u>\$ 61,333,337</u>	<u>\$ 36,747,186</u>	<u>\$ 30,872,649</u>	<u>\$ 99,700,776</u>	<u>\$ 92,205,986</u>

Government-wide Financial Analysis (Continued)

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services or remained relatively level. However, there were three noteworthy exceptions:

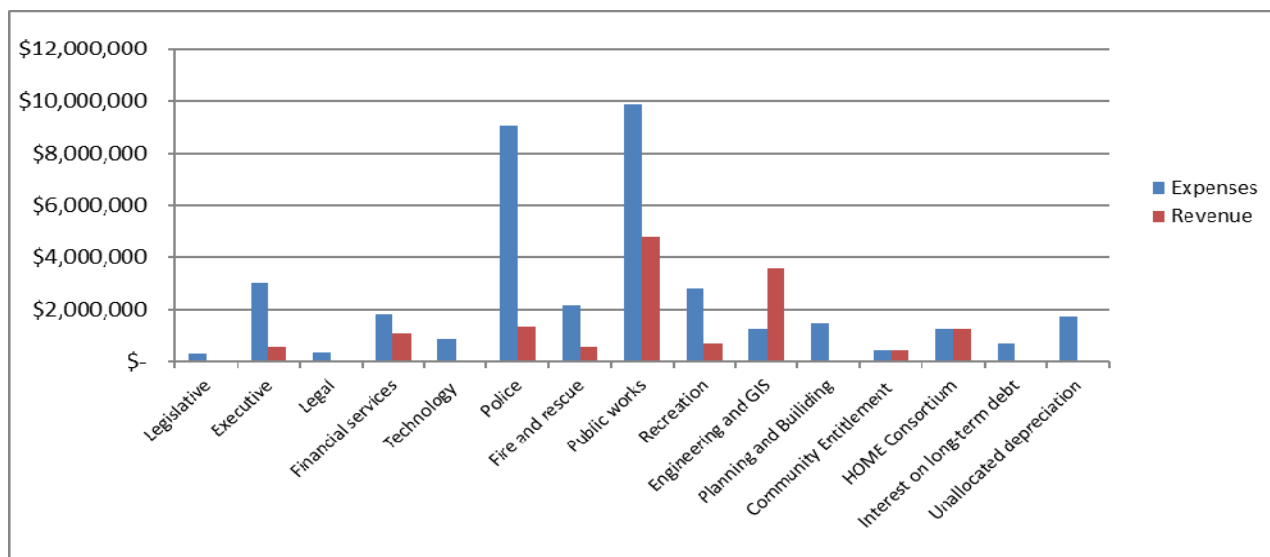
- Police expenditures increased due to a net increase in pension liabilities.
- Fire and rescue increased due to the purchase of non-capital items such as radios in the current year.
- Public works saw a significant increase from the prior year that is mainly attributed to increased paving during the year.
- HOME expenditures increased due to the Church Street affordable housing project.

Revenues saw some large fluctuations during the current year which were a result of following;

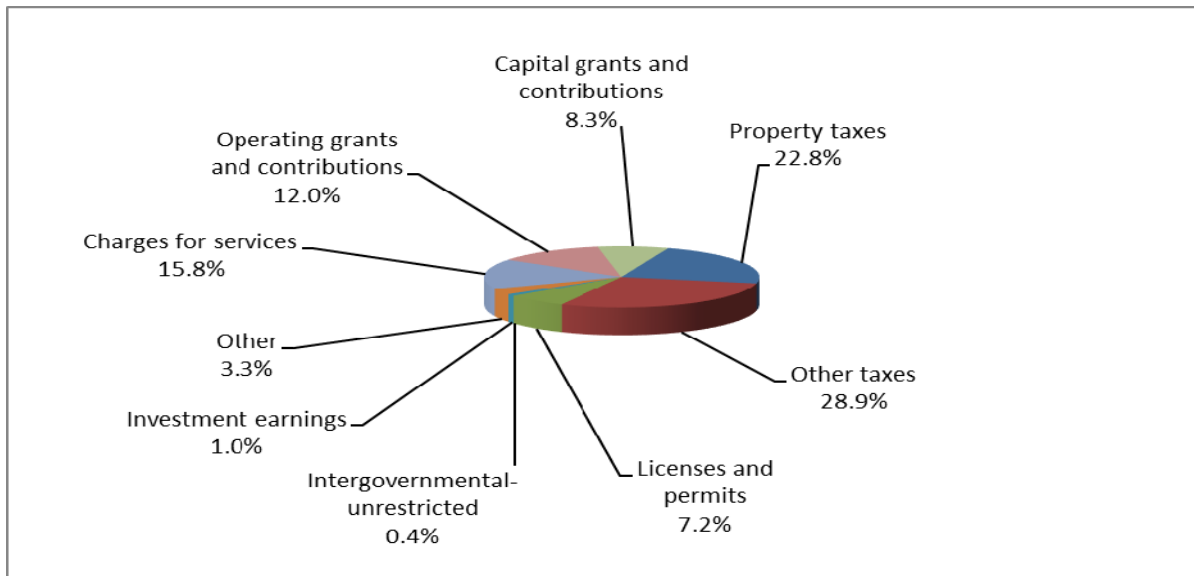
- Real estate taxes increased due to increased assessments for the current year.
- Operating grants increased for all departments due to the receipt of CARES Act funds to support various operational needs.
- Engineering charges for services and capital grants increased due to permits received on various large student housing projects and increased funds received for revenue sharing transportation projects, respectively.
- HOME funds received increased in correlation to the increased expenditures on the Church Street affordable housing project.
- Meals and lodging taxes decreased as a direct result of closures as it relates to the COVID-19 pandemic.

For business-type activities, the operating expenses for the transit fund are higher than the revenues that fund can generate. The operating expenses of the water and sewer fund were more than revenues for the current year mainly due to increased rates and consumption billed by the water and wastewater authorities. The operating revenue of the stormwater fund was higher than the expenses. The stormwater fund, in its infancy, is currently building net position to assist in future stormwater projects while the solid waste and recycling fund showed only a slight surplus of revenues over expenses. However, overall net position increased for all enterprise funds. This was due to the elimination of transfers to the equipment replacement fund for the year. This was done to help preserve cash balances during the COVID-19 pandemic and impending revenue decline.

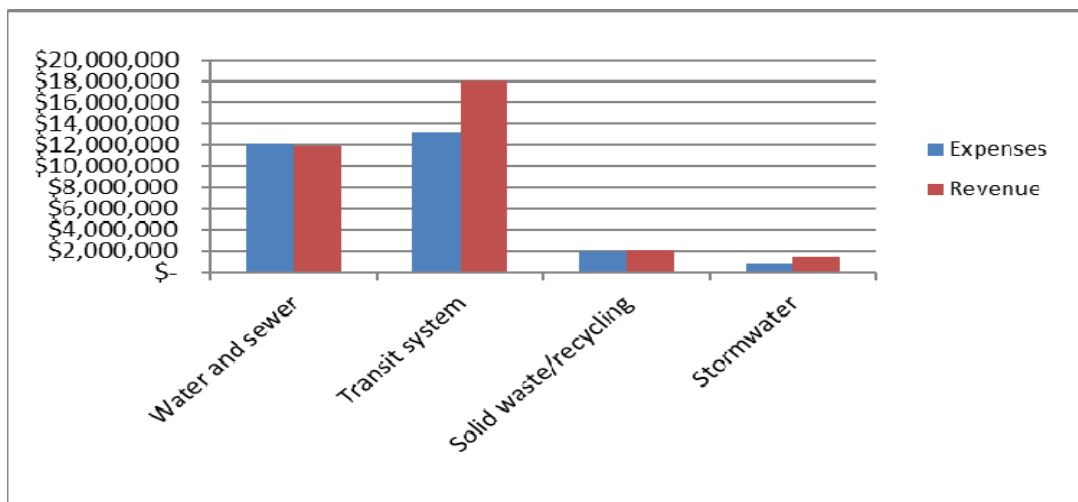
Expenses and Program Revenues – Governmental Activities



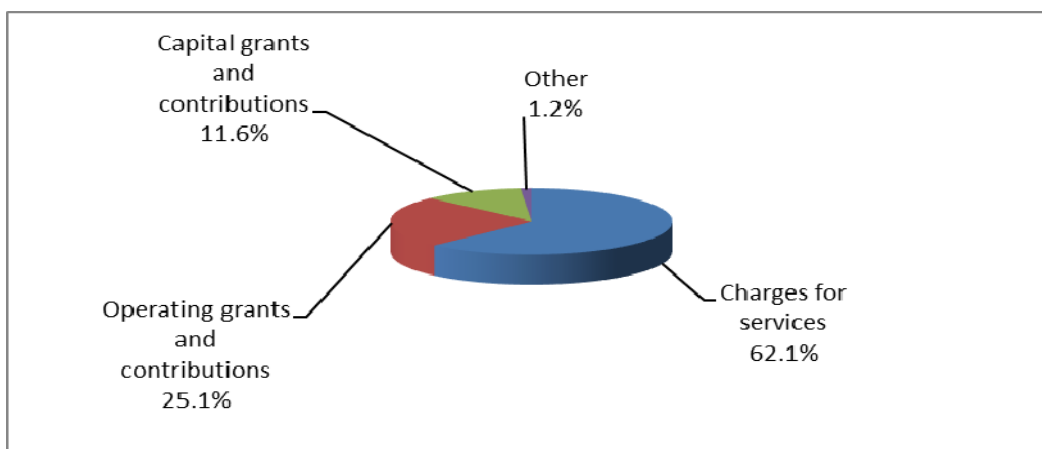
Revenues by Source – Governmental Activities



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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Fund balances are the differences between assets, deferred outflows of resources and liabilities, deferred inflows of resources in a governmental fund. 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. Fund balance categories are as follows:

- Nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact.
- Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external providers, such as grantors or bondholders, as well as amounts that are restricted through enabling legislation.
- Committed fund balance includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision making authority.
- Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental funds other than the general fund.
- Unassigned fund balance includes all amounts not contained in other classifications for the general fund and deficit fund balances in any other governmental funds.

As of the end of the current fiscal year, the Town's total governmental funds reported an ending fund balance of \$15,928,265, a decrease of \$1,856,374 in comparison with the prior year. Of that amount, \$328,228 was nonspendable, \$293,297 was restricted, \$4,434,997 was committed, \$6,942,583 was assigned, and \$3,929,160 was unassigned.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As part of the Town's financial management practices, general fund unassigned fund balance is targeted at no less than 10% of operating expenditures exclusive of capital improvements and will strive to increase the level to a target of 15%. Unassigned fund balance represents 27.37% of total general fund expenditures exclusive of debt service, capital projects, and transfers, while total fund balance represents 45.43% of that same amount.

The fund balance of the Town's general fund increased by \$4,558,598 during the current fiscal year. Key factors in this change were due to increases in real estate and business license taxes, building permits, and the elimination of transfers to the equipment replacement fund to help preserve cash from the effects of COVID-19.

The general capital projects fund decreased \$5,021,798 due mainly to the purchase of land that will be funded by a future bond sale. These related bonds were sold subsequent to year end.

The CARES Act fund was created in the current year to track activity as it relates to CARES funding and related eligible expenditures.

The equipment replacement capital projects fund decreased by \$1,404,010 which reflects equipment related expenditures in excess of annual transfers into the fund from user funds. As noted above, transfers were eliminated in the current year to assist in cash flows.

The debt service fund did not change as transfers from the general fund equal debt service expenditures.

The nonmajor governmental funds which track CDBG, HOME, and the urban construction grant activity changed slightly by \$10,836 due to investment activity.

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

Unrestricted net position of the water and sewer, transit system, solid waste and recycling, and stormwater funds at the end of the year amounted to \$732,501, \$6,010,335, \$388,650, and \$1,460,454 respectively. The total increase in net position was \$5,874,537. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town’s business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$362,691. Increases in appropriations can be briefly summarized as follows:

- \$362,691 in various departments for the reappropriation of prior year encumbrances.

There were multiple significant variances between the final budget and the actual final results for the year. They can be briefly summarized as follows:

- Police was under budget due to controlled spending and to turnover in higher paid officers.
- Executive was under budget due to the amount paid to local agencies, one of which is the tourism board which is paid based on lodging tax revenue which was down due to COVID-19.
- Transfers out was under budget due the elimination of transfers to the equipment replacement fund to preserve cash during the pandemic.
- Public Works was under budget due to lack of snow in the current year and due to a slowdown of work during the spring months as it relates to COVID-19. Recreation saw the same sort of budget variance as they cancelled classes and events due to COVID-19 which resulted in less wage expense and overall operating costs.
- Other local taxes, most notably meals and lodging taxes were under budget due to the lockdown orders and school cancellations as it relates to COVID-19.
- Permits and fees revenue were over budget due to large permits issued prior to yearend relating to student housing developments.

Capital Asset and Debt Administration

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$116,083,684 (net of accumulated depreciation). This includes land, buildings and system improvements, vehicles, machinery and equipment, water and sewer infrastructure, stormwater improvements, roads, highways, and bridges. The total increase in the Town’s investment in capital assets for the current fiscal year was approximately 2.83 percent.

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

- The purchase of multiple dump trucks and related outfitting totaling \$800,000.
- The purchase of two 60 foot buses totaling \$1,492,000.
- Engineering and design services for the new Transit Multi-Modal facility totaling \$507,000.
- The purchase of the Old Blacksburg High School site totaling \$3,316,500.
- The purchase of a new fire pumper truck totaling \$469,902.
- Engineering and design services for the new police station and parking garage totaling \$640,000.

The Town's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 14,365,977	\$ 10,935,077	\$ 219,247	\$ 219,247	\$ 14,585,224	\$ 11,154,324
Buildings and improvements	21,957,927	22,854,822	3,524,317	3,346,741	25,482,244	26,201,563
Water system – plant	-	-	3,535,428	3,717,887	3,535,428	3,717,887
Sewer system – plant	-	-	7,671,771	8,099,509	7,671,771	8,099,509
Infrastructure	36,485,952	37,773,461	-	-	36,485,952	37,773,461
Machinery and equipment	9,776,844	8,997,103	11,291,957	10,786,935	21,068,801	19,784,038
Construction in progress	2,730,667	2,468,621	4,523,597	3,694,872	7,254,264	6,163,493
Total	\$ 85,317,367	\$ 83,029,084	\$ 30,766,317	\$ 29,865,191	\$ 116,083,684	\$ 112,894,275

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-term debt – At the end of the current fiscal year, the Town had total bonded debt outstanding of \$23,157,017, all of which is backed by the full faith and credit of the government.

The Town's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 19,231,283	\$ 20,849,983	\$ 3,908,716	\$ 4,530,016	\$ 23,139,999	\$ 25,379,999
Capital lease obligations	17,018	83,572	-	-	17,018	83,572
	\$ 19,248,301	\$ 20,933,555	\$ 3,908,716	\$ 4,530,016	\$ 23,157,017	\$ 25,463,571

The Town's total debt decreased by \$2,306,554 (9.06 percent) during the current fiscal year due to the scheduled payments of principal.

The Town is currently rated AA by Standard and Poor's and Aa2 by Moody's for general obligation debt.

Additional information on the Town's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County (it is unavailable for the Town) is currently 5.6 percent. This compares to the state's average unemployment rate of 8.0 percent and the national average rate of 10.5 percent. All three rates are up due to the COVID-19 pandemic.
- Inflationary trends in the region compare favorably to national indices.
- No cost-of-living adjustment were given to employees nor a pay for performance bonus which would increase most benefit costs.
- Water and Sewer rates are expected to increase to cover operational and capital costs.
- Real estate tax rates will remain steady at .26/\$100.
- The Town budgeted \$4.6 million of fund balance to cover capital and operating costs in anticipation of revenue shortfalls.

All of these factors were considered in preparing the Town's budget for the 2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Financial Services, Town of Blacksburg, P.O. Box 90003, Blacksburg, Virginia 24062-9003.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1**TOWN OF BLACKSBURG, VIRGINIA****STATEMENT OF NET POSITION****June 30, 2020**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	\$ 8,751,670	\$ 5,784,891	\$ 14,536,561
Investments (Note 2)	6,200,049	3,655,567	9,855,616
Receivables, net (Note 3)	1,007,972	2,075,943	3,083,915
Due from other governmental units (Note 5)	2,755,175	5,286,079	8,041,254
Inventories	464,279	1,726,266	2,190,545
Building and land held for resale	912,472	-	912,472
Prepays	8,188	-	8,188
Restricted assets:			
Cash and cash equivalents (Note 2)	669,625	1,325,500	1,995,125
Capital assets: (Note 6)			
Land and construction in progress	17,096,644	4,742,844	21,839,488
Other capital assets, net	68,220,723	26,023,473	94,244,196
Total assets	<u>106,086,797</u>	<u>50,620,563</u>	<u>156,707,360</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 9)	3,190,386	1,070,762	4,261,148
Deferred outflows related to other post-employment benefits (Note 11)	1,653,526	579,705	2,233,231
Deferred charge on refunding	85,450	49,663	135,113
Total deferred outflows of resources	<u>4,929,362</u>	<u>1,700,130</u>	<u>6,629,492</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,182,573	2,421,531	3,604,104
Accrued payroll and related liabilities	1,397,546	257,666	1,655,212
Accrued interest payable	207,498	45,985	253,483
Public improvement and other deposits	400,417	187,338	587,755
Noncurrent liabilities due within one year:			
Other noncurrent liabilities (Note 7)	1,733,800	891,049	2,624,849
Noncurrent liabilities due in more than one year:			
Net pension liability (Note 9)	13,550,412	4,547,813	18,098,225
Other post-employment benefit liability (Note 11)	7,919,241	2,776,389	10,695,630
Other noncurrent liabilities (Note 7)	20,010,768	3,718,167	23,728,935
Total liabilities	<u>46,402,255</u>	<u>14,845,938</u>	<u>61,248,193</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes and grants (Note 3)	56,910	176,259	233,169
Deferred inflows related to pensions (Note 9)	717,778	240,902	958,680
Deferred inflows related to other post-employment benefits (Note 11)	885,626	310,408	1,196,034
Total deferred inflows of resources	<u>1,660,314</u>	<u>727,569</u>	<u>2,387,883</u>
NET POSITION			
Net investment in capital assets	66,198,430	28,104,472	94,302,902
Restricted for:			
Capital outlay	293,297	50,774	344,071
Unrestricted	(3,538,137)	8,591,940	5,053,803
Total net position	<u>\$ 62,953,590</u>	<u>\$ 36,747,186</u>	<u>\$ 99,700,776</u>

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative	\$ 292,998	\$ -	\$ 17,476	\$ -	\$ (275,522)	\$ -	\$ (275,522)
Executive	2,990,263	546,657	40,777	-	(2,402,829)	-	(2,402,829)
Legal	350,234	44,427	-	-	(305,807)	-	(305,807)
Financial services	1,809,891	1,029,999	69,903	-	(709,989)	-	(709,989)
Technology	848,321	-	5,825	-	(842,496)	-	(842,496)
Police	9,040,904	145,465	1,183,311	-	(7,712,128)	-	(7,712,128)
Fire and rescue	2,169,197	419,677	11,651	155,229	(1,582,640)	-	(1,582,640)
Public works	9,869,392	1,263,257	3,526,924	-	(5,079,211)	-	(5,079,211)
Recreation	2,802,516	467,821	93,204	114,400	(2,127,091)	-	(2,127,091)
Engineering and GIS	1,251,071	2,217,552	23,301	1,315,373	2,305,155	-	2,305,155
Planning and building	1,448,650	-	40,777	-	(1,407,873)	-	(1,407,873)
CDBG entitlement	439,785	41,463	-	398,322	-	-	-
HOME consortium	1,270,378	-	-	1,270,378	-	-	-
Interest on long-term debt	685,311	-	-	-	(685,311)	-	(685,311)
Unallocated depreciation	1,740,164	-	-	-	(1,740,164)	-	(1,740,164)
Total governmental activities	37,009,075	6,176,318	5,013,149	3,253,702	(22,565,906)	-	(22,565,906)
Business-type activities:							
Water and sewer	12,072,168	11,656,077	-	-	-	(416,091)	(416,091)
Transit system	13,261,372	5,963,765	8,397,402	3,547,459	-	4,647,254	4,647,254
Solid waste and recycling	2,034,118	2,075,487	7,383	-	-	48,752	48,752
Stormwater	776,034	1,081,502	-	325,780	-	631,248	631,248
Total business-type activities	28,143,692	20,776,831	8,404,785	3,873,239	-	4,911,163	4,911,163
Total	\$ 65,152,767	\$ 26,953,149	\$ 13,417,934	\$ 7,126,941	(22,565,906)	4,911,163	(17,654,743)
General revenues:							
Property taxes					8,927,086	-	8,927,086
Sales and use taxes					1,560,587	-	1,560,587
Meals taxes					5,104,541	-	5,104,541
Utility taxes					120,753	-	120,753
Franchise taxes					638,157	-	638,157
Other local taxes					3,880,964	-	3,880,964
Business license taxes					2,813,941	-	2,813,941
Intergovernmental revenue-unrestricted					1,235	-	1,235
Gain/(loss) on sale of assets					251,009	-	251,009
Unrestricted investment earnings					402,529	199,780	602,309
Other					1,031,880	217,071	1,248,951
Transfers (Note 4)					(546,523)	546,523	-
Total general revenues and transfers					24,186,159	963,374	25,149,533
Change in net position					1,620,253	5,874,537	7,494,790
Net position at July 1					61,333,337	30,872,649	92,205,986
Net position at June 30					\$ 62,953,590	\$ 36,747,186	\$ 99,700,776

TOWN OF BLACKSBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

			Capital Projects				Total
	General	CARES Act	General Capital Projects	Equipment Replacement	Debt Service	Nonmajor Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,796,178	\$ -	\$ -	\$ 1,731,153	\$ -	\$ -	\$ 8,527,331
Cash and cash equivalents, restricted	-	-	376,328	-	-	293,297	669,625
Investments	4,926,173	-	-	1,273,876	-	-	6,200,049
Receivables, net	1,000,765	-	272	6,935	-	-	1,007,972
Due from other funds	840,649	-	-	-	-	-	840,649
Due from other governmental units	807,901	582,525	1,070,902	-	-	293,847	2,755,175
Inventories	320,040	-	-	-	-	-	320,040
Prepaid expenditures	1,177	-	7,011	-	-	-	8,188
Total assets	<u>\$ 14,692,883</u>	<u>\$ 582,525</u>	<u>\$ 1,454,513</u>	<u>\$ 3,011,964</u>	<u>\$ -</u>	<u>\$ 587,144</u>	<u>\$ 20,329,029</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 408,267	\$ -	\$ 716,304	\$ 10,225	\$ -	\$ 30,121	\$ 1,164,917
Accrued payroll and related liabilities	1,377,726	-	-	-	-	5,602	1,383,328
Public improvement and other deposits	400,417	-	-	-	-	-	400,417
Due to other funds	-	582,525	-	-	-	258,124	840,649
Compensated absences	61,297	-	-	-	-	-	61,297
Total liabilities	<u>2,247,707</u>	<u>582,525</u>	<u>716,304</u>	<u>10,225</u>	<u>-</u>	<u>293,847</u>	<u>3,850,608</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable/deferred revenue	550,156	-	-	-	-	-	550,156
Total deferred inflows of resources	<u>550,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,156</u>
FUND BALANCES							
Nonspendable	321,217	-	7,011	-	-	-	328,228
Restricted	-	-	-	-	-	293,297	293,297
Committed	299,596	5,340	2,996,499	165,806	-	967,756	4,434,997
Assigned	4,106,650	-	-	2,835,933	-	-	6,942,583
Unassigned	7,167,557	(5,340)	(2,265,301)	-	-	(967,756)	3,929,160
Total fund balances	<u>11,895,020</u>	<u>-</u>	<u>738,209</u>	<u>3,001,739</u>	<u>-</u>	<u>293,297</u>	<u>15,928,265</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,692,883</u>	<u>\$ 582,525</u>	<u>\$ 1,454,513</u>	<u>\$ 3,011,964</u>	<u>\$ -</u>	<u>\$ 587,144</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	85,029,732
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	493,246
Building and land purchased that is being held for future resale and is not reported in the funds.	912,472
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and capital lease payable	(19,248,301)
Accrued interest payable	(207,498)
Compensated absences	(2,062,099)
Deferred amounts	(246,964)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions:	3,121,947
Deferred inflows related to pensions:	(702,381)
Net pension liability:	(13,259,734)
Deferred outflows and inflows of resources related to other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to other post-employment benefits:	1,618,694
Deferred inflows related to other post-employment benefits:	(866,959)
Net other post-employment benefits liability:	(7,752,417)
The internal service fund is used by management to charge the costs of the central garage. Its assets and liabilities are included in the governmental activities' statements of net position.	195,587
Net position of governmental activities	<u>\$ 62,953,590</u>

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

			Capital Projects		Debt Service	Nonmajor Funds	Total Governmental Funds
	General	CARES Act	General Capital Projects	Equipment Replacement			
REVENUES							
General property taxes	\$ 8,895,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,895,365
Other local taxes	11,247,686	-	-	-	-	-	11,247,686
Business license taxes	2,823,101	-	-	-	-	-	2,823,101
Permits and fees	1,267,883	-	-	-	-	-	1,267,883
Intergovernmental	4,587,086	582,525	1,315,373	-	-	1,668,700	8,153,684
Charges for services	4,266,249	-	-	-	-	-	4,266,249
Fines and forfeitures	142,120	-	-	-	-	-	142,120
Investment earnings	289,731	-	-	101,962	-	10,836	402,529
Other	476,290	-	3,195	-	-	41,463	520,948
Total revenues	33,995,511	582,525	1,318,568	101,962	-	1,720,999	37,719,565
EXPENDITURES							
Current:							
Legislative	272,454	15,211	-	-	-	-	287,665
Executive	2,833,709	58,785	-	-	-	-	2,892,494
Legal	334,369	336	-	-	-	-	334,705
Financial services	1,710,573	58,998	-	-	-	-	1,769,571
Technology	700,945	35,991	-	-	-	-	736,936
Police	8,215,357	109,957	-	-	-	-	8,325,314
Fire and rescue	1,130,210	24,713	-	-	-	-	1,154,923
Public works	6,175,687	146,179	-	-	-	-	6,321,866
Recreation	2,285,920	80,740	-	-	-	-	2,366,660
Engineering and GIS	1,130,714	20,398	-	-	-	-	1,151,112
Planning and building	1,391,192	31,217	-	-	-	-	1,422,409
CDBG Entitlement	-	-	-	-	-	439,785	439,785
HOME Consortium	-	-	-	-	-	1,270,378	1,270,378
Capital outlays	-	-	7,503,665	945,668	-	-	8,449,333
Debt service:							
Principal retirement	-	-	-	-	1,685,254	-	1,685,254
Interest and fiscal charges	-	-	-	-	684,387	-	684,387
Total expenditures	26,181,130	582,525	7,503,665	945,668	2,369,641	1,710,163	39,292,792
Excess (deficiency) of revenues over expenditures	7,814,381	-	(6,185,097)	(843,706)	(2,369,641)	10,836	(1,573,227)
OTHER FINANCING SOURCES (USES)							
Sale of general capital assets	263,376	-	-	-	-	-	263,376
Transfers in	108,841	-	1,272,140	-	2,369,641	-	3,750,622
Transfers out	(3,628,000)	-	(108,841)	(560,304)	-	-	(4,297,145)
Total other financing sources (uses)	(3,255,783)	-	1,163,299	(560,304)	2,369,641	-	(283,147)
Net change in fund balance	4,558,598	-	(5,021,798)	(1,404,010)	-	10,836	(1,856,374)
FUND BALANCES AT JULY 1	7,336,422	-	5,760,007	4,405,749	-	282,461	17,784,639
FUND BALANCES AT JUNE 30	\$ 11,895,020	\$ -	\$ 738,209	\$ 3,001,739	\$ -	\$ 293,297	\$ 15,928,265

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

Net changes in fund balances	\$ (1,856,374)
Adjustments for the statement of activities:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded new capital assets in the current period.	
Capital outlay	6,529,178
Capital contributions	114,400
Depreciation expense	(4,341,302)
Disposal of assets	(12,366)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	79,876
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatments of long-term debt and related items	
Principal repayment	1,685,254
Amortization of net discounts/premiums	6,578
Deferred amount on refunding	(8,011)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	509
Change in compensated absences	(163,415)
Governmental funds report employer other post-employment benefit contributions as expenditures. However, in the statement of activities, the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense	63,195
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	(483,261)
The internal service fund is used by management to change the costs of the central garage. The change in net position of internal service funds is reported with governmental activities.	5,992
Change in net position of governmental activities	<u><u>\$ 1,620,253</u></u>

TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (Non-GAAP Budgetary Basis)
Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 9,030,500	\$ 9,030,500	\$ 8,895,365	\$ (135,135)
Other local taxes	12,343,500	12,343,500	11,247,686	(1,095,814)
Business license taxes	2,611,700	2,611,700	2,823,101	211,401
Permits and fees	498,050	498,050	1,267,883	769,833
Intergovernmental	4,609,250	4,609,250	4,587,086	(22,164)
Charges for services	4,301,500	4,301,500	4,266,249	(35,251)
Fines and forfeitures	266,500	266,500	142,120	(124,380)
Investment earnings	257,500	257,500	289,731	32,231
Other	690,900	690,900	476,290	(214,610)
Total revenues	34,609,400	34,609,400	33,995,511	(613,889)
EXPENDITURES				
Current:				
Legislative	303,847	303,847	272,454	31,393
Executive	3,340,022	3,468,255	2,911,884	556,371
Legal	367,811	383,251	336,193	47,058
Financial services	1,984,186	2,013,620	1,737,633	275,987
Technology	754,044	758,040	704,193	53,847
Police	8,877,492	8,943,111	8,215,357	727,754
Fire and rescue	1,237,274	1,242,065	1,141,770	100,295
Public works	6,691,234	6,809,518	6,262,594	546,924
Recreation	2,713,940	2,736,135	2,295,093	441,042
Engineering and GIS	1,378,971	1,398,205	1,130,937	267,268
Planning and building	1,513,493	1,644,853	1,472,618	172,235
Contingency	187,155	11,260	-	11,260
Total expenditures	29,349,469	29,712,160	26,480,726	3,231,434
Excess of revenues over expenditures	5,259,931	4,897,240	7,514,785	2,617,545
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	108,841	8,841
Transfers out	(7,676,531)	(7,866,031)	(3,628,000)	4,238,031
Bond proceeds	150,000	150,000	-	(150,000)
Sale of general capital assets	120,000	120,000	263,376	143,376
Prior year re-appropriations	2,046,600	2,046,600	-	(2,046,600)
Total other financing sources (uses)	(5,259,931)	(5,449,431)	(3,255,783)	2,193,648
Net change in fund balance	\$ -	\$ (552,191)	\$ 4,259,002	\$ 4,811,193

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2020

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,949,416	\$ 2,356,283	\$ 404,795	\$ 1,074,397	\$ 5,784,891	\$ 224,339
Cash and investments, restricted	1,325,500	-	-	-	1,325,500	-
Investments	1,424,552	1,712,718	-	518,297	3,655,567	-
Receivables, net	1,294,630	456,559	255,690	69,064	2,075,943	-
Due from other governmental units	-	5,286,079	-	-	5,286,079	-
Inventories	-	1,726,266	-	-	1,726,266	144,239
Total current assets	5,994,098	11,537,905	660,485	1,661,758	19,854,246	368,578
Noncurrent assets:						
Land and construction in progress	627,792	3,904,714	29,284	181,054	4,742,844	45,620
Other capital assets, net	12,259,858	12,515,809	693,670	554,136	26,023,473	242,015
Total noncurrent assets	12,887,650	16,420,523	722,954	735,190	30,766,317	287,635
Total assets	18,881,748	27,958,428	1,383,439	2,396,948	50,620,563	656,213
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	265,503	752,247	21,886	31,126	1,070,762	68,439
Deferred outflows related to other post-employment benefits	137,226	416,056	10,974	15,449	579,705	34,832
Deferred charge on refunding	49,663	-	-	-	49,663	-
Total deferred outflows of resources	452,392	1,168,303	32,860	46,575	1,700,130	103,271
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	1,947,677	339,991	129,998	3,865	2,421,531	17,656
Accrued payroll and related liabilities	48,972	199,088	3,984	5,622	257,666	14,218
Accrued interest payable	45,985	-	-	-	45,985	-
Customer deposits	187,338	-	-	-	187,338	-
Compensated absences	70,793	177,741	4,600	4,600	257,734	13,800
Bonds payable	633,315	-	-	-	633,315	-
Total current liabilities	2,934,080	716,820	138,582	14,087	3,803,569	45,674
Noncurrent liabilities:						
Compensated absences	119,978	177,645	4,525	12,326	314,474	26,657
Other post-employment benefits	657,216	1,992,622	52,560	73,991	2,776,389	166,824
Net pension liability	1,127,662	3,194,992	92,957	132,202	4,547,813	290,678
Bonds payable	3,403,693	-	-	-	3,403,693	-
Total noncurrent liabilities	5,308,549	5,365,259	150,042	218,519	11,042,369	484,159
Total liabilities	8,242,629	6,082,079	288,624	232,606	14,845,938	529,833
DEFERRED INFLOWS OF RESOURCES						
Grants	-	170,987	5,272	-	176,259	-
Deferred inflows related to pensions	59,733	169,242	4,924	7,003	240,902	15,397
Deferred inflows related to other post-employment benefits	73,472	222,791	5,875	8,270	310,408	18,667
Total deferred inflows of resources	133,205	563,020	16,071	15,273	727,569	34,064
NET POSITION						
Net investment in capital assets	10,225,805	16,420,523	722,954	735,190	28,104,472	287,635
Restricted	-	50,774	-	-	50,774	-
Unrestricted	732,501	6,010,335	388,650	1,460,454	8,591,940	(92,048)
Total net position	\$ 10,958,306	\$ 22,481,632	\$ 1,111,604	\$ 2,195,644	\$ 36,747,186	\$ 195,587

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater	Total	
OPERATING REVENUES						
Charges for services	\$ 11,171,938	\$ 5,963,765	\$ 2,075,487	\$ 1,081,502	\$ 20,292,692	\$ 1,010,998
Availability and transfer fees	298,618	-	-	-	298,618	-
Meter installation	50,100	-	-	-	50,100	-
Connection fees	135,421	-	-	-	135,421	-
Other	187,216	9,763	-	20,092	217,071	-
Total operating revenues	11,843,293	5,973,528	2,075,487	1,101,594	20,993,902	1,010,998
OPERATING EXPENSES						
Personal services	1,635,003	6,899,182	123,400	187,640	8,845,225	353,112
Contractual services	7,646,806	651,736	1,491,327	24,750	9,814,619	84,078
Administration	1,231,968	862,000	310,745	484,657	2,889,370	11,222
Depreciation	912,882	2,936,681	74,694	27,576	3,951,833	40,195
Other	524,883	1,911,773	33,952	51,411	2,522,019	516,399
Total operating expenses	11,951,542	13,261,372	2,034,118	776,034	28,023,066	1,005,006
Operating income (loss)	(108,249)	(7,287,844)	41,369	325,560	(7,029,164)	5,992
NONOPERATING REVENUES (EXPENSES)						
Gain/(loss) on disposal of capital assets	5,513	(4,149)	(1,772)	-	(408)	-
Intergovernmental revenue	-	4,446,526	7,383	-	4,453,909	-
CARES operating grant revenue	-	3,950,876	-	-	3,950,876	-
Investment earnings	87,276	79,348	-	33,156	199,780	-
Interest expense	(120,218)	-	-	-	(120,218)	-
Net nonoperating revenues (expenses)	(27,429)	8,472,601	5,611	33,156	8,483,939	-
Income (loss) before contributions and transfers	(135,678)	1,184,757	46,980	358,716	1,454,775	5,992
CAPITAL CONTRIBUTIONS	-	3,547,459	-	325,780	3,873,239	-
TRANSFERS IN	341,309	-	240,214	-	581,523	-
TRANSFERS OUT	-	-	-	(35,000)	(35,000)	-
Change in net position	205,631	4,732,216	287,194	649,496	5,874,537	5,992
NET POSITION AT JULY 1	10,752,675	17,749,416	824,410	1,546,148	30,872,649	189,595
NET POSITION AT JUNE 30	\$ 10,958,306	\$ 22,481,632	\$ 1,111,604	\$ 2,195,644	\$ 36,747,186	\$ 195,587

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater	Total	
OPERATING ACTIVITIES						
Receipts from customers	\$ 11,609,063	\$ 5,601,852	\$ 2,063,645	\$ 1,081,875	\$ 20,356,435	\$ 1,010,998
Payments to suppliers	(9,239,069)	(3,588,479)	(1,820,597)	(571,237)	(15,219,382)	(619,841)
Payments to employees	(1,533,910)	(6,407,108)	(116,938)	(178,160)	(8,236,116)	(365,344)
Other receipts	187,216	9,763	-	20,092	217,071	-
Net cash provided by (used in) operating activities	1,023,300	(4,383,972)	126,110	352,570	(2,881,992)	25,813
NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	-	-	-	(35,000)	(35,000)	-
Operating assistance grants received	-	4,696,864	11,294	-	4,708,158	-
Net cash provided by (used in) noncapital financing activities	-	4,696,864	11,294	(35,000)	4,673,158	-
CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(365,965)	(3,390,153)	(7,901)	(181,054)	(3,945,073)	(38,568)
Proceeds from sale of capital assets	5,513	5,553	-	-	11,066	-
Contribution of capital by other governments	-	3,330,861	-	-	3,330,861	-
Principal paid on capital debt	(621,300)	-	-	-	(621,300)	-
Interest paid on capital debt	(119,276)	-	-	-	(119,276)	-
Net cash used in capital and related financing activities	(1,101,028)	(53,739)	(7,901)	(181,054)	(1,343,722)	(38,568)
INVESTING ACTIVITIES						
Proceeds from sale of investments	254,997	162,567	-	-	417,564	-
Purchase of investments	-	-	-	(1,870)	(1,870)	-
Interest received	53,801	47,852	-	20,812	122,465	-
Net cash provided by (used in) investing activities	308,798	210,419	-	18,942	538,159	-
Net (decrease) increase in cash and cash equivalents	231,070	469,572	129,503	155,458	985,603	(12,755)
CASH AND CASH EQUIVALENTS						
Beginning at July 1	3,043,846	1,886,711	275,292	918,939	6,124,788	237,094
Ending at June 30	\$ 3,274,916	\$ 2,356,283	\$ 404,795	\$ 1,074,397	\$ 7,110,391	\$ 224,339
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and cash equivalents	\$ 1,949,416	\$ 2,356,283	\$ 404,795	\$ 1,074,397	\$ 5,784,891	\$ 224,339
Cash and cash equivalents, restricted	1,325,500	-	-	-	1,325,500	-
	<u>\$ 3,274,916</u>	<u>\$ 2,356,283</u>	<u>\$ 404,795</u>	<u>\$ 1,074,397</u>	<u>\$ 7,110,391</u>	<u>\$ 224,339</u>

(Continued)

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2020

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)						
OPERATING ACTIVITIES						
Operating income (loss)	\$ (108,249)	\$ (7,287,844)	\$ 41,369	\$ 325,560	\$ (7,029,164)	\$ 5,992
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	912,882	2,936,681	74,694	27,576	3,951,833	40,195
Pension expense net of employer contributions	66,529	271,578	4,635	6,379	349,121	(9,141)
Other post employment benefit expense net of employer contributions	7,482	110,912	(528)	524	118,390	(13,539)
Change in assets and liabilities						
(Increase) decrease in:						
Receivable, net	(53,920)	(361,913)	(11,842)	373	(427,302)	-
Inventories	-	(136,301)	-	-	(136,301)	4,900
(Decrease) increase in:						
Accounts payable and accrued liabilities	164,588	(26,669)	15,427	(10,419)	142,927	(13,042)
Accrued payroll and related liabilities	27,082	109,584	2,355	2,577	141,598	10,448
Customer deposits	6,906	-	-	-	6,906	-
Net cash provided by (used in) operating activities	<u>\$ 1,023,300</u>	<u>\$ (4,383,972)</u>	<u>\$ 126,110</u>	<u>\$ 352,570</u>	<u>\$ (2,881,992)</u>	<u>\$ 25,813</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital asset purchases financed by accounts payable	<u>\$ 13,739</u>	<u>\$ 132,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,957</u>	<u>\$ -</u>
Capital contributions received	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,942</u>	<u>\$ 105,942</u>	<u>\$ -</u>
Increase in due from other governmental units for capital and operating grants	<u>\$ -</u>	<u>\$ 3,950,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,950,218</u>	<u>\$ -</u>
Capital asset transferred from governmental funds	<u>\$ 341,309</u>	<u>\$ -</u>	<u>\$ 240,214</u>		<u>\$ 581,523</u>	<u>\$ -</u>

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Other Post- Employment Benefits	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 407,124
Investments		
Fixed Income	1,179,782	-
Stocks	3,314,626	-
Real Estate	393,261	-
Alternative investments	730,341	-
	<hr/>	<hr/>
Total assets	5,618,010	407,124
	<hr/>	<hr/>
LIABILITIES		
Liability to agency	-	407,124
	<hr/>	<hr/>
Total liabilities	-	407,124
	<hr/>	<hr/>
NET POSITION		
Other post-employment benefits	5,618,010	-
	<hr/>	<hr/>
Total net position restricted for other post-employment benefits	<u>\$ 5,618,010</u>	<u>\$ -</u>

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

Year Ended June 30, 2020

	Other Post- Employment Benefits
ADDITIONS	
Employer contributions	\$ 1,003,016
Investment earnings	<u>151,311</u>
Total additions	<u>1,154,327</u>
DEDUCTIONS	
Retirement benefits	480,331
Administrative expenses	<u>5,891</u>
Total deductions	<u>486,222</u>
Change in net position	<u>668,105</u>
NET POSITION AT JULY 1	<u>4,949,905</u>
NET POSITION AT JUNE 30	<u><u>\$ 5,618,010</u></u>

The Notes to Financial Statements are
an integral part of this statement.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The Town of Blacksburg, Virginia (the “Town”) was incorporated on March 22, 1871. The Town operates on a Council-Manager form of government and provides municipal services to its residents including fire and police protection, planning, engineering, inspections, public works and public utilities, parks, and general government. The Town also provides water, sewer, refuse collection, recycling, stormwater, and public transit services to its citizens. The Town is part of a county and has taxing powers subject to state-wide restrictions and limits. The financial statements present the Town as the primary government. A component unit is an entity for which the Town is considered to be financially accountable. The Town does not have any component units.

The following entities are excluded from the accompanying financial statements:

Jointly Governed Organizations:

New River Valley Regional Water Authority

The New River Valley Regional Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech, Montgomery County, and the Town of Christiansburg. Each governing body appoints one member of the five-member board of directors. Two at-large members are appointed by joint resolution of each of the member localities. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority’s customers, the Town has no obligation for any of its indebtedness. During fiscal year 2020, the Town paid \$3,597,555 to the Authority for purchases of water.

Montgomery Regional Solid Waste Authority

The Town is a member of the Montgomery Regional Solid Waste Authority, which was created by a joint resolution on December 14, 1994 by the Towns of Blacksburg and Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by tipping fees and the individual jurisdictions are not liable for the debt of the Authority. The Town paid \$345,406 in tipping fees during fiscal year 2020.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

Blacksburg-VPI Sanitation Authority

The Blacksburg-VPI Sanitation Authority was created by a concurrent resolution of the Town and Virginia Tech. The Authority operates and maintains a wastewater treatment system for the Town and Virginia Tech. The five-member board of directors consists of one member appointed by each governing body. Three at-large members are appointed by joint resolution. All indebtedness of the Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2020, the Town paid \$3,570,391 to the Authority for purchase of wastewater treatment services.

Virginia Tech-Montgomery Regional Airport Authority

The Virginia Tech-Montgomery Regional Airport Authority (the “Airport Authority”) was created by concurrent resolutions of the governing bodies of the Towns of Blacksburg and Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Airport Authority utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has bonded indebtedness. All indebtedness of the Airport Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2020, the Town paid \$50,000 toward the operations of the airport.

Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization (the “MPO”). The MPO is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery County area. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community’s vision. The Town has three members within this organization, two of which are voting members that are appointed by Town Council. During fiscal year 2020, the Town paid \$6,600 toward operations of the MPO.

Montgomery Regional Tourism Board

The Town is a member of the Montgomery Regional Tourism Board (the “MRTB”). The MRTB functions as a joint tourism agency that serves the County of Montgomery and the Towns of Blacksburg and Christiansburg to promote tourism in the region. Per the operating agreement, the board consists of the County Administrator and both Town Managers. Funding for tourism expenditures are based on the amount of funding received from hotel occupancy taxes. The Town pays 1% of the 7% transient lodging tax collections to the MRTB less 15% of this amount for the Town’s own tourism efforts. During fiscal year 2020, the Town paid \$172,874 to the MRTB.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

New River Valley Emergency Communications Regional Authority

The Town is a member of the New River Valley Emergency Communications Regional Authority (the “Communications Authority”). The Communications Authority is a regional partnership, serving the County of Montgomery, the Towns of Blacksburg and Christiansburg, and Virginia Tech. The Communications Authority provides 911 dispatch and emergency communication services to the community and agencies in these localities. The Communications Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. During fiscal year 2020, the Town paid \$836,888 toward operations of the Communications Authority.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise 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. However, agency funds have no measurement focus. 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.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Government 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Agency funds are unlike all other fund types, reporting only assets and liabilities; therefore, agency funds do not have a measurement focus. The agency funds utilize the accrual basis of accounting to recognize receivables and payables.

The Town reports the following major governmental funds:

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

The *Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") fund* accounts for financial resources to be used for expenditures relating to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

The *general capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The *equipment replacement fund* accounts for financial resources to be used for the acquisition or replacement of major capital items.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Town reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the Town's water and sewer operations.

The *transit system fund* accounts for the activities of the Town's transit operations.

The *stormwater fund* accounts for infrastructure maintenance and improvements to the Town's stormwater infrastructure.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

Additionally, the Town reports the following fund types:

The *internal service fund* accounts for the garage and fleet operations and related services provided to other departments of the Town or to other governments.

The *fiduciary funds* are used to account for monies held by the Town as an agent or custodian for others. These funds consist of the New River Valley Alcohol Safety Action Program and the Virginia Tech/Montgomery Regional Airport Authority, both of which are other governmental units. There is also the OPEB Trust Fund that accounts for the assets held for, and costs of, other post-employment benefits (OPEB). It is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position.

During the course of operations, the government has activity between funds for various purposes. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds 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.

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, transit, stormwater, and solid-waste and recycling enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

D. Budgets and Budgetary Accounting

The budget for the General Fund is adopted and maintained on the modified accrual basis adjusted for encumbrances. The original budget and budget revisions during the fiscal year are authorized at the departmental level by Town Council. The Town Manager has the authority to transfer amounts within departments, as long as the total appropriation for the department is not adjusted. The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) – General Fund reflects these revisions, if any. All appropriations lapse at year end to the extent they have not been expended or lawfully encumbered. An appropriation equal to year end encumbrances is authorized in the succeeding year.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

The following is a reconciliation of the results of operations for the year on the budgetary basis to the GAAP basis:

	<u>General Fund</u>
Net change in fund balance (non-GAAP budgetary basis)	\$ 4,259,002
Encumbrances at June 30, 2020	<u>299,596</u>
Net change in fund balance (GAAP basis)	<u>\$ 4,558,598</u>

E. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value.

G. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

H. Inventories

Inventories are stated at cost (first-in, first-out) or market for enterprise and internal service funds and at cost for the general fund. Inventories consist of parts and materials held for consumption, which are recorded as an expenditure or expense when used. Golf course inventory, which is held for resale, is held at lower of cost or market.

I. Building and Land Held for Resale

Building and land held for resale represent a property that was purchased by the Town to settle a lawsuit during fiscal year 2015. The Town intends on selling or leasing the property and thus will not be placed into service to benefit the Town.

J. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Machinery and equipment	3-20 years
Water and sewer systems	30 years
Infrastructure	15-40 years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has the following items that qualify for reporting as deferred outflows/inflows:

- Deferred loss on refunding. A deferred loss on refunding is a deferred outflow which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- OPEB or pension changes in proportion and changes in assumptions. These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

The Town has policies which allow for the accumulation and vesting of limited amounts of vacation, holiday, compensatory, and sick leave until termination or retirement. Outstanding vacation, holiday, and compensatory time is payable upon termination of employment. The amount of vacation leave payable is dependent on length of service and limited to a certain amount of hours. Sick leave is payable only upon retirement and limited to a certain amount of hours and is only accrued upon the announcement of an employee's retirement. Amounts for vacation, holiday, and compensatory time are accrued when incurred in the government-wide, proprietary, and fiduciary statements. A liability for these amounts is reported in the governmental funds when the amounts are due for payment.

L. Other Post-employment Benefit Trust Fund

The Town's policy is to fund a portion of the annual required contribution of its other post-employment benefit liability by contributing to the VACo/VML Pooled OPEB Trust Fund. The OPEB Trust Fund assets and investments are recorded at fair value. The Trust Fund Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. Further information regarding the Town's other post-employment benefits liability is included in Note 11 and in the required supplementary information immediately following the notes.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund type financial statements, *long-term debt* and other long-term obligations are reported as liabilities in the applicable fund-type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

N. Pensions and Other Postemployment Benefits (OPEB):

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Town's Plans and the additions to/deductions from the Town's Plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS) and the Town's plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balances/Net Position

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid expenses, inventories, and long-term interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body or by the Town Manager which has been designated this authority.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Council establishes fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. Appropriations for capital projects lapse at the end of the project and not at the end of the year. Assigned fund balance is established by Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes such as balancing the subsequent year’s budget).

Restricted Amounts

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

The General Fund unassigned fund balance is targeted at no less than 10% of operating expenditures exclusive of capital improvements. However, the Town continues to strive to increase the level to a target of 15% of operating expenditures exclusive of capital improvements. Unassigned fund balance should only be used for one-time uses.

Other governmental funds do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by Council.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balances/Net Position (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances outstanding as of June 30 total \$299,596 in the general fund, \$5,340 in the CARES Act fund, \$3,162,305 in the capital projects and equipment replacement funds, and \$967,756 in nonmajor governmental funds. Encumbrances outstanding at the end of the year are reappropriated as part of subsequent year's budget.

Restricted Net Position

Restricted net position for governmental activities consists of unspent grant fund proceeds for the Urban Construction fund.

P. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits

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

Investments

Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the Town's Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program (SNAP) or

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2. Deposits and Investments (Continued)

Investments (Continued)

other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool). Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP and SNAP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share) in accordance with GASB 79. SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia local governments. The SNAP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the SNAP is less than one year.

To the extent possible, the Policy will match investment with anticipated cash flow requirements. Unless matched to a specific cash flow, the Policy will not allow the Town to directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances. At times, securities are purchased with a maturity greater than five years. These maturities are matched with cash flows of the equipment replacement fund.

Credit Risk:

As required by state statute or by the Town, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody's and Standard and Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard and Poor's and "P-1" by Moody's Investor Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard and Poor's. Repurchase agreements require that the counterparty be rated A or better by Moody's and Standard & Poor's.

The Town's investments in LGIP and SNAP are rated AAAm by Standard and Poor's and represent 28.73% of the Town's investments. Most of the Town's certificates of deposit are under \$250,000 and are secured by FDIC.

Concentration of Credit Risk:

The intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity; accordingly, the Policy places certain limits on the amount the Town may invest in any one issuer. The portions of the Town's portfolio that exceed 5% of the total portfolio at June 30, 2020 are shown in the table below under Interest Rate Risk.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk:

The Policy requires that all investments be maintained by financial institutions authorized to provide investment services and security broker/dealers selected by creditworthiness.

Interest Rate Risk:

As of June 30, the fair values and weighted average maturity of investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity*	Percentage of Portfolio
SNAP	\$ 3,268,566	1	27.65%
LGIP	127,081	1	1.08%
Certificates of deposit	8,616,890	1,752	71.27%
Total investments	<u>\$ 12,012,537</u>		<u>100.00%</u>
Portfolio weighted average maturity			
*Weighted average maturity in days			

Investments	\$ 12,012,537
Deposits	<u>14,374,765</u>
Total deposits and investments	<u>\$ 26,387,302</u>
Reconciliation of deposits and investments to Exhibit 1:	
Cash and cash equivalents	\$ 14,536,561
Cash and cash equivalents, restricted	1,995,125
Investments	<u>9,855,616</u>
Total deposits and investments	<u>\$ 26,387,302</u>

Restricted cash and cash equivalents consists of unexpended debt proceeds and grant funds received in advance from the Commonwealth of Virginia for capital projects.

The Town does not have a formal policy relating to interest rate risk but does follow the *Code of Virginia* regarding the types of securities to invest in.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 3. Receivables, Net

Receivables are as follows:

	Governmental Activities			Business-Type Activities			
	General	General Capital Projects	Equipment Replacement	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater
Receivables							
Interest	\$ 13,489	\$ -	\$ 6,935	\$ 6,101	\$ 5,009	\$ -	\$ 2,265
Taxes	994,643	-	-	-	-	-	-
Accounts	30,956	272	-	1,294,161	451,550	256,794	66,945
	1,039,088	272	6,935	1,300,262	456,559	256,794	69,210
Less: allowance for uncollectibles	(38,323)	-	-	(5,632)	-	(1,104)	(146)
Receivables, net	<u>\$ 1,000,765</u>	<u>\$ 272</u>	<u>\$ 6,935</u>	<u>\$ 1,294,630</u>	<u>\$ 456,559</u>	<u>\$ 255,690</u>	<u>\$ 69,064</u>

Governmental funds report *deferred inflows-deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, the components of *deferred inflows-unavailable/deferred revenue* reported in the governmental funds were as follows:

	Unavailable	Deferred	Total
Included in receivables:			
Delinquent property taxes	\$ 182,051	\$ -	\$ 182,051
Meals and hotel taxes	222,215	-	222,215
Telecommunication tax	84,725	-	84,725
Business license and other taxes	4,255	-	4,255
	<u>493,246</u>	<u>-</u>	<u>493,246</u>
Included in cash:			
Other	-	4,458	4,458
Subsequent years' tax collections	-	52,452	52,452
Total unavailable/deferred revenue for governmental funds	<u>\$ 493,246</u>	<u>\$ 56,910</u>	<u>\$ 550,156</u>

Deferred inflows of resources for deferred revenue in the transit fund and the solid waste and recycling fund represent grant payments received for future year activities.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 4. Transfers, Interfund Receivables and Payables

Interfund transfers are as follows:

	Transfers Out:				
	General	General Capital	Equipment Replacement	Stormwater	Total
Transfers In:					
General	\$ -	\$ 108,841	\$ -	\$ -	\$ 108,841
General capital	1,237,140	-	-	35,000	1,272,140
Solid waste and recycling	21,219	-	218,995	-	240,214
Debt Service	2,369,641	-	-	-	2,369,641
Water and sewer	-	-	341,309	-	341,309
Total	\$ 3,628,000	\$ 108,841	\$ 560,304	\$ 35,000	\$ 4,332,145

The primary purposes of the transfers are as follows:

- Transfer general fund resources to fund acquisition or construction of capital projects.
- Transfer general fund resources to fund debt service payments.
- Transfer resources from the underlying funds that own the equipment to replace the equipment in the future following a replacement schedule.
- Transfer resources to fund the purchase of assets in other funds.

Amounts due from/to other funds consist of the following at June 30:

Receivable Fund	Payable Fund	Amount
General	CDBG	\$ 61,909
General	HOME	196,215
General	CARES Act	582,525
		<u>\$ 840,649</u>

The primary purpose of the due from/to amounts is as follows:

- Amounts due to the general fund represent short-term interfund advances for operating or capital needs.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5. Due from Other Governmental Units

Amounts due from other governmental units are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Federal:		
Transit capital assistance grant	\$ -	\$ 1,311,838
Community Development Planning Entitlement Grant	77,098	-
HOME funding	216,749	-
Other Federal:		
Transit Grants	-	33,080
Commonwealth of Virginia:		
Transit Grants	-	290,673
Telecommunications tax	167,995	-
VDOT Revenue Sharing	1,070,902	-
Other:		
CARES Act	582,525	3,650,488
Sales tax	250,598	-
Other – includes airport and VASAP	389,308	-
	<u>\$ 2,755,175</u>	<u>\$ 5,286,079</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 6. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 10,935,077	\$ 3,430,900	\$ -	\$ 14,365,977
Construction in progress	2,468,621	2,164,039	(1,901,993)	2,730,667
Total capital assets, not depreciated	13,403,698	5,594,939	(1,901,993)	17,096,644
Capital assets, depreciated				
Buildings and improvements	36,705,406	172,433	-	36,877,839
Infrastructure	58,346,603	452,655	-	58,799,258
Machinery and equipment	24,271,352	2,364,112	(813,794)	25,821,670
Total capital assets depreciated	119,323,361	2,989,200	(813,794)	121,498,767
Less accumulated depreciation for:				
Buildings and improvements	13,850,584	1,069,328	-	14,919,912
Infrastructure	20,573,142	1,740,164	-	22,313,306
Machinery and equipment	15,274,249	1,572,005	(801,428)	16,044,826
Total accumulated depreciation	49,697,975	4,381,497	(801,428)	53,278,044
Total capital assets, depreciated, net	69,625,386	(1,392,297)	(12,366)	68,220,723
Governmental activities, capital assets, net	\$ 83,029,084	\$ 4,202,642	\$ (1,914,359)	\$ 85,317,367
Business-Type Activities				
Capital assets, not depreciated				
Land	\$ 219,247	\$ -	\$ -	\$ 219,247
Construction in progress	3,694,872	1,433,488	(604,763)	4,523,597
Total capital assets, not depreciated	3,914,119	1,433,488	(604,763)	4,742,844
Capital assets, depreciated				
Buildings and improvements	8,303,919	480,519	-	8,784,438
Water system-plant	11,666,477	31,848	-	11,698,325
Sewer system-plant	15,783,807	-	-	15,783,807
Machinery and equipment	37,267,242	3,523,338	(200,550)	40,590,030
Total capital assets depreciated	73,021,445	4,035,705	(200,550)	76,856,600
Less accumulated depreciation for:				
Buildings and improvements	4,957,178	302,943	-	5,260,121
Water system-plant	7,948,590	214,307	-	8,162,897
Sewer system-plant	7,684,298	427,738	-	8,112,036
Machinery and equipment	26,480,307	3,006,845	(189,079)	29,298,073
Total accumulated depreciation	47,070,373	3,951,833	(189,079)	50,833,127
Total capital assets, depreciated, net	25,951,072	83,872	(11,471)	26,023,473
Business-Type activities, capital assets, net	\$ 29,865,191	\$ 1,517,360	\$ (616,234)	\$ 30,766,317

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 6. Capital Assets (Continued)

The Virginia Department of Transportation (VDOT) and the Federal Transit Administration (FTA) have provided grants for certain Transit System capital assets which have a total net book value of \$16,347,333 as of June 30. The Town cannot dispose of these assets without prior approval from the grantors.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Financial services	\$ 9,747
Technology	21,511
Police	426,917
Fire and rescue	757,658
Public works	1,014,246
Recreation	337,183
Planning and engineering	33,875
Unallocated depreciation	1,740,165
Internal service fund	40,195
	<u>\$ 4,381,497</u>

Business-type activities:

Water and sewer	\$ 912,882
Transit system	2,936,681
Stormwater	27,576
Solid Waste and Recycling	74,694
	<u>\$ 3,951,833</u>

Construction Commitments

The Town has active construction projects as of June 30. The Town's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
CDBG/HOME Development Projects	\$ 1,218,553	\$ 967,756
Police Department Building and Parking Garage	463,120	1,176,535
Transit Facility Renovation	157,796	323,186
Sanitary Sewer Rehabilitation	-	769,842
Giles Street Sidewalk Project	132,045	703,816
Price's Fork Road Sidewalk Improvements	-	329,995
	<u>\$ 1,971,514</u>	<u>\$ 4,271,130</u>

The Town has entered into a Virginia Public-Private Education Facilities and Infrastructure Act agreement (PPEA) whereby the Town has engaged a developer to design a new public safety building and public parking garage on the old Blacksburg Middle School site. The fees for the concept and design phases of this project will be approximately \$1,740,000 with construction costs estimated at \$25,000,000.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 7. Long-Term Liabilities

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds \$	20,849,983 \$	- \$	1,618,700 \$	19,231,283 \$	1,641,685
Net discounts/premiums	338,992	-	6,578	332,414	-
Total bonds payable	21,188,975	-	1,625,278	19,563,697	1,641,685
Capital lease	83,572	-	66,554	17,018	17,018
Compensated absences	2,041,076	1,208,180	1,085,403	2,163,853	75,097
	<u>\$ 23,313,623</u>	<u>\$ 1,208,180</u>	<u>\$ 2,777,235</u>	<u>\$ 21,744,568</u>	<u>\$ 1,733,800</u>
<u>Business-Type</u>					
<u>Activities:</u>					
General obligation bonds \$	4,530,016 \$	- \$	621,300 \$	3,908,716 \$	633,315
Net discounts/premiums	127,074	-	(1,218)	128,292	-
Total bonds payable	4,657,090	-	620,082	4,037,008	633,315
Compensated absences	480,399	606,091	514,282	572,208	257,734
	<u>\$ 5,137,489</u>	<u>\$ 606,091</u>	<u>\$ 1,134,364</u>	<u>\$ 4,609,216</u>	<u>\$ 891,049</u>

Governmental activities compensated absences, pension liabilities, and other post-employment benefits liabilities are generally liquidated by the general fund.

The gross amount of parking meters and pay stations acquired under the capital lease is \$312,701.

The Town is subject to a debt limit as mandated by the Commonwealth of Virginia. Information on this computation can be found in Schedule 2 in the Supporting Schedules Section.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2020

Note 7. Long-Term Liabilities (Continued)

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

Year Ended June 30	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Capital Lease		General Obligations Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,641,685	\$ 583,564	\$ 17,018	\$ 155	\$ 633,315	\$ 105,675
2022	1,521,240	546,217	-	-	508,760	91,735
2023	1,541,995	510,691	-	-	518,005	80,067
2024	1,204,000	462,111	-	-	536,000	64,559
2025	1,166,113	430,148	-	-	478,886	51,557
2026-2030	5,476,250	1,543,390	-	-	618,750	139,281
2031-2035	3,590,000	830,012	-	-	430,000	67,200
2036-2040	1,640,000	397,438	-	-	185,000	8,250
2041-2045	1,450,000	155,750	-	-	-	-
	<u>\$ 19,231,283</u>	<u>\$ 5,459,321</u>	<u>\$ 17,018</u>	<u>\$ 155</u>	<u>\$ 3,908,716</u>	<u>\$ 608,324</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Date	Amount of Original Issue	Governmental Activities	Business-type Activities
<u>General Obligation Bonds:</u>						
General Obligation Bonds	5.21	10-09	03-30	\$ 3,180,000	\$ 1,825,000	\$ -
General Obligation Bonds	1.92	11-11	10-25	9,545,000	1,705,710	1,689,290
General Obligation Bonds	1.94	11-12	03-32	3,855,000	2,485,000	-
General Obligation Bonds	2.00-5.00	03-15	06-45	15,170,000	10,375,573	919,426
General Obligation Bonds	2.98	10-17	03-37	4,740,000	2,840,000	1,300,000
					19,231,283	3,908,716
				Net discounts/premiums	332,414	128,292
					<u>\$ 19,563,697</u>	<u>\$ 4,037,008</u>
<u>Capital Lease:</u>						
Parking meters and pay stations	3.65	08-15	08-20	\$ 312,701	\$ 17,018	\$ -

Subsequent to year end, the Town issued the 2020A \$7,590,000 general obligation bonds at a premium of \$1,409,152 with interest at 2.00% and maturing in March of 2040. This issuance includes \$1,870,000 in refunding bonds that are being used to refund the 2009 general obligation bonds and will provide a net present value savings of \$244,000. The reacquisition price exceeded the net carrying amount of the old debt by \$45,000. This is netted against the new debt and amortized over the remaining life of the refunded debt. The proceeds will be used to fund various capital projects in the Town for governmental activities.

In addition and subsequent to year end, the Town issued the 2020B \$14,210,000 tax-exempt general obligation bonds at a premium of \$1,513,000 and the 2020C \$9,590,000 taxable general obligation bonds at a premium of \$110,000. The 2020B bonds are being used to fund a new police station with an interest rate of 2.12% and the 2020C bonds are being used to fund a new parking garage with an interest rate of 2.42% with both issuances maturing in March of 2040. A new special tax district was approved for the area the parking garage will be built. Properties in this district will be taxed at a higher real estate rate and those excess funds along with meals and lodging taxes collected by businesses in this district will be used to pay the debt service.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 8. Net Position/Fund Equity

Fund Balance is classified based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balances are presented below:

	General Fund	Other Governmental Funds
Nonspendable:		
Inventories	\$ 320,040	\$ -
Prepays	1,177	7,011
Total nonspendable	<u>321,217</u>	<u>7,011</u>
Restricted for:		
Urban construction – capital outlays	<u>-</u>	<u>293,297</u>
Committed to:		
Executive	78,175	-
Legal	1,824	-
Financial services	27,060	-
Technology	3,248	-
Fire and rescue	11,560	-
Public works	86,907	-
Recreation	9,173	-
Engineering and GIS	223	-
Planning and building	81,426	-
CARES Act	-	5,340
General capital projects	-	2,996,499
Equipment replacement	-	165,806
CDBG capital projects	-	523,188
HOME capital projects	-	444,568
Total committed	<u>299,596</u>	<u>4,135,401</u>
Assigned to:		
Subsequent year's budget	4,106,650	-
Equipment replacement	-	2,835,933
Total assigned	<u>4,106,650</u>	<u>2,835,933</u>
Unassigned	<u>7,167,557</u>	<u>(3,238,397)</u>
Total fund balance	<u><u>\$ 11,895,020</u></u>	<u><u>\$ 4,033,245</u></u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Defined Benefit Pension Plan

Plan Description

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

The Town is the fiscal agent for separate legal entities, the New River Valley Alcohol Safety Action Program and the Virginia Tech/Montgomery Regional Airport Authority (the “Fiduciary Entities”). The Fiduciary Entities participate in VRS through inclusion in the Town’s pension plan. This participation is considered a cost sharing relationship for the Fiscal Entities. As a result, the proportionate share of the Fiduciary Entities’ participation in the Town’s pension plan is excluded from the Town’s pension related balances. However, the Required Supplementary Information included after the notes to the financial statements, is reported for the VRS plan of the Town as a whole, including the Fiduciary Entities.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>184</u>
Inactive members:	
Vested inactive members	47
Non-vested inactive members	67
Active elsewhere in VRS	<u>96</u>
Total inactive members	<u>210</u>
Active members	<u>305</u>
Total covered employees	<u><u>699</u></u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required contribution rate for the year ended June 30, 2020 was 13.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$2,035,537 and \$1,939,805 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		<u>5.13 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.63 %</u>

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 78,298,166	\$ 63,270,717	\$ 15,027,449
Changes for the year:			
Change in assumptions	2,544,438	-	2,544,438
Service cost	1,547,888	-	1,547,888
Interest	5,359,502	-	5,359,502
Differences between expected and actual experience	407,107	-	407,107
Contributions – employer	-	1,898,942	(1,898,942)
Contributions – employee	-	722,669	(722,669)
Net investment income	-	4,210,602	(4,210,602)
Benefit payments, including refunds of employee contributions	(3,467,705)	(3,467,705)	-
Administrative expenses	-	(41,396)	41,396
Other changes	-	(2,658)	2,658
Net changes	6,391,230	3,320,454	3,070,776
Balances at June 30, 2019	\$ 84,689,396	\$ 66,591,171	\$ 18,098,225

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the Town using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Town's net pension liability	\$ 29,671,173	\$ 18,098,225	\$ 8,875,737

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

For the year ended June 30, 2020, the Town recognized pension expense of \$2,823,911. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 361,505	\$ 322,393
Change in assumptions	1,864,106	77,877
Net difference between projected and actual earnings on pension plan investments	-	558,410
Employer contributions subsequent to the measurement date	<u>2,035,537</u>	<u>-</u>
Total	<u>\$ 4,261,148</u>	<u>\$ 958,680</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

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

The \$2,035,537 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Reduction to Pension Expense</u>
2021	\$ 486,267
2022	170,825
2023	572,399
2024	37,440

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2020, approximately \$233,195 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

Note 10. Property Taxes

Property is assessed at its current market value on January 1 by Montgomery County, Virginia. Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on June 5 and December 5. Town Council approves the tax rate for both installments in April of each year. The Town bills and collects the real estate taxes. A penalty of 10% of the tax or \$10, whichever is greater, but not to exceed the tax, is assessed after June 5 and December 5. Taxes were levied at a rate of \$.26 per \$100 of assessed valuation for the 2020 calendar year. The Town places liens on property as necessary to supplement collection efforts. The Commonwealth of Virginia has no limitation on tax rates.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Local Plan

The cost of post-employment healthcare benefits are associated with the periods in which the cost occurs, rather than in the future years when it will be paid. A trust fund was established by the Town with the Virginia Pooled OPEB Trust Fund (the “Trust Fund”), sponsored by the Virginia Municipal League (VML) and the Virginia Association of Counties (VaCo). The Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan.

Trust Fund Investments

Investment decisions for the fund’s assets are made by the Board of Trustees. The Board of Trustees established investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions and publicly available indices for the generally accepted evaluation and measurement of such performance. The investment objective of the Fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection.

The following was the Board’s adopted asset allocation policy as of June 30, 2020:

Asset Class (Strategy)	Allocation - Portfolio I	Allocation - Portfolio II
Total Equity	65%	40%
Total Fixed Income	25%	55%
Total Real Assets	10%	5%
Total	100%	100%

Concentrations – There are no investments in any one organization that represents 5 percent or more of the OPEB Trust’s fiduciary net position.

Rate of Return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.53 percent and 5.52 percent for portfolio I and portfolio II, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Additional investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia, 23219.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Local Plan (Continued)

Plan Description and benefits provided

The Town provides post-employment health benefits for retired employees through a single-employer defined benefit plan. The Town may change, add or delete health insurance benefits as the Town deems appropriate with Town Council approval. The plan does not grant retirees vested health coverage benefits. The Town provides healthcare, prescription drug, vision, and life insurance benefits to retirees and their dependents. The Town also pays a portion of the cost of healthcare and prescription drug benefits for retirees, disabled retirees, spouses, and dependents. All full-time, active employees who retire or are disabled directly from the Town and meet the eligibility criteria may participate.

Similar to the pension plan, two fiduciary entities, as described in Note 9, participate in the Town's other postemployment benefits as cost sharing participants. These entities are excluded from the Town's other postemployment benefit liabilities. The related required supplementary information is reported for the plan as a whole.

Membership

The number of participants at June 30, 2020 was as follows:

Retirees and spouses currently receiving benefits	77
Active employees	<u>293</u>
Total	<u><u>370</u></u>

Contributions

The Town contributed \$973,753 and \$799,738 during the years ended June 30, 2020 and 2019, respectively.

Net OPEB Liability

The Town's total net OPEB liability of \$9,449,660 was measured as of June 30, 2020 and was determined by an actuarial valuation performed as of July 1, 2018.

Actuarial Assumptions and Other Inputs

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Local Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

In the July 1, 2018 actuarial valuation, the entry age normal, level percentage of pay method was used to determine liabilities. Under this method, the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs. The actuarial assumptions used a 6.50% discount rate and an initial annual healthcare cost trend rate of 6.30% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.30%. An inflation rate of 2.5% and a payroll growth rate of 3% per year were used.

It is assumed that 100% of active members are married at retirement with husbands three years older than their wives. The unfunded actuarial accrued liability is being amortized over a closed period of 26 years as of June 30, 2020 as a level percent of payroll. The age-related claims cost assumption was updated and the assumed percentage of future retirees who elect medical coverage at retirement and also elect to cover their spouse was decreased from 20% to 10% based on inspection of actual spouse election experience as of July 1, 2018.

Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinion, including the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were the 2017 Horizon Survey of Capital Market Assumptions (consensus 10-year real returns) and the 2019 Social Security Trustees Report (inflation).

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	Bloomberg Barclays Aggregate	21.00%	1.56%	1.47%
Large Cap US Equities	S&P 500	26.00%	4.33%	3.23%
Small Cap US Equities	Russell 2000	10.00%	5.64%	3.82%
Global Equities	MSCI ACWI NR	5.00%	5.27%	4.01%
Developed Foreign Equities	MSCI EAFE NR	13.00%	5.94%	4.45%
Emerging Market Equities	MSCI EM NR	5.00%	8.03%	5.28%
Hedge Funds / Absolute Return	HFRI FOF Strategic	10.00%	2.88%	2.40%
Real Estate (REITS)	NCREIF Property	7.00%	3.84%	3.13%
Commodities	Bloomberg Commodity	3.00%	2.83%	1.27%
Assumed Inflation			2.60%	2.60%
Portfolio Real Mean Return			4.10%	3.53%
Portfolio Nominal Mean Return			6.70%	6.22%
Portfolio Standard Deviation				10.53%
Long-Term Expected Rate of Return				6.50%

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Local Plan (Continued)

Discount Rate

The discount rate used to measure the net OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 12,778,748	\$ 4,805,493	\$ 7,973,255
Changes for the year:			
Service cost	215,772	-	215,772
Interest	808,279	-	808,279
Change in assumptions	1,897,261	-	1,897,261
Economic/demographic gains/losses	(329,977)	-	(329,977)
Contributions – employer	-	973,753	(973,753)
Net investment income	-	146,897	(146,897)
Benefit payments	(466,317)	(466,317)	-
Administrative expenses	-	(5,720)	5,720
Net changes	2,125,018	648,613	1,476,405
Balances at June 30, 2020	<u>\$ 14,903,766</u>	<u>\$ 5,454,106</u>	<u>\$ 9,449,660</u>

Sensitivity of the Net OPEB Liability

The following presents the Net OPEB Liability of the Town, calculated using the discount rate of 6.50%, as well as what the Town's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Local Plan (Continued)

Sensitivity of the Net OPEB Liability (Continued)

	<u>1.00% Decrease (5.50%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1.00% Increase (7.50%)</u>
Net OPEB Liability	\$ 11,694,587	\$ 9,449,660	\$ 7,617,656

The following presents the Net OPEB Liability of the Town, calculated using the current healthcare cost trend rates, as well as what the Town's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	<u>1.00% Decrease</u>	<u>Current Trend Rate</u>	<u>1.00% Increase</u>
Net OPEB Liability	\$ 7,218,678	\$ 9,449,660	\$ 12,256,526

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$837,850. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 150,772	\$ 284,146
Change in assumptions	1,633,753	826,561
Net difference between projected and actual earnings on OPEB plan investments	<u>188,300</u>	<u>-</u>
Total	<u>\$ 1,972,825</u>	<u>\$ 1,110,707</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Local Plan (Continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 215,530
2022	215,530
2023	215,530
2024	215,528

Other Post-Employment Benefits – Virginia Retirement System Plan

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town also participates in the VRS Group Life Insurance (GLI) Program which is a multiple employer, cost-sharing plan.

Plan Description

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Contributions

Contributions to the VRS GLI program was based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. Employers may elect to pay all or part of the employee contribution. The Town contributed \$85,873 and \$82,071 during the years ended June 30, 2020 and 2019, respectively.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

June 30, 2020 proportionate share of liability	\$1,245,970
June 30, 2019 proportion	.07896%
June 30, 2018 proportion	.07940%
June 30, 2020 expense	\$36,689

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,418	\$ 16,484
Change in assumptions	78,540	37,815
Net difference between projected and actual earnings on OPEB plan investments	-	25,210
Changes in proportion	13,575	5,818
Employer contributions subsequent to the measurement date	85,873	-
Total	<u>\$ 260,406</u>	<u>\$ 85,327</u>

The \$85,873 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions made after the measurement date of the net other postemployment liability but before the Town's reporting period will be recognized as a reduction of the net other postemployment liability in the subsequent fiscal year rather than in the current fiscal period.. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 22,302
2022	22,302
2023	22,301
2024	22,301

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	6.75%

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 9.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,390,238
Plan fiduciary net position	1,762,972
Employers' net OPEB liability (asset)	\$ 1,627,266
Plan fiduciary net position as a percentage of total OPEB liability	52.00%

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)

Net OPEB Liabilities (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.63 %

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the Town, as well as what the Town's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 1,636,860	\$ 1,245,970	\$ 928,970

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2020, approximately \$17,809 was payable to the Virginia Retirement System for the legally required contributions of GLI related to June 2020 payroll.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 12. Risk Management

The Town is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool, The Virginia Risk Sharing Association, for their coverage of workers' compensation and for their coverage of property damage. The Town pays an annual premium to the pool for its general insurance coverage. The agreement for the formation of the pool provides that the pool will be self-sustaining through member premiums. The Town continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 13. Commitments and Contingencies

Special Purpose Grants

Special Purpose Grants are subject to audit to determine compliance with their requirements. Town officials believe that if any refunds are required, they will be immaterial.

Landfill

The Town has a closed municipal solid waste landfill. The Town has continued to monitor the landfill since closure, and no liabilities related to environmental remediation have arisen.

VDOT Land Contribution

During 2007, \$1,725,000 of land was contributed to the Town by the Virginia Department of Transportation (VDOT). This land was intended by VDOT to be used for open space and recreational purposes for the general public. The Town also had the right to designate a portion of the land, up to eight acres, for future commercial use. If the town elected not to devote the land for the specific purpose within ten years, the land was to be conveyed back to VDOT. In 2014, the Town negotiated the sale of four acres to construct an assisted living facility. The sale generated \$750,000 which was reinvested in the property to construct roads, infrastructure, and a public trail. Currently the Town has a contract to sell an additional four acres for \$750,000 to expand the residential facility to include a memory care unit. The proceeds from this sale will reimburse the town for the cost to develop over six acres of athletic fields which was completed in 2019. The closing of these additional acres and resulting revenue is expected by the end of fiscal year 2021.

Cook's Clean Center

A claim was filed against the Town by a property owner on North Main Street that alleged the Town eliminated access to parking spaces at their place of business. During 2015, the Town settled the lawsuit whereby the Town purchased the building for \$900,000. Currently, the Town has appropriated \$215,000 to remediate the building and has acquired grant funding to further assist in the remediation. Upon remediation, the Town intends on leasing or selling the property.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 13. Commitments and Contingencies (Continued)

Litigation

Various claims are pending against the Town. In the opinion of management, after consulting with legal counsel, the potential loss, if any, on all claims will be covered by the Town's insurance.

Note 14. Cemetery Trust Disclosure

In 1969, the Town established a trust to provide funds for the perpetual care and maintenance of Westview Cemetery. The trust is administered by a local bank. An independent trustee has title to and control over all assets of the trust and is not included in the reporting entity. The Town remits 80 percent of the proceeds from the sale of cemetery lots to the trust.

Note 15. COVID-19 Impact

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 16. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, Fiduciary Activities**. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, Leases**. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In March 2018, the GASB issued **Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements**. This Statement improves the information disclosed in the notes to government financial statements related to debt. The requirements of this Statement are effective for fiscal years beginning after June 15, 2019.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 16. New Accounting Standards (Continued)

In August 2018, the GASB issued **Statement No. 90**, *Majority Equity Interests*, an amendment of *GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 16. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2020

	Plan Year					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 1,598,073	\$ 1,537,120	\$ 1,594,893	\$ 1,526,474	\$ 1,529,256	\$ 1,485,346
Interest on total pension liability	5,533,265	5,308,486	5,150,045	4,842,808	4,590,812	4,369,226
Difference between expected and actual experience	420,306	(250,064)	(953,018)	1,252,548	565,459	-
Changes in assumptions	2,626,932	-	(354,504)	-	-	-
Benefit payments, including refunds of employee contribution	(3,580,133)	(3,188,712)	(3,159,226)	(3,306,250)	(2,864,895)	(2,513,240)
Net change in total pension liability	6,598,443	3,406,830	2,278,190	4,315,580	3,820,632	3,341,332
Total pension liability - beginning	80,836,703	77,429,873	75,151,683	70,836,103	67,015,471	63,674,139
Total pension liability - ending	87,435,146	80,836,703	77,429,873	75,151,683	70,836,103	67,015,471
Plan Fiduciary Net Position						
Contributions - employer	1,960,508	2,048,416	1,980,051	1,942,175	1,915,988	1,761,278
Contributions - employee	746,099	733,436	720,403	709,864	690,768	689,129
Net investment income	4,347,116	4,524,670	6,716,817	942,503	2,417,663	7,204,828
Benefit payments, including refunds of employee contribution	(3,580,133)	(3,188,712)	(3,159,226)	(3,306,250)	(2,864,895)	(2,513,240)
Administrative expenses	(42,738)	(38,567)	(38,454)	(33,878)	(32,864)	(38,519)
Other	(2,744)	(4,054)	(5,985)	(402)	(510)	379
Net change in plan fiduciary net position	3,428,108	4,075,189	6,213,606	254,012	2,126,150	7,103,855
Plan fiduciary net position - beginning	65,322,043	61,246,854	55,033,248	54,779,236	52,653,086	45,549,231
Plan fiduciary net position - ending	68,750,151	65,322,043	61,246,854	55,033,248	54,779,236	52,653,086
Net pension liability - ending	\$ 18,684,995	\$ 15,514,660	\$ 16,183,019	\$ 20,118,435	\$ 16,056,867	\$ 14,362,385
Plan fiduciary net position as a percentage of total pension liability	79%	81%	79%	73%	77%	79%
Covered payroll	\$ 15,401,860	\$ 15,157,113	\$ 14,536,186	\$ 13,279,500	\$ 13,766,189	\$ 13,426,101
Net pension liability as a percentage of covered payroll	121%	102%	111%	151%	117%	107%
Allocation of Net Pension Liability (Note 3)						
Town of Blacksburg	\$ 18,098,225	\$ 14,990,041	\$ 15,607,700	\$ 19,395,595	\$ 15,507,143	\$ 13,862,015
Cost sharing participants	586,770	524,619	575,319	722,840	549,724	500,370
Total net pension liability	\$ 18,684,995	\$ 15,514,660	\$ 16,183,019	\$ 20,118,435	\$ 16,056,867	\$ 14,362,385

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

Schedule is intended to show information for 10 years. Since 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2020

Town Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 2,101,534	\$ 2,101,534	\$ -	\$ 16,140,814	13.02%
2019	2,007,695	2,007,695	-	15,401,860	13.25
2018	2,088,926	2,088,926	-	15,157,113	14.37
2017	2,008,302	2,008,302	-	14,536,186	14.45
2016	1,953,058	1,953,058	-	13,279,500	14.71
2015	1,920,383	1,920,383	-	13,766,189	13.95

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2020

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Allocation of Net OPEB Liability (Note 3)		
						Town of Blacksburg	Cost Sharing Participan ts	Total
Virginia Retirement System - Group Life Insurance - General Employees								
2020	0.08%	\$ 1,285,000	\$ 15,401,860	8.34%	52.00%	\$ 1,245,970	\$ 39,030	\$1,285,000
2019	0.08	1,206,000	15,157,113	7.96	51.22	1,166,520	39,480	1,206,000
2018	0.08	1,184,000	14,536,186	8.15	48.86	1,141,565	42,435	1,184,000

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2020

	Fiscal Year			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 222,256	\$ 241,118	\$ 245,403	\$ 229,349
Interest on total pension liability	832,569	951,175	886,471	839,767
Economic/demographic gains or losses	(339,893)	213,907	-	-
Changes in assumptions	1,954,277	(1,172,682)	-	-
Benefit payments, including refunds of employee contributions	(480,331)	(401,106)	(432,659)	(403,756)
Net change in total OPEB liability	2,188,878	(167,588)	699,215	665,360
Total OPEB liability - beginning	13,162,768	13,330,356	12,631,141	11,965,781
Total OPEB liability - ending	15,351,646	13,162,768	13,330,356	12,631,141
Plan Fiduciary Net Position				
Contributions - employer	1,003,016	833,408	1,035,704	927,406
Net investment income	151,311	198,784	325,480	328,404
Benefit payments, including refunds of employee contributions	(480,331)	(401,106)	(432,659)	(403,756)
Administrative expenses	(5,891)	(5,052)	(4,176)	(3,474)
Net change in plan fiduciary net position	668,105	626,034	924,349	848,580
Plan fiduciary net position - beginning	4,949,905	4,323,871	3,399,522	2,550,942
Plan fiduciary net position - ending	5,618,010	4,949,905	4,323,871	3,399,522
Net OPEB liability - ending	\$ 9,733,636	\$ 8,212,863	\$ 9,006,485	\$ 9,231,619
Plan fiduciary net position as a percentage of total OPEB liability	37%	38%	32%	27%
Covered employee payroll	\$ 14,892,419	\$ 14,177,866	\$ 13,896,607	\$ 13,896,607
Net OPEB liability as a percentage of covered employee payroll	65%	58%	65%	66%
Allocation of Net OPEB Liability (Note 3)				
Town of Blacksburg	\$ 9,449,660	\$ 7,881,063	\$ 8,687,850	\$ 8,908,512
Cost sharing participants	283,976	331,800	318,635	323,107
Total net pension liability	\$ 9,733,636	\$ 8,212,863	\$ 9,006,485	\$ 9,231,619

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2020

Town Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution*	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Town of Blacksburg - Retiree Health					
2020	\$ 833,070	\$ 1,003,016	(169,946)	\$ 14,892,419	6.74%
2019	685,600	833,408	(147,808)	14,177,866	5.88%
2018	832,800	1,035,704	(202,904)	13,896,600	7.45%
2017	808,500	927,406	(118,906)	13,896,600	6.67%
2016	725,400	598,280	127,120	13,279,500	4.51%
2015	475,816	417,561	58,255	13,469,522	3.10%
2014	417,061	417,561	(500)	13,030,418	3.20%
2013	417,061	544,900	(127,839)	13,030,418	4.18%
2012	513,141	513,700	(559)	12,584,838	4.08%
2011	513,141	422,800	90,341	12,584,838	3.36%

* - For fiscal years ending June 30, 2017 through June 30, 2020, employer contributions include an estimated implicit subsidy payment for retirees from the Town's own resources.

Virginia Retirement System - Group Life Insurance - General Employees

2020	\$ 88,563	\$ 88,563	-	\$ 15,401,860	0.58%
2019	84,838	84,838	-	15,157,113	0.56%
2018	79,079	79,079	-	14,536,186	0.54%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST
June 30, 2020

Annual money-weighted rate of return, net of investment expense:

2020	3.05%
2019	4.56%
2018	9.45%
2017	12.69%

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Note 3. Fiduciary Entities

The Town is the fiscal agent for separate legal entities, the New River Valley Alcohol Safety Action Program and the Virginia Tech/Montgomery Regional Airport Authority (the “Fiduciary Entities”). The Fiduciary Entities participate in VRS through inclusion in the Town’s pension plan. Likewise, the Fiduciary Entities participate in the Town’s other post-employment benefit plans. This participation is considered a cost sharing relationship for the Fiscal Entities. As a result, the proportionate share of the Fiduciary Entities’ participation in the Town’s pension plan and other post-employment benefit plan is excluded from the Town’s pension and other post-employment benefit related balances. However, the Required Supplementary Information is reported for the VRS and other post-employment benefit plans of the Town as a whole, including the Fiduciary Entities.

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OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

CDBG Fund – accounts for the administration of the Community Development Block Grant program. Financing is provided by grants from the federal government.

HOME Fund – accounts for the administration of the HOME program. Financing is provided by grants from the federal government.

Urban Construction Fund – accounts for the revenue and construction activity relating to highway planning and construction funded by federal and state funds.

TOWN OF BLACKSBURG, VIRGINIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020

	CDBG	HOME	Urban Construction	Total
ASSETS				
Cash and cash equivalents, restricted	\$ -	\$ -	\$ 293,297	\$ 293,297
Due from other governmental units	77,098	216,749	-	293,847
Total assets	<u>\$ 77,098</u>	<u>\$ 216,749</u>	<u>\$ 293,297</u>	<u>\$ 587,144</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 11,864	\$ 18,257	\$ -	\$ 30,121
Accrued payroll and related liabilities	3,325	2,277	-	5,602
Due to other funds	61,909	196,215	-	258,124
Total liabilities	<u>77,098</u>	<u>216,749</u>	<u>-</u>	<u>293,847</u>
FUND BALANCES				
Restricted	-	-	293,297	293,297
Committed	523,188	444,568	-	967,756
Unassigned	(523,188)	(444,568)	-	(967,756)
Total fund balances	<u>-</u>	<u>-</u>	<u>293,297</u>	<u>293,297</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,098</u>	<u>\$ 216,749</u>	<u>\$ 293,297</u>	<u>\$ 587,144</u>

TOWN OF BLACKSBURG, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020**

	CDBG	HOME	Urban Construction	Total
REVENUES				
Intergovernmental	\$ 398,322	\$ 1,270,378	\$ -	\$ 1,668,700
Investment earnings	-	-	10,836	10,836
Other	41,463	-	-	41,463
Total revenues	439,785	1,270,378	10,836	1,720,999
EXPENDITURES				
CDBG Entitlement	439,785	-	-	439,785
HOME Consortium	-	1,270,378	-	1,270,378
Total expenditures	439,785	1,270,378	-	1,710,163
Net change in fund balance	-	-	10,836	10,836
FUND BALANCES AT JULY 1	-	-	282,461	282,461
FUND BALANCES AT JUNE 30	\$ -	\$ -	\$ 293,297	\$ 293,297

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Town as an agent for private organizations or other governments. Agency funds in this category include:

New River Valley Alcohol Safety Action Program

Virginia Tech/Montgomery Regional Airport Authority

TOWN OF BLACKSBURG, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2020

	<u>New River Valley Alcohol Safety Action Program</u>	<u>Virginia Tech/ Montgomery Regional Airport Authority</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 156,272	\$ 250,852	\$ 407,124
Total assets	<u>\$ 156,272</u>	<u>\$ 250,852</u>	<u>\$ 407,124</u>
LIABILITIES			
Liability to agency	\$ 156,272	\$ 250,852	\$ 407,124
Total liabilities	<u>\$ 156,272</u>	<u>\$ 250,852</u>	<u>\$ 407,124</u>

TOWN OF BLACKSBURG, VIRGINIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
New River Valley Alcohol Safety Action Program				
ASSETS				
Cash and cash equivalents	\$ 103,238	\$ 53,034	\$ -	\$ 156,272
Total assets	<u>\$ 103,238</u>	<u>\$ 53,034</u>	<u>\$ -</u>	<u>\$ 156,272</u>
LIABILITIES				
Liability to agency	\$ 103,238	\$ 53,034	\$ -	\$ 156,272
Total liabilities	<u>\$ 103,238</u>	<u>\$ 53,034</u>	<u>\$ -</u>	<u>\$ 156,272</u>
Virginia Tech/Montgomery Regional Airport Authority				
ASSETS				
Cash and cash equivalents	\$ 371,364	\$ -	\$ 120,512	\$ 250,852
Total assets	<u>\$ 371,364</u>	<u>\$ -</u>	<u>\$ 120,512</u>	<u>\$ 250,852</u>
LIABILITIES				
Liability to agency	\$ 371,364	\$ -	\$ 120,512	\$ 250,852
Total liabilities	<u>\$ 371,364</u>	<u>\$ -</u>	<u>\$ 120,512</u>	<u>\$ 250,852</u>
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 474,602	\$ 53,034	\$ 120,512	\$ 407,124
Total assets	<u>\$ 474,602</u>	<u>\$ 53,034</u>	<u>\$ 120,512</u>	<u>\$ 407,124</u>
LIABILITIES				
Liability to agency	\$ 474,602	\$ 53,034	\$ 120,512	\$ 407,124
Total liabilities	<u>\$ 474,602</u>	<u>\$ 53,034</u>	<u>\$ 120,512</u>	<u>\$ 407,124</u>

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SUPPORTING SCHEDULES

TOWN OF BLACKSBURG, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grants	14.218	\$ 439,785	\$ 254,853
HOME Investment Partnership Program	14.239	1,270,378	373,500
<u>DEPARTMENT OF JUSTICE</u>			
Edward Byrne Memorial Formula Grant Program 20-J1212LO17	16.579	1,071	-
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Transit Cluster:</u>			
Federal Transit - Capital Investment Grant	20.500	3,050,716	-
Federal Transit - Formula Grant	20.507	1,721,347	-
Federal Transit - CARES Act	20.507	3,650,488	-
MPO Grant	20.500	62,872	-
Federal Transit Cluster Subtotal		8,485,423	
VA90X560, VA202002801			
5339 VA-2018-032-0			
73019-66/67/68/69/70/71			
73018-94/96/97/98/99			
73115-43			
71317-6/18/48			
73118-14			
50018-01			
46019-11, 46020-11			
<u>Virginia Department of Transportation</u>			
Highway Planning and Construction	20.205	108,013	
<u>Virginia Department of Conservation and Recreation</u>			
Recreational Trails Program	20.219	10,206	
<u>Virginia Department of Motor Vehicles</u>			
Alcohol Impaired Driving Countermeasurer Incentive Grant M6OT-2019-59335/2020-50264 FSC-2019-59336/2020-50335	20.601	16,783	
<u>DEPARTMENT OF TREASURY</u>			
<u>Virginia Department of the Treasury/Montgomery County, Virginia</u>			
Coronavirus Relief Fund	21.019	582,525	
Total Expenditures of Federal Awards		\$ 10,914,184	

Notes to Schedule of Expenditures of Federal Awards**Basis of Accounting**

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting as contemplated by generally accepted accounting principles.

Subrecipients

The federal expenditures of the Community Development Block Grants Program and the HOME Investment Partnership Program include grants to subrecipients for various rehabilitation projects throughout the Town

De Minimus Indirect Cost Rate

The Town did not elect to use the 10% de minimus indirect cost rate.

Outstanding Loan Balances

As of June 30, 2020, the Town had no outstanding loan balances requiring continuing disclosure

SCHEDULE 2

TOWN OF BLACKSBURG, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2020

Total assessed value of real estate (including public service corporations)	<u>\$ 3,423,801,746</u>
Debt limit: 10% of total assessed value of real estate (1)	<u>\$ 342,380,175</u>
Less: Amount of debt applicable to debt limit:	
General bonded debt	19,231,283
Enterprise debt	3,908,716
Capital lease obligations	<u>17,018</u>
	<u>23,157,017</u>
Legal debt margin	<u>\$ 319,223,158</u>

(1) Article 7, Section 10, of the Constitution of Virginia, mandates a limit on debt of the Town. In determining the limitation, there are certain classes of indebtedness that would not be included.

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STATISTICAL SECTION

This part of the Town of Blacksburg Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the Town’s ability to generate its property and sales taxes, as well as revenues from its water and sewer operations.	5-10
Debt Capacity These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.	11-13
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment in which the Town’s financial activities take place and to help make comparison over time and with other governments.	14-15
Operating Information These schedules contain information about the Town’s operations and resources to help the reader understand how the Town’s financial information relates to the services the Town provides and the activities it performs.	16-18
Continuing Disclosures These schedules are used to meet the Town’s continuing disclosure responsibility.	19

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

TABLE 1

Town of Blacksburg, Virginia

Net Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)

	2020	2019	2018**	2017	2016	2015*	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 66,198,430	\$ 64,935,509	\$ 62,454,999	\$ 61,688,322	\$ 61,556,627	\$ 55,065,864	\$ 52,856,050	\$ 46,489,358	\$ 38,424,336	\$ 26,949,080
Restricted	293,297	282,461	262,599	296,007	602,302	1,029,041	1,999,902	4,232,468	4,977,107	8,177,561
Unrestricted	(3,538,137)	(3,884,633)	(5,100,007)	780,063	(1,344,654)	(3,123,873)	8,002,610	9,741,501	10,740,636	12,577,701
Total governmental activities net position	\$ 62,953,590	\$ 61,333,337	\$ 57,617,591	\$ 62,764,392	\$ 60,814,275	\$ 52,971,032	\$ 62,858,562	\$ 60,463,327	\$ 54,142,079	\$ 47,704,342
Business-type activities										
Net investment in capital assets	\$ 28,104,472	\$ 26,612,008	\$ 28,161,024	\$ 26,811,761	\$ 27,111,499	\$ 27,565,755	\$ 29,013,749	\$ 25,779,737	\$ 23,184,487	\$ 22,697,086
Restricted	50,774	55,004	78,527	-	-	132,442	-	49,080	49,080	191,159
Unrestricted	8,591,940	4,205,637	3,744,456	6,155,946	6,452,636	4,872,167	6,834,729	6,566,905	7,655,159	7,993,716
Total business-type activities net position	\$ 36,747,186	\$ 30,872,649	\$ 31,984,007	\$ 32,967,707	\$ 33,564,135	\$ 32,570,364	\$ 35,848,478	\$ 32,395,722	\$ 30,888,726	\$ 30,881,961
Primary government										
Net investment in capital assets	\$ 94,302,902	\$ 91,547,517	\$ 90,616,023	\$ 88,500,083	\$ 88,668,126	\$ 82,631,619	\$ 81,869,799	\$ 72,269,095	\$ 61,608,823	\$ 49,646,166
Restricted	344,071	337,465	341,126	296,007	602,302	1,161,483	1,999,902	4,281,548	5,026,187	8,368,720
Unrestricted	5,053,803	321,004	(1,355,551)	6,936,009	5,107,982	1,748,294	14,837,339	16,308,406	18,395,795	20,571,417
Total primary government net position	\$ 99,700,776	\$ 92,205,986	\$ 89,601,598	\$ 95,732,099	\$ 94,378,410	\$ 85,541,396	\$ 98,707,040	\$ 92,859,049	\$ 85,030,805	\$ 78,586,303

* During fiscal year 2015, the Town adopted GASB 68.

** During fiscal year 2018, the Town adopted GASB 75.

TABLE 2

Town of Blacksburg, Virginia

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
Legislative	\$ 292,998	\$ 261,595	\$ 277,701	\$ 283,446	\$ 276,373	\$ 277,068	\$ 270,763	\$ 251,958	\$ 241,530	\$ 231,703
Executive	2,990,263	2,844,304	2,966,322	2,456,229	2,343,384	2,220,361	2,256,772	1,921,674	1,701,070	1,403,791
Legal	350,234	347,236	409,074	359,036	318,363	324,788	331,616	294,699	273,191	264,370
Judicial	-	-	-	-	-	-	-	-	6,100	8,467
Financial services	1,809,891	1,694,909	1,738,665	1,706,593	1,623,761	1,606,641	1,600,576	1,560,128	1,440,990	1,550,048
Technology	848,321	758,309	701,968	651,746	767,541	632,548	626,438	601,503	551,139	527,641
Police	9,040,904	8,186,787	8,260,990	8,136,657	7,805,731	7,962,990	7,691,501	7,943,511	7,307,087	6,444,171
Fire and rescue	2,169,197	1,847,379	1,806,268	1,754,609	1,493,402	1,371,343	1,278,687	1,220,682	1,219,788	1,019,455
Public works	9,869,392	8,773,687	8,834,761	7,997,543	8,106,301	8,137,865	7,680,338	7,736,614	6,919,603	8,112,983
Recreation	2,802,516	2,730,339	2,543,602	2,426,104	2,404,483	2,337,016	2,370,603	2,291,017	2,334,189	2,242,560
Engineering and GIS	1,251,071	1,105,228	1,082,524	1,285,509	1,116,935	1,403,154	1,793,233	1,615,665	1,417,586	1,382,101
Planning and building	1,448,650	1,413,021	1,238,064	1,099,762	1,029,530	917,969	1,231,734	953,747	901,087	857,945
CDBG entitlement	439,785	477,087	592,902	520,577	707,711	514,028	402,360	623,505	379,983	437,066
HOME consortium	1,270,378	212,996	235,603	105,081	826,954	1,462,016	672,216	726,653	647,794	473,848
Interest on long-term debt	685,311	689,431	835,422	696,604	738,393	694,561	552,382	684,779	622,997	719,046
Unallocated depreciation	1,740,164	1,727,582	1,885,354	1,698,347	1,634,138	1,520,348	1,258,229	945,610	755,705	470,750
Total governmental activities	37,009,075	33,069,890	33,409,220	31,177,843	31,193,200	31,382,696	30,017,448	29,371,745	26,719,839	26,145,945
Business-type activities										
Water and sewer	12,072,168	12,009,402	10,960,655	10,315,742	9,816,136	9,661,045	9,344,964	8,862,137	8,588,121	8,688,140
Transit system	13,261,372	12,448,556	11,977,354	11,418,619	10,068,972	10,038,822	10,003,945	8,609,385	8,382,557	8,102,931
Solid waste and recycling	2,034,118	1,926,007	1,931,437	1,736,542	1,660,484	1,629,828	1,671,055	1,584,094	1,484,319	1,445,065
Stormwater	776,034	798,759	710,292	667,701	685,973	199,721	-	-	-	-
Total business-type activities expense	28,143,692	27,182,724	25,579,738	24,138,604	22,231,563	21,529,416	21,019,964	19,055,616	18,454,997	18,236,136
Total primary government expenses	\$ 65,152,767	\$ 60,252,614	\$ 58,988,958	\$ 55,316,447	\$ 53,424,765	\$ 52,912,112	\$ 51,037,412	\$ 48,427,361	\$ 45,174,836	\$ 44,382,081
Program Revenues										
Governmental activities										
Charges for services	\$ 565,142	\$ 633,703	\$ 699,360	\$ 535,868	\$ 515,691	\$ 571,652	\$ 510,587	\$ 597,170	\$ 705,233	\$ 579,807
Public Safety	1,263,257	1,414,696	1,589,207	1,371,477	1,425,330	1,496,304	1,633,230	1,459,679	1,419,076	1,366,649
Public Works	4,347,919	3,922,454	3,449,315	3,195,640	3,284,590	2,953,583	2,557,517	2,194,673	2,816,666	2,294,680
Other Activities	5,013,149	4,399,936	4,341,240	4,519,119	4,277,408	4,150,390	4,072,899	3,982,480	3,919,134	3,908,463
Operating grants and contributions	3,253,702	1,065,040	1,421,680	1,316,730	7,804,684	4,173,342	4,081,847	7,846,314	5,407,444	5,303,881
Capital grants and contributions	14,443,169	11,435,829	11,500,802	10,938,834	17,307,703	13,345,271	12,856,080	16,080,316	14,267,553	13,453,480
Total governmental activities program revenues										

(Continued)

TABLE 2

Town of Blacksburg, Virginia

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type activities										
Charges for services	\$ 11,656,077	\$ 11,557,349	\$ 11,416,693	\$ 10,240,386	\$ 10,696,762	\$ 9,349,690	\$ 9,558,396	\$ 8,730,119	\$ 8,406,428	\$ 8,138,579
Water and sewer	5,963,765	5,286,471	4,414,207	3,889,641	3,671,868	3,878,193	3,898,564	3,587,399	3,161,117	3,230,281
Transit system	2,075,487	1,906,534	1,835,849	1,765,773	1,737,437	1,701,665	1,735,237	1,666,645	1,607,847	1,539,940
Solid waste and recycling	1,081,502	1,081,165	1,061,037	1,042,232	1,014,048	529,585	-	-	-	-
Stormwater	8,404,785	4,311,843	3,786,504	3,638,434	3,380,129	3,640,273	3,194,624	3,023,237	2,706,887	2,682,891
Operating grants and contributions	3,873,239	1,842,880	4,514,324	2,968,324	2,402,524	2,426,973	6,076,151	3,559,305	2,273,015	2,531,592
Capital grants and contributions	33,054,855	25,986,242	27,028,614	23,544,790	22,902,768	21,526,359	24,462,972	20,566,705	18,155,294	18,123,283
Total business-type activities program revenues	\$ 47,498,024	\$ 37,422,071	\$ 38,529,416	\$ 34,483,624	\$ 40,210,471	\$ 34,871,630	\$ 37,319,052	\$ 36,647,021	\$ 32,422,847	\$ 31,576,763
Total primary government program revenue:										
Net (expense) revenue	\$ (22,565,906)	\$ (21,634,061)	\$ (21,908,418)	\$ (20,239,009)	\$ (13,885,497)	\$ (18,037,425)	\$ (17,161,368)	\$ (13,291,429)	\$ (12,452,286)	\$ (12,692,465)
Governmental activities	4,911,163	(1,196,482)	1,448,876	(593,814)	671,203	(3,057)	3,443,008	1,511,089	(299,703)	(112,853)
Business-type activities	(17,654,743)	(22,830,543)	(20,459,542)	(20,832,823)	(13,214,294)	(18,040,482)	(13,718,360)	(11,780,340)	(12,751,989)	(12,805,318)
Total primary government net expense										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 8,927,086	\$ 8,389,571	\$ 7,664,056	\$ 7,278,919	\$ 7,140,994	\$ 6,303,580	\$ 5,624,078	\$ 5,544,687	\$ 5,554,193	\$ 5,454,459
Property taxes	11,305,002	12,298,862	11,908,022	11,327,459	11,077,000	10,718,380	10,327,472	10,352,187	9,865,455	9,059,494
Other local taxes	2,813,941	2,659,697	2,465,828	2,167,597	2,304,712	2,159,852	2,079,603	1,907,716	1,465,896	1,658,592
Business license taxes	1,235	216	1,126	3,642	81,781	70,146	19,911	125,615	89,005	641,965
Intergovernmental revenue unrestricted	287,130	359,683	270,666	171,491	179,249	188,008	178,730	301,616	298,900	262,730
Investment earnings	115,399	137,397	(141,176)	(72,585)	64,431	(66,326)	49,404	45,290	86,708	(230,085)
Unrealized gain/(loss) on investments	1,282,889	1,258,430	1,227,473	1,096,504	850,709	954,538	1,017,954	1,126,961	1,288,300	1,270,394
Other	(546,523)	245,951	355,941	216,099	29,864	321,301	259,451	208,605	241,566	197,166
Transfers	24,186,159	25,349,807	23,751,936	22,189,126	21,728,740	20,649,479	19,556,603	19,612,677	18,890,023	18,314,715
Total governmental activities										
Business-type activities:										
Investment earnings	122,465	108,781	86,147	80,659	109,330	56,527	57,799	44,049	91,241	115,643
Unrealized gain/(loss) on investments	77,315	76,156	(78,335)	(42,820)	41,114	(19,629)	20,796	9,662	44,437	(123,550)
Other	217,071	146,138	170,989	175,646	201,988	303,302	190,604	150,801	151,689	240,032
Transfers	546,523	(245,951)	(355,941)	(216,099)	(29,864)	(321,301)	(259,451)	(208,605)	(241,566)	(197,166)
Total business-type activities	963,374	85,124	(177,140)	(2,614)	322,568	18,899	9,748	(4,093)	45,801	34,959
Total primary government	\$ 25,149,533	\$ 25,434,931	\$ 23,574,796	\$ 22,186,512	\$ 22,051,308	\$ 20,668,378	\$ 19,566,351	\$ 19,608,584	\$ 18,935,824	\$ 18,349,674
Changes in Net Position										
Governmental activities	\$ 1,620,253	\$ 3,715,746	\$ 1,843,518	\$ 1,950,117	\$ 7,843,243	\$ 2,612,054	\$ 2,395,235	\$ 6,321,248	\$ 6,437,737	\$ 5,622,250
Business-type activities	5,874,537	(1,111,358)	1,271,736	(596,428)	993,771	15,842	3,452,756	1,506,996	(253,902)	(77,894)
Total primary government	\$ 7,494,790	\$ 2,604,388	\$ 3,115,254	\$ 1,353,689	\$ 8,837,014	\$ 2,627,896	\$ 5,847,991	\$ 7,828,244	\$ 6,183,835	\$ 5,544,356

Town of Blacksburg, Virginia

Fund Balances – Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 321,217	\$ 316,898	\$ 299,501	\$ 281,892	\$ 293,667	\$ 276,220	\$ 254,012	\$ 244,566	\$ 437,906	\$ 395,245
Restricted	-	-	-	-	-	-	-	19,161	18,969	18,614
Committed	299,596	563,856	704,762	896,163	208,725	232,077	362,950	248,061	295,076	392,826
Assigned	4,106,650	-	-	-	-	-	-	-	-	-
Unassigned	7,167,557	6,455,668	5,051,627	4,286,239	4,118,814	2,018,265	3,987,120	4,334,512	4,498,310	3,985,734
Total general fund	\$ 11,895,020	\$ 7,336,422	\$ 6,055,890	\$ 5,464,294	\$ 4,621,206	\$ 2,526,562	\$ 4,604,082	\$ 4,846,300	\$ 5,250,261	\$ 4,792,419
All Other Governmental Funds										
Nonspendable	\$ 7,011	\$ 21,034	\$ 49,370	\$ 42,940	\$ 71,567	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	293,297	282,461	262,599	296,007	602,302	1,029,041	1,999,902	4,213,307	4,958,138	8,158,947
Committed	4,135,401	2,643,173	2,001,640	669,829	1,111,021	8,672,105	3,305,731	7,219,912	9,280,961	4,375,945
Assigned	2,835,933	8,695,267	9,344,904	8,456,700	7,954,443	8,199,620	6,396,132	6,194,653	6,737,264	6,857,823
Unassigned	(3,238,397)	(1,193,718)	(213,426)	(368,066)	(203,216)	(1,269,650)	(2,393,078)	(4,025,738)	(6,872,010)	(2,463,749)
Total all other governmental funds	\$ 4,033,245	\$ 10,448,217	\$ 11,445,087	\$ 9,097,410	\$ 9,536,117	\$ 16,631,116	\$ 9,308,687	\$ 13,602,134	\$ 14,104,353	\$ 16,928,966
Total all governmental funds	\$ 15,928,265	\$ 17,784,639	\$ 17,500,977	\$ 14,561,704	\$ 14,157,323	\$ 19,157,678	\$ 13,912,769	\$ 18,448,434	\$ 19,354,614	\$ 21,721,385

TABLE 4

Town of Blacksburg, Virginia

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 20,143,051	\$ 20,726,612	\$ 19,646,192	\$ 18,578,071	\$ 18,179,697	\$ 17,057,725	\$ 15,979,783	\$ 15,904,094	\$ 15,354,299	\$ 14,731,137
Permits, privilege fees, and licenses	4,090,984	3,133,889	2,944,264	2,539,735	2,936,235	2,517,700	2,587,860	2,211,583	2,484,167	2,321,328
Fines and forfeitures	142,120	224,385	300,959	188,183	170,986	240,394	236,673	344,153	450,017	347,444
Revenue from use of money	402,529	497,080	129,490	98,906	243,680	121,682	228,134	346,906	385,608	84,894
Charges for services	4,266,249	4,211,019	3,914,674	3,677,197	3,596,057	3,111,037	2,994,939	2,813,066	2,969,731	2,738,117
Other	520,948	1,099,190	797,808	783,624	1,237,138	1,197,960	1,059,617	654,999	607,268	619,939
Intergovernmental	8,153,684	5,303,592	5,764,046	5,439,491	7,866,927	8,144,768	7,617,779	11,929,785	9,195,584	9,802,060
Total revenues	37,719,565	35,195,767	33,497,433	31,305,207	34,230,720	32,391,266	30,704,785	34,204,586	31,446,674	30,644,919
Expenditures										
General government	6,021,371	5,821,714	5,739,864	5,296,990	5,104,713	5,836,463	4,820,475	4,433,781	3,980,022	4,157,031
Judicial	-	-	-	-	-	-	-	-	5,720	7,705
Public safety	9,480,237	9,153,608	9,145,034	8,946,257	8,558,742	8,673,279	8,099,953	8,471,349	7,897,882	7,321,785
Public works	6,321,866	6,570,127	6,651,096	5,770,596	5,851,727	5,904,498	5,438,879	5,676,805	5,654,285	5,364,738
Recreation	2,366,660	2,439,494	2,328,265	2,238,996	2,153,379	2,301,245	2,065,887	2,036,250	1,972,667	1,938,326
Planning and engineering	2,573,521	2,539,283	2,307,462	2,137,749	2,131,305	2,266,072	2,247,140	2,225,383	2,062,767	1,995,305
Other	1,710,163	690,083	828,505	625,658	1,534,665	1,976,044	1,074,576	1,350,158	1,027,777	910,914
Capital outlays	8,449,333	5,465,910	4,843,581	3,697,779	11,761,229	8,049,302	10,423,543	12,937,636	9,557,271	7,107,725
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirement	1,685,254	1,795,092	1,822,399	1,759,953	1,809,486	1,506,403	1,535,192	1,522,291	1,339,083	1,216,743
Interest and fiscal charges	684,387	716,791	812,507	696,804	734,720	582,601	539,668	651,726	791,066	759,790
Total expenditures	39,292,792	35,192,102	34,478,713	31,170,782	39,639,966	37,095,907	36,245,313	39,305,379	34,288,540	30,780,062
Excess of revenues over (under) expenditures	(1,573,227)	3,665	(981,280)	134,425	(5,409,246)	(4,704,641)	(5,540,528)	(5,100,793)	(2,841,866)	(135,143)
Other Financing Sources (Uses)										
Proceeds from issuance of debt	-	-	3,250,000	-	-	9,495,000	-	3,855,000	-	1,270,000
Capital lease proceeds	-	-	-	-	312,701	-	-	-	-	-
Premium on debt proceeds	-	-	156,331	-	-	268,138	-	60,661	-	-
Proceeds from issuance of refunding debt	-	-	-	-	-	3,813,690	-	-	5,387,540	1,994,645
Sale of general capital assets	263,376	62,285	158,281	53,857	66,326	21,093	844,711	70,347	-	-
Payments to bond escrow agents	-	-	-	-	-	(3,982,356)	-	-	(5,154,011)	(1,976,665)
Transfers in	3,750,622	7,095,055	7,477,011	5,956,258	6,060,345	9,923,375	4,862,515	4,475,827	10,094,828	6,230,527
Transfers out	(4,297,145)	(6,877,343)	(7,121,070)	(5,740,159)	(6,030,481)	(9,589,390)	(4,702,363)	(4,267,222)	(9,853,262)	(6,033,361)
Total other financing sources (uses)	(283,147)	279,997	3,920,553	269,956	408,891	9,949,550	1,004,863	4,194,613	475,095	1,485,146
Net change in fund balances	\$ (1,856,374)	\$ 283,662	\$ 2,939,273	\$ 404,381	\$ (5,000,355)	\$ 5,244,909	\$ (4,535,665)	\$ (906,180)	\$ (2,366,771)	\$ 1,350,003
Debt service as a percentage of noncapital expenditures	7.23%	8.33%	8.68%	8.93%	10.33%	7.13%	7.79%	8.08%	8.76%	8.25%

TABLE 5

Town of Blacksburg, Virginia

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

Fiscal Year	Real Estate	Public Service Corporation	Total Assessed Value	Total Direct Tax Rate(1)
2020	\$ 3,366,867,900	\$ 56,933,846	\$ 3,423,801,746	0.26
2019	3,355,508,520	54,218,462	3,409,726,982	0.26
2018	2,953,459,060	53,903,846	3,007,362,906	0.26
2017	2,882,249,520	53,549,297	2,935,798,817	0.25
2016	2,802,938,760	51,332,000	2,854,270,760	0.25
2015	2,718,917,780	51,197,160	2,770,114,940	0.25
2014	2,499,516,720	48,791,818	2,548,308,538	0.22
2013	2,476,699,300	47,898,182	2,524,597,482	0.22
2012	2,472,590,460	49,735,455	2,522,325,915	0.22
2011	2,467,477,960	46,881,818	2,514,359,778	0.22

Notes: Real property is assessed at full market value. Real Property assessments are made by the Commissioner of Revenue of Montgomery County for concurrent use of the County and Town. Public Service Corporation are assessed by the State Corporation Commission. Both Real Estate and Public Service rates are \$.26.

(1) Per \$100 of assessed value.

TABLE 6

Town of Blacksburg, Virginia
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Foxridge Association	\$ 118,300,000	1	3.46%	\$ 71,227,100	1	2.54%
CAP IX Blacksburg, LLC	81,696,100	2	2.39%	-	-	-
Related Properties, LLC	69,000,000	3	2.02%	-	-	-
The Village at Blacksburg LLC	59,000,000	4	1.72%	31,268,500	4	1.20%
Retreat at Blacksburg LLC	58,000,000	5	1.69%	-	-	-
BSE AH Blacksburg Apts LLC	39,500,000	6	1.15%	28,601,200	5	1.05%
Maple Ridge Land LLC	37,617,600	7	1.10%	32,577,600	3	1.23%
Blacksburg APF Partners LLC	32,158,000	8	0.94%	-	-	-
CSB LLC II	28,100,000	9	0.82%	18,845,900	9	0.79%
Snyder Hunt Corp	25,252,600	10	0.74%	-	-	-
Blacksburg Green Investors, LLC	-	-	-	35,762,000	2	1.47%
University Mall LLC	-	-	-	21,431,700	7	0.87%
HCA Montgomery Regional Hospital	-	-	-	18,403,800	10	0.70%
Redus Virginia Commercial, LLC	-	-	-	23,036,500	6	0.93%
Diversified Interest	-	-	-	20,748,800	8	0.79%
	<u>\$ 548,624,300</u>		<u>16.02%</u>	<u>\$ 301,903,100</u>		<u>11.57%</u>

Source: Commissioner of Revenue, Montgomery County and Director of Financial Services, Town of Blacksburg.

TABLE 7

Town of Blacksburg, Virginia

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 8,891,940	\$ 8,386,798	94.32%	\$ -	\$ 8,386,798	94.32%
2019	8,352,877	8,128,255	97.31%	176,679	8,304,934	99.43%
2018	7,621,604	7,410,844	97.23%	196,109	7,606,953	99.81%
2017	7,246,451	7,049,974	97.29%	192,417	7,242,391	99.94%
2016	7,092,708	6,864,745	96.79%	224,931	7,089,676	99.96%
2015	6,273,943	6,109,693	97.38%	160,865	6,270,558	99.95%
2014	5,585,423	5,407,901	96.82%	176,329	5,584,230	99.98%
2013	5,542,953	5,293,072	95.49%	248,107	5,541,179	99.97%
2012	5,539,488	5,319,413	96.03%	219,582	5,538,995	99.99%
2011	5,417,877	5,236,517	96.65%	180,968	5,417,485	99.99%

Source: Director of Financial Services, Town of Blacksburg

TABLE 8

Town of Blacksburg, Virginia

Water and Sewer Revenues By Component
Last Ten Fiscal Years
 (accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water Revenues										
Residential	\$ 3,691,168	\$ 3,519,673	\$ 3,421,454	\$ 2,885,426	\$ 2,538,354	\$ 2,520,194	\$ 2,424,371	\$ 2,254,407	\$ 2,199,971	\$ 2,031,664
Commercial	2,685,121	2,738,054	2,493,900	2,200,186	2,309,540	2,077,680	1,896,259	1,890,082	1,719,976	1,707,310
Other	379,963	350,263	382,631	339,839	610,472	317,531	434,628	311,287	313,704	317,962
Total Water Revenues	6,756,252	6,607,990	6,297,985	5,425,451	5,458,366	4,915,405	4,755,258	4,455,776	4,233,651	4,056,936
Sewer Revenues										
Residential	2,718,447	2,627,457	2,599,131	2,603,412	2,181,450	2,281,379	2,214,446	2,147,557	2,147,604	2,194,556
Commercial	2,065,924	2,151,610	2,134,285	2,122,261	2,233,201	2,060,846	1,925,000	1,932,524	1,888,145	1,914,708
Other	4,052	10,698	33,461	14,655	19,219	12,632	11,441	7,677	9,624	5,594
Total Sewer Revenues	4,788,423	4,789,765	4,766,877	4,740,328	4,433,870	4,354,857	4,150,887	4,087,758	4,045,373	4,114,858
Availability Fees										
	298,618	273,001	485,198	212,612	938,888	197,798	765,235	305,962	261,151	107,103
Total revenues	\$ 11,843,293	\$ 11,670,756	\$ 11,550,060	\$ 10,378,391	\$ 10,831,124	\$ 9,468,060	\$ 9,671,380	\$ 8,849,496	\$ 8,540,175	\$ 8,278,897

TABLE 9

Town of Blacksburg, Virginia

Water and Sewer Rates
Last Ten Fiscal Years

Fiscal Year	Basic in Town Rate				Outside Town Limits Rate			
	Volume Charge Per 1,000 Gallons		Fixed Charge Per Bill		Volume Charge Per 1,000 Gallons		Fixed Charge Per Bill	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
2020	\$ 7.20	\$ 6.02	\$ 2.94	\$ 2.96	\$ 12.60	\$ 10.54	\$ 5.15	\$ 5.15
2019	\$ 6.90	\$ 5.80	\$ 2.94	\$ 2.96	\$ 12.08	\$ 10.15	\$ 5.15	\$ 5.18
2018	\$ 6.47	\$ 5.72	\$ 2.94	\$ 2.96	\$ 11.32	\$ 10.01	\$ 5.15	\$ 5.18
2017	\$ 5.49	\$ 5.69	\$ 2.94	\$ 2.96	\$ 9.61	\$ 9.96	\$ 5.15	\$ 5.18
2016	\$ 5.21	\$ 5.43	\$ 3.09	\$ 3.12	\$ 9.09	\$ 9.50	\$ 5.39	\$ 5.45
2015	\$ 4.88	\$ 5.17	\$ 3.05	\$ 3.08	\$ 8.52	\$ 9.04	\$ 5.33	\$ 5.39
2014	\$ 4.55	\$ 4.85	\$ 3.03	\$ 3.06	\$ 7.95	\$ 8.49	\$ 5.30	\$ 5.36
2013	\$ 4.22	\$ 4.70	\$ 2.94	\$ 2.97	\$ 7.38	\$ 8.23	\$ 5.15	\$ 5.20
2012	\$ 3.92	\$ 4.64	\$ 2.62	\$ 2.65	\$ 6.85	\$ 8.14	\$ 4.59	\$ 4.65
2011	\$ 3.76	\$ 4.77	\$ 2.58	\$ 2.61	\$ 6.57	\$ 8.35	\$ 4.52	\$ 4.57

TABLE 10

TOWN OF BLACKSBURG, VIRGINIA
PRINCIPAL WATER AND SEWER CUSTOMERS
Current Year and Nine Years Ago

Customer	Fiscal Year 2020			Fiscal Year 2011		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
HH Hunt	\$ 1,098,732	1	9.28%	\$ 725,005	1	9.95%
Federal Mogul Division	236,078	2	1.99%	145,164	3	1.99%
CAP IX Blacksburg, LLC	200,410	3	1.69%	-	-	-
Related Properties, LLC	198,538	4	1.68%	-	-	-
Chasewood Apartments	160,900	5	1.36%	90,615	7	1.24%
Mid-Atlantic Apt. Mgmt, LLC	133,098	6	1.12%	-	-	-
Montgomery Regional Hospital	114,038	7	0.96%	96,085	6	1.32%
Carriage Hill Association LTD	113,598	8	0.96%	78,472	10	1.08%
University Terrace	101,922	9	0.86%	78,812	9	1.08%
BSE AH Blacksburg Apts LLC	101,353	10	0.86%	-	-	-
Moog Components Group	-	-	-	97,778	5	1.34%
Windsor Hills Apartments	-	-	-	84,243	8	1.16%
Terrace View	-	-	-	244,764	2	3.36%
Shawnee I & II Apartments	-	-	-	115,460	4	1.58%
	<u>\$ 2,458,667</u>		<u>20.76%</u>	<u>\$ 1,756,398</u>		<u>24.10%</u>

TABLE 11

Town of Blacksburg, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit	\$ 342,380,175	\$ 340,972,698	\$ 300,736,291	\$ 293,579,882	\$ 285,427,076	\$ 277,011,494	\$ 254,830,854	\$ 252,459,748	\$ 252,232,592	\$ 251,435,978
Total net debt applicable to limit	23,157,017	25,463,571	27,902,753	25,639,646	28,016,334	30,115,454	22,866,069	25,047,773	23,390,669	24,927,552
Legal debt margin	\$ 319,223,158	\$ 315,509,127	\$ 272,833,538	\$ 267,940,236	\$ 257,410,742	\$ 246,896,040	\$ 231,964,785	\$ 227,411,975	\$ 228,841,923	\$ 226,508,426
Total net debt applicable to the limit as a percentage of debt limit	6.76%	7.47%	9.28%	8.73%	9.82%	10.87%	8.97%	9.92%	9.27%	9.91%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 3,423,801,746
Debt limit (10% of assessed value)	\$ 342,380,175
Less debt applicable to limit:	
General obligation bonds	23,139,999
Other long-term obligations	17,018
Legal debt margin	\$ 319,223,158

Note: Under state finance law, the Town's outstanding general obligation debt should not exceed 10 percent of the total assessed property value.

TABLE 12

Town of Blacksburg, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt			Percentage of Actual Value of Taxable Property	Per Capita	Other Governmental Debt	
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total General Bonded Debt			Capital Leases	
2020	\$ 19,563,697	\$ -	\$ 19,563,697	0.571%	442.29	\$ 17,018	
2019	21,188,975	-	21,188,975	0.621%	474.26	83,572	
2018	22,926,463	-	22,926,463	0.762%	514.47	147,754	
2017	21,283,898	-	21,283,898	0.725%	472.58	209,648	
2016	22,978,340	-	22,978,340	0.805%	519.70	269,336	
2015	24,651,641	-	24,651,641	0.890%	560.46	82,456	
2014	16,471,607	-	16,471,607	0.646%	377.71	138,071	
2013	17,953,095	-	17,953,095	0.711%	421.17	191,775	
2012	15,568,488	-	15,568,488	0.617%	365.29	243,673	
2011	16,623,947	-	16,623,947	0.661%	390.05	293,768	

Fiscal Year	Business-type Activities			Percentage of Actual Value of Taxable Property	Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Capital Leases	Total Primary Government				
2020	\$ 4,037,008	\$ -	\$ 23,617,723	0.690%	0.16%	533.94	
2019	4,657,090	-	25,929,637	0.760%	0.15%	580.37	
2018	5,299,962	-	28,374,179	0.943%	0.13%	636.72	
2017	4,389,941	-	25,883,487	0.882%	0.13%	574.70	
2016	5,000,069	-	28,247,745	0.990%	0.12%	638.87	
2015	5,594,540	-	30,328,637	1.095%	0.10%	689.52	
2014	6,256,391	-	22,866,069	0.897%	0.13%	524.34	
2013	6,902,903	-	25,047,773	0.992%	0.11%	587.60	
2012	7,578,509	-	23,390,670	0.927%	0.12%	548.82	
2011	8,009,837	-	24,927,552	0.661%	0.11%	577.99	

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements on page 43. See Table 14 for personal income and population data. These ratios are calculated using personal income for the prior calendar year.

TABLE 13

Town of Blacksburg, Virginia

Water & Sewer Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2020	\$ 11,843,293	\$ 11,038,660	\$ 804,633	\$ 621,300	\$ 120,218	1.09
2019	11,670,756	10,985,242	685,514	644,090	134,224	0.88
2018	11,550,060	9,905,643	1,644,417	654,494	191,047	1.94
2017	10,378,391	9,205,986	1,172,405	616,735	120,255	1.59
2016	10,831,124	8,695,812	2,135,312	602,335	137,567	2.89
2015	9,468,060	8,500,153	967,907	664,211	194,525	1.13
2014	9,671,380	8,236,126	1,435,254	646,512	190,382	1.71
2013	8,849,496	7,779,527	1,069,969	675,606	205,213	1.21
2012	8,540,175	7,469,812	1,070,363	601,205	263,889	1.24
2011	8,278,897	7,546,113	732,784	555,546	326,962	0.83

Notes: Details regarding the Town's outstanding debt can be found in the Notes to Financial Statements.

Operating expenses do not include depreciation, interest, or amortization expenses.

TABLE 14**Town of Blacksburg, Virginia****Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended (1)	Population (2)	Total Personal Income (3) Thousands of Dollars	Per Capita Personal Income (3)	Unemployment Rate
2020	44,233	*	*	5.60%
2019	44,678	\$ 4,526,103	\$ 38,756	3.20
2018	44,563	4,430,040	37,759	3.10
2017	45,038	4,163,163	35,822	4.20
2016	44,215	3,906,250	33,650	4.10
2015	43,985	3,818,058	33,184	5.10
2014	43,609	3,649,374	31,800	6.30
2013	42,627	3,534,206	31,168	6.30
2012	42,620	3,404,296	30,428	6.40
2011	42,620	3,175,190	28,668	6.50

* Information not yet available.

(1) Unemployment figures are based on fiscal years ending June 30.
Per Capita Income is as of December 31.

(2) Population is based on figures available from the US Census Bureau.

(3) Source: Bureau of Economic Analysis. Information not available for towns in Virginia. Blacksburg is included in statistics for Montgomery County and Radford City. Latest available data.

TABLE 15

Town of Blacksburg, Virginia

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Rank	Number of Employees	Percent of Total Employment	Rank	Number of Employees	Percent of Total Employment
Virginia Tech	1	> 5,000		1	14,688	
Moog	2	> 1,000		2	2,200	
HCA Montgomery Regional Hospital	3	500 to 999		3	1,168	
NRV Community Services	4	250 to 499		4	537	
Town of Blacksburg	5	250 to 499		-	-	
Eaglepicher Wolverine LLC	6	250 to 499		-	-	
Spectrum (Tetra)	7	100 to 249		7	175	
Federal-Mogul Corporation	8	100 to 249		6	240	
Virginia Tech Services, Inc.	9	100 to 249		5	330	
Luna Innovations	10	100 to 249		8	92	
NanoSonic	-	-		9	69	
VTLS, Inc.	-	-		10	60	

Source: Virginia Employment Commission. Current year rankings of largest employers were established; however only a range of employees was provided. Exact employment numbers were not obtained.

TABLE 16

Town of Blacksburg, Virginia

Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Management	21.84	20.12	20.12	20.12	18.84	18.84	19.87	21.37	20.37	20.37
Finance	15.06	13.60	13.60	13.60	15.00	15.00	14.50	14.50	13.50	13.50
Technology	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Police										
Officers	65.00	65.00	63.00	64.00	64.00	63.00	63.00	63.00	63.00	62.00
Civilians	15.69	15.69	15.69	14.50	17.78	17.78	17.78	18.18	18.78	18.78
Fire and Rescue										
Firefighters	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Civilians (all volunteer professionals)	1.50	1.50	1.50	1.50	1.00	1.00	1.63	1.00	2.00	2.00
Public works	65.18	63.10	65.58	64.44	64.33	63.29	61.92	64.52	56.90	58.77
Parks and recreation	41.78	44.19	42.93	42.53	42.26	41.39	41.12	47.12	46.37	46.37
Planning and Engineering	25.00	25.00	25.00	22.00	24.00	24.00	24.60	22.00	21.98	21.50
Water and Sewer	24.72	24.72	24.72	24.94	25.07	23.73	24.23	24.23	24.25	24.25
Solid Waste	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Stormwater	2.00	2.00	2.00	2.00	2.00	-	-	-	-	-
Transit	142.96	132.53	121.13	111.67	113.49	105.94	105.07	104.07	97.14	95.14
Total	428.73	415.45	402.27	388.30	394.77	380.97	380.72	387.99	372.29	370.68

Source: Town's Adopted Operating Budget

Notes: A full-time employee is scheduled to work 2,080 hours per year (including holiday, vacation, and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

TABLE 17

Town of Blacksburg, Virginia

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Fleet										
Pieces of equipment maintained	430	444	437	417	410	406	391	377	376	371
Building permits issued	1,749	1,817	3,050	2,312	3,278	1,717	1,864	1,730	596	1,291
Building permits construction value	286,301,305	88,206,057	68,057,881	54,422,464	-	-	-	-	-	-
Number of housing units										
Single Family	7,745	-	-	-	-	-	-	-	-	-
Multi-Family	8,136	-	-	-	-	-	-	-	-	-
Public safety										
Police										
Physical arrests	627	749	802	751	774	793	915	1,097	1,195	1,688
Parking violations	2,681	4,505	6,110	2,979	1,999	3,240	3,727	5,689	7,252	7,051
Traffic violations	1,419	3,009	2,508	2,539	2,915	3,219	3,443	4,206	5,213	3,735
Fire										
Emergency responses	1,139	1,135	1,049	930	918	916	982	973	889	973
Public works										
Refuse collection										
Refuse collected (tons per day)	20.13	19.89	19.48	19.68	19.23	20	20	20	20	20
Recyclables collected (tons per day)	5.82	5.96	6.43	6.57	6.42	5	5	5	5	5
Other public works										
Street resurfacing (miles)	5.01	5.01	4.02	5.72	5.50	5.80	4.80	4.80	3.63	3.57
Parks, recreation, and cultural										
Parks and recreation										
Park acreage owned by the Town - Developed	530.21	530.21	530.21	544	544	544	544	544	544	544
Park acreage owned by the Town - Undeveloped	100.59	100.59	101.22	-	-	-	-	-	-	-
Library										
Volumes in collection	78,603	69,554	70,815	78,603	83,165	83,165	83,165	86,137	86,280	86,280
Water										
Number of customer accounts	9,650	9,605	9,442	9,446	9,159	9,203	9,159	8,917	8,927	8,832
Miles of distribution lines	188	185	182	182	177	177	177	169	168	168
Volume pumped (million gallons per day average)	2.76	2.70	2.70	2.50	2.30	2.30	2.30	2.20	2.50	2.50
Sewer										
Number of customer accounts	8,982	8,934	8,766	8,753	8,484	8,509	8,260	8,213	8,174	8,124
Miles of sanitary sewers	137	145	145	144	156	156	156	156	155	155

Source: Town individual departments and Budget Document.

TABLE 18

Town of Blacksburg, Virginia
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Public safety										
Law enforcement vehicles	72	73	70	75	73	74	70	69	72	62
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Miles of streets	332	332	330	325	354	354	354	350	344	344
Streetlights	1,828	1,828	1,828	1,828	1,826	1,804	1,804	1,804	1,613	1,613
Parks, recreation, and cultural										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks/athletic fields - Developed	30	30	30	35	35	35	35	35	30	30
Parks/athletic fields - Undeveloped	8	8	8	-	-	-	-	-	-	-
Water and sewage										
Water mains (miles)	188	185	182	182	177	177	177	169	168	168
Storm sewers (miles)	83.9	83.9	89.5	83	83	35	35	46	37	37
Sanitary sewers (miles)	137	145	145	144	156	156	156	156	155	155

Source: Town individual departments and Budget Document.

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

**CONTINUING BOND DISCLOSURES
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Taxes	\$ 20,143,051	\$ 20,726,612	\$ 19,646,192	\$ 18,578,071	\$ 18,179,697	\$ 17,057,725	\$ 15,979,783	\$ 15,904,094	\$ 15,354,299	\$ 14,731,137
Licenses and permits	4,090,984	3,133,889	2,944,264	2,539,735	2,936,235	2,517,700	2,587,860	2,211,583	2,484,167	2,321,328
Intergovernmental	4,587,086	4,547,672	4,833,556	4,661,068	4,493,518	4,355,564	4,386,406	4,375,613	4,348,396	4,046,573
Charges for services	4,266,249	4,211,019	3,914,674	3,677,197	3,596,057	3,111,037	2,994,939	2,813,066	2,969,731	2,738,117
Fines and forfeitures	142,120	224,385	300,959	188,183	170,986	240,394	236,673	344,153	450,017	347,444
Investment earnings	212,854	276,935	212,271	112,370	130,313	143,674	112,883	215,624	195,149	155,437
Unrealized gain/(loss)	76,877	104,505	(106,889)	(49,402)	42,634	(42,994)	32,203	31,281	63,339	(167,835)
Other	476,290	704,571	697,840	709,975	1,082,572	819,082	607,722	649,599	601,113	611,757
Other financing sources	372,217	267,676	664,090	216,487	434,783	3,962,746	94,711	186,008	5,399,273	3,365,573
Total revenues	34,367,728	34,197,264	33,106,957	30,633,684	31,066,795	32,164,928	27,033,180	26,731,021	31,865,484	28,149,531
EXPENDITURES										
Current:										
Legislative	272,454	269,682	280,349	281,047	281,218	278,374	269,326	253,817	240,263	231,586
Executive	2,833,709	2,833,481	2,777,192	2,414,343	2,319,402	3,086,873	2,150,690	1,850,440	1,609,640	1,611,610
Legal	334,369	380,871	412,937	361,134	325,269	333,877	330,220	298,964	270,487	257,808
Judicial	-	-	-	-	-	-	-	-	5,720	7,705
Financial services	1,710,573	1,714,292	1,710,541	1,696,527	1,655,338	1,625,381	1,566,972	1,555,497	1,419,112	1,611,673
Technology	700,945	623,388	558,845	543,939	523,486	511,958	503,267	475,063	440,520	444,354
Police	8,215,357	7,952,788	8,003,770	7,745,463	7,498,893	7,698,863	7,142,942	7,512,440	7,023,927	6,446,560
Fire and rescue	1,130,210	1,200,820	1,141,264	1,200,794	1,059,849	974,416	957,011	958,909	873,955	875,225
Public works	6,175,687	6,570,127	6,651,096	5,770,596	5,851,727	5,904,498	5,438,879	5,676,805	5,654,285	5,364,738
Recreation	2,285,920	2,439,494	2,328,265	2,238,996	2,153,379	2,301,245	2,065,887	2,036,250	1,972,667	1,938,326
Planning and engineering	2,521,906	2,539,283	2,307,462	2,137,749	2,131,305	2,266,072	2,247,140	2,225,383	2,062,767	1,995,305
Nondepartmental and transfers	1,258,359	3,880,623	3,708,734	2,943,251	2,628,079	7,171,887	2,528,204	2,141,589	2,550,139	1,831,484
Debt service	2,369,641	2,511,883	2,634,906	2,456,757	2,544,206	2,089,004	2,074,860	2,149,825	7,284,160	3,953,198
Total expenditures	29,809,130	32,916,732	32,515,361	29,790,596	28,972,151	34,242,448	27,275,398	27,134,982	31,407,642	26,569,572
Excess (deficiency) of revenues over expenditures	4,558,598	1,280,532	591,596	843,088	2,094,644	(2,077,520)	(242,218)	(403,961)	457,842	1,579,959
FUND BALANCES AT JULY 1	7,336,422	6,055,890	5,464,294	4,621,206	2,526,562	4,604,082	4,846,300	5,250,261	4,792,419	3,212,460
FUND BALANCES AT JUNE 30	\$ 11,895,020	\$ 7,336,422	\$ 6,055,890	\$ 5,464,294	\$ 4,621,206	\$ 2,526,562	\$ 4,604,082	\$ 4,846,300	\$ 5,250,261	\$ 4,792,419
Reserved:										
Committed for encumbrances	\$ 299,596	\$ 563,856	\$ 704,762	\$ 896,163	\$ 208,725	\$ 232,077	\$ 362,950	\$ 248,061	\$ 295,076	\$ 392,826
Nonspendable for inventories	330,040	307,131	285,944	281,892	293,667	276,220	254,012	244,566	215,145	183,615
Restricted for museum lifetime memberships	-	-	-	-	-	-	-	19,161	18,969	18,614
Nonspendable for prepaid expenditures	1,177	9,767	13,557	-	-	-	-	-	222,761	211,630
Total	620,813	880,754	1,004,263	1,178,055	502,392	508,297	616,962	511,788	751,951	806,685
Assigned fund balance	4,106,650	-	-	-	-	-	-	-	-	-
Unassigned fund balance	7,167,557	6,455,668	5,051,627	4,286,239	4,118,814	2,018,265	3,987,120	4,334,512	4,498,310	3,985,734
Ending fund balance	\$ 11,895,020	\$ 7,336,422	\$ 6,055,890	\$ 5,464,294	\$ 4,621,206	\$ 2,526,562	\$ 4,604,082	\$ 4,846,300	\$ 5,250,261	\$ 4,792,419

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA
CONTINUING BOND DISCLOSURES
SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WATER AND SEWER FUND
Last Ten Fiscal Years

	2020	2019	2018**	2017	2016	2015*	2014	2013	2012	2011
OPERATING REVENUES										
Charges for services	\$ 11,171,938	\$ 11,114,231	\$ 10,742,869	\$ 9,892,531	\$ 9,352,300	\$ 9,027,449	\$ 8,573,721	\$ 8,304,725	\$ 8,041,176	\$ 7,861,176
Availability and transfer fees	298,618	273,001	485,198	212,612	938,888	197,798	765,235	305,962	261,151	159,153
Meter installation	50,100	74,426	122,307	69,596	310,743	68,924	145,874	84,857	63,363	48,488
Connection fees	135,421	95,691	66,319	65,647	94,831	55,519	73,566	34,575	40,738	69,762
Other	187,216	113,407	133,367	138,005	134,362	118,370	112,984	119,377	133,747	140,318
Total operating revenues	11,843,293	11,670,756	11,550,060	10,378,391	10,831,124	9,468,060	9,671,380	8,849,496	8,540,175	8,278,897
OPERATING EXPENSES										
Personal services	1,635,003	1,454,604	1,183,420	1,508,688	1,223,565	1,527,626	1,512,028	1,531,539	1,406,099	1,402,094
Contractual services	7,646,806	7,804,913	6,756,949	6,007,699	5,735,846	5,238,730	5,003,294	4,617,489	4,613,068	4,758,024
Administration	1,231,968	1,197,324	1,331,691	1,201,972	1,199,587	1,328,574	1,266,064	1,194,376	1,101,954	887,100
Depreciation	912,882	889,936	863,965	989,501	982,757	948,684	918,456	877,397	854,420	894,398
Other	524,883	528,401	633,583	487,627	536,814	405,223	454,740	436,123	348,691	498,895
Total operating expenses	11,951,542	11,875,178	10,769,608	10,195,487	9,678,569	9,448,837	9,154,582	8,656,924	8,324,232	8,440,511
Operating income (loss)	(108,249)	(204,422)	780,452	182,904	1,152,555	19,223	516,798	192,572	215,943	(161,614)
NONOPERATING EXPENSES										
Intergovernmental revenue	5,513	-	-	-	-	-	-	-	15,000	-
Interest income	-	55,944	40,552	27,225	46,476	5,446	7,868	44,049	46,158	74,796
Interest expense	-	(134,224)	(191,047)	(120,255)	(137,567)	(212,208)	(190,382)	(205,213)	(263,889)	(326,962)
Unrealized gain/(loss) on investments	87,276	42,935	(43,784)	(16,051)	15,346	(8,237)	4,914	9,662	29,800	(90,690)
Gain (loss) on disposition of asset	(120,218)	-	-	25,000	25,804	329	4,610	19,123	-	-
Net nonoperating expenses	(27,429)	(35,345)	(194,279)	(84,081)	(49,941)	(214,670)	(172,990)	(132,379)	(172,931)	(342,856)
Income (loss) before contributions and transfers	(135,678)	(239,767)	586,173	98,823	1,102,614	(195,447)	343,808	60,193	43,012	(504,470)
CAPITAL CONTRIBUTIONS										
TRANSFERS IN										
TRANSFERS OUT										
Change in net position	205,631	(418,046)	332,274	1,184,946	1,125,334	(167,960)	388,526	(108,190)	172,002	(328,580)
NET POSITION AT JULY 1	10,752,675	11,170,721	10,838,447	10,195,161	9,069,827	9,237,787	10,002,488	10,110,678	9,938,676	10,267,256
NET POSITION AT JUNE 30	\$ 10,958,306	\$ 10,752,675	\$ 11,170,721	\$ 11,380,107	\$ 10,195,161	\$ 9,069,827	\$ 10,391,014	\$ 10,002,488	\$ 10,110,678	\$ 9,938,676

* During fiscal year 2015, the Town adopted GASB 68.

** During fiscal year 2018, the Town adopted GASB 75.

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES

TAXABLE RETAIL SALES AND

TAXABLE RETAIL SALES PER CAPITA

MONTGOMERY COUNTY (INCLUDING BLACKSBURG)

Last Ten Calendar Years

Calendar Year	Population	Taxable Retail Sales	Taxable Retail Sales Per Capita
2019	116,784	\$ 1,130,766,791	9,683
2018	117,324	1,123,268,000	9,574
2017	116,217	1,089,716,203	9,377
2016	98,602	1,086,987,143	11,024
2015	97,653	1,045,664,373	10,708
2014	97,244	988,622,704	10,166
2013	96,207	975,623,640	10,141
2012	95,626	967,667,151	10,119
2011	94,392	911,189,094	9,653
2010	94,392	892,050,066	9,450

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<u>General Fund</u>					
Finance	\$ -	\$ -	\$ 42,000	\$ -	\$ 30,500
Fire	391,625	361,625	361,625	361,625	361,625
Rescue	520,333	212,333	607,333	212,333	212,333
Parks and Recreation	194,500	160,000	610,000	2,120,000	1,675,000
Planning and Building	150,000	-	-	-	-
Engineering and GIS	581,500	329,500	303,500	4,971,500	445,000
Police	553,043	428,043	428,043	428,043	428,043
Public Works	2,473,930	2,898,830	1,213,330	1,681,330	1,263,330
Technology	144,900	217,400	240,800	188,900	221,700
Town Manager's Office	9,580,000	1,660,000	12,160,000	160,000	160,000
Housing and Neighborhood Services	30,000	379,100	27,200	-	-
WTOB	15,000	15,000	15,000	15,000	15,000
General Fund Total	<u>14,634,831</u>	<u>6,661,831</u>	<u>16,008,831</u>	<u>10,138,731</u>	<u>4,812,531</u>
<u>Water/Sewer</u>					
Finance Department	205,000	205,000	205,000	205,000	245,000
Engineering and GIS	1,100,200	7,067,600	595,800	101,500	150,000
Public Works	552,877	968,377	935,077	592,677	592,677
Water/Sewer Total	<u>1,858,077</u>	<u>8,240,977</u>	<u>1,735,877</u>	<u>899,177</u>	<u>987,677</u>
<u>VDOT Revenue Sharing</u>					
Public Works	660,000	660,000	660,000	660,000	660,000
Engineering and GIS	820,000	2,619,000	1,100,000	-	4,000,000
VDOT Revenue Sharing Total	<u>1,480,000</u>	<u>3,279,000</u>	<u>1,760,000</u>	<u>660,000</u>	<u>4,660,000</u>
Stormwater Fund	122,500	707,500	477,000	92,500	255,000
Transit Fund	8,029,000	16,184,000	5,363,000	5,392,400	6,670,000
Equipment Replacement Fund	1,847,000	807,000	2,292,000	2,144,500	1,557,550
Major Building Systems Replacement Fund	33,800	23,580	43,500	60,400	13,200
Solid Waste & Recycling Fund	92,414	142,414	92,414	92,414	92,414
Grand Total	<u><u>\$ 28,097,622</u></u>	<u><u>\$ 36,046,302</u></u>	<u><u>\$ 27,772,622</u></u>	<u><u>\$ 19,480,122</u></u>	<u><u>\$ 19,048,372</u></u>

Source: Adopted Capital Improvement Program Fiscal Years Ending 2020/2021-2024/2025

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES
RATIO OF GROSS BONDED DEBT TO ASSESSED VALUATION
AND GROSS BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Population	Total Assessed Valuation	Total Bonded Debt	Ratio of Total Bonded Debt to Assessed Valuation	Total Bonded Debt Per Capita
2020	44,233	\$ 3,423,801,746	23,600,705	0.6893%	533.55
2019	44,678	3,409,726,982	25,846,065	0.7580	578.50
2018	44,563	3,007,362,906	28,226,425	0.9386	633.40
2017	45,038	2,935,798,817	25,673,839	0.8745	570.05
2016	44,215	2,854,270,760	27,978,409	0.9802	632.78
2015	43,985	2,770,114,940	30,246,181	1.0919	687.65
2014	43,609	2,548,308,538	22,727,998	0.8919	521.18
2013	42,627	2,524,597,482	24,855,998	0.9846	583.10
2012	42,620	2,522,325,915	23,146,997	0.9180	543.36
2011	42,620	2,514,359,778	24,633,787	0.9800	578.26

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES
CERTAIN OTHER REVENUES

Last Ten Fiscal Years

Fiscal Year	Vehicle License Receipts¹	Business License Receipts	Meals Tax Receipts²
2020	\$ 271,724	\$ 2,823,101	\$ 4,953,659
2019	278,377	2,664,578	5,919,740
2018	265,046	2,463,245	5,667,284
2017	252,233	2,155,424	5,493,780
2016	225,065	2,304,720	5,374,077
2015	237,129	2,170,173	5,051,799
2014	235,411	2,066,822	4,579,931
2013	246,334	1,908,934	4,459,804
2012	234,208	1,860,603	4,237,159
2011	253,230	1,658,993	4,177,991

¹ The Vehicle License fee was increased to \$25 effective May 1, 2004 and replaced by a vehicle license tax effective May, 2008.

² The Town adopted a meals tax effective January 1, 1984, or 2% on all prepared food; effective July 1, 1989, the meals tax was increased to 3%; effective July 1, 1992, the meals tax was increased to 4%; and effective August 1, 2003, the meals tax was increased to 5% and effective July 1, 2009, the meals tax rate was increased to 6%.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency.**

Compliance and Other Matters

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

Town of Blacksburg's Response to Finding

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

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2020

TOWN OF BLACKSBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2020

As more fully described in the Independent Auditor's 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*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Five Programs Aid to Localities

State Agency Requirements

Highway Maintenance Funds

TOWN OF BLACKSBURG, VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2020

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Segregation of Duties (Significant Deficiency)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to physical assets and the related accounting records, to all phases of a transaction, or have unlimited system administrator rights. Due to the limited staff size, a proper segregation has not been established. The Town has put compensating controls in place, to the extent practical for day-to-day operation.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Management's Response:

The auditee concurs with this recommendation.

B. FINDINGS – COMMONWEALTH OF VIRGINIA

None noted.

TOWN OF BLACKSBURG, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2006-001: Segregation of Duties (Significant Deficiency)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to physical assets and the related accounting records, to all phases of a transaction, or have unlimited system administrator rights. Due to the limited staff size, a proper segregation has not been established. The Town has put compensating controls in place, to the extent practical for day-to-day operation.

Current Status:

Condition still present.